

QUARTERLY REPORT
31 May 2025

AHAM Flexible Maturity Income Fund 20

MANAGER
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AHAM FLEXIBLE MATURITY INCOME FUND 20

**Quarterly Report and Financial Statements
As at 31 May 2025**

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Flexible Maturity Income Fund 20
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide income through investments in fixed income instruments
Duration of the Fund	Five (5) years
Termination Date	26 November 2025
Benchmark	5-years Malayan Banking Berhad fixed deposit rate as at Investment Date
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis

FUND PERFORMANCE DATA

Category	As at 31 May 2025	As at 28 Feb 2025
Total NAV (RM'million)	46.580	46.575
NAV per Unit (RM)	0.7450	0.7420
Unit in Circulation (million)	62.527	62.770

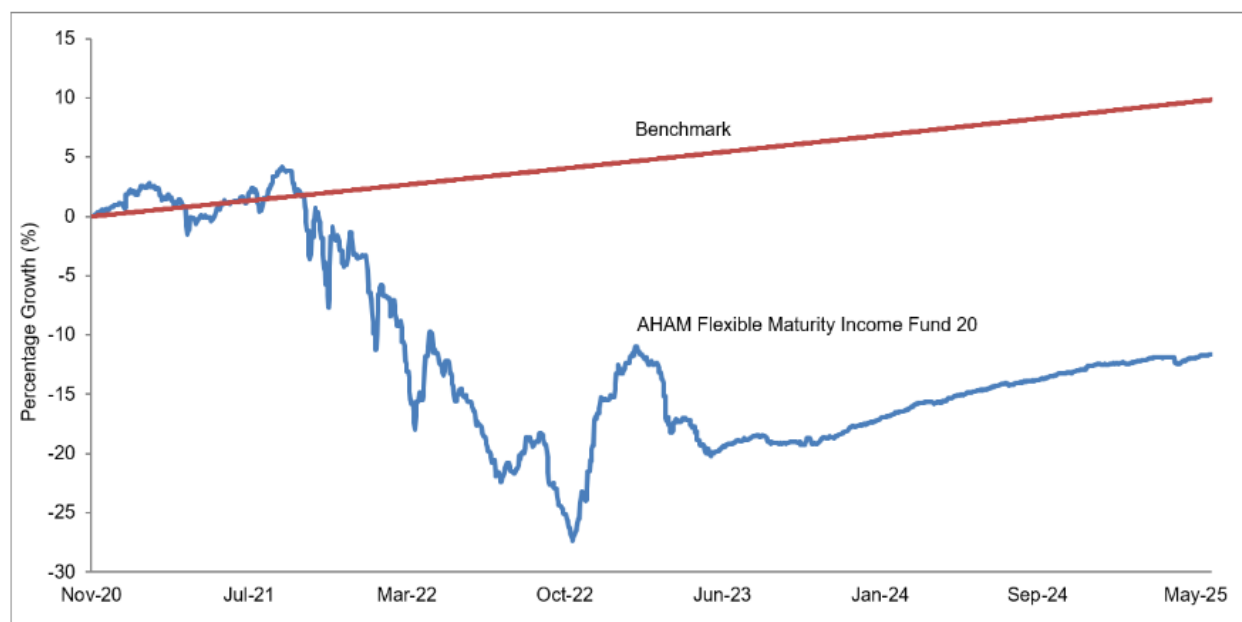
Fund Performance

Performance of the Fund ended 31 May 2025

3 Months	6 Months	1 Year	3 Years
0.40%	1.17%	4.01%	4.43%

Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

Movement of the Fund versus the Benchmark since commencement.



This information is prepared by AHAM Asset Management Berhad for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Benchmark: 5-years Malayan Banking Berhad fixed deposit rate as at Investment Date. Benchmark source: Maybank.

Asset Allocation

Fund's asset mix during the period under review:

	31 May 2025
	(%)
Fixed Income	79.74
Derivative	-0.01
Cash & money market	20.27
Total	100.00

Income Distribution Breakdown

No distribution was declared by the Fund over the financial period under review.

Strategies Employed

The Flexible Maturity Income Fund series has historically employed a more passive buy-and-hold to-maturity strategy. The Manager would invest in a portfolio of bonds with maturities that closely match those of the respective funds and monitor the credit fundamentals of these issuers throughout the remaining tenure of the funds. However, in response to challenging market conditions and unprecedented rate hikes, especially experienced over 2022 to 2023 and selective periods thereafter, the Manager has adopted a more active investing approach. This includes progressively rebalancing the portfolios to improve portfolio yield and manage risks while at times also participating in primary deals to potentially enhance returns.

Over the period under review, the Manager has continued to overweight Investment Grade (IG) bonds for the Fund. By favouring IG assets over High Yield (HY) instruments, it aligns the portfolio with a more conservative risk profile. The Manager has also prudently rebalanced the portfolio duration of the Fund to ensure that it closely matches the Fund's maturity. Additionally, the Fund's foreign currency exposure has been fully hedged since its inception to mitigate foreign currency risk.

Market Review

Over the three-month period ending May 2025, the global fixed income market has been defined by persistent inflation, cautious central banks, and renewed geopolitical as well as trade risks. The Federal Open Market Committee (FOMC) has maintained a pause on interest rate changes throughout 2025 so far, keeping the federal funds rate steady in a target range of 4.25% to 4.50%. This “wait and see” approach started early in the year reflects the Fed’s cautious approach amid rising economic uncertainty, persistent inflation pressures, and evolving risks from trade policies. Yields have been volatile, with periods of both steepening and flattening yield curves.

In April 2025, financial assets sold off sharply post Liberation Day including equities, credits, and US government bonds as investors flocked away from US exposure. While recent data showed minimal tariff impact, sentiment gauges such as Fed surveys and PMIs pointed to uncertainty surrounding business activity. The US tariff trade war remains an evolving situation, with the ultimate consensus being a slowdown in global growth, suggesting easier monetary policy conditions. By the end of April, both equities and bonds had retraced almost all their initial losses. The USD, on the other hand ended weaker. In Asia, credit spreads widened significantly alongside other risk assets but managed to recover some losses towards the end of the month.

In Malaysia, Bank Negara Malaysia has continuously kept the Overnight Policy Rate unchanged at 3% since the last hike seen in May 2023, supported by the relatively moderate inflation and the central bank’s stance to support growth. This together with strong demand for MYR denominated bonds translated to lower local bond market yields in both the government bonds and private debt securities space.

Investment Outlook

Elevated yields, slowing growth expectation, and persistent inflation risks defined the landscape, while policy and geopolitical uncertainty remain key watchpoints for the year ahead. Despite volatile market, for the remainder of the year, we continue to expect global interest rates to be on a declining trend albeit on a very gradual and data dependent basis as central banks are concerned with rising inflation expectations. Furthermore, with yields on government bonds remaining relatively attractive compared to historical standards, they are likely to attract risk-averse investors seeking stability amidst market volatility. However, the pace of economic recovery and inflation dynamics will be critical factors influencing bond performance, as unexpected inflation could erode real returns.

The announcement of the “Liberation Day” tariffs has delivered a major shock to global trade, with export-driven Asian economies likely to bear the brunt of the fallout. While we believe the direct impact of U.S. tariffs is relatively contained and effectively mitigated, Asian issuers still face the broader repercussions of a sharp slowdown in economic growth—one that could potentially derail the recent recovery in the credit cycle. Asian credit markets, particularly investment-grade segment, should remain technically well supported. However, this support may not be enough to insulate the region from a broader repricing of global credit in response to rising recession risks.

Moreover, Trump’s renewed skepticism toward environmental, social, and governance (ESG) initiatives has introduced significant headwinds for the US green bond market in 2025. Major US financial institutions, including JPMorgan Chase, Citigroup, and Goldman Sachs, have scaled back their commitments to net-zero initiatives, reflecting a broader industry retreat from ESG-focused alliances. This shift is partly driven by concerns over regulatory burdens and political backlashes. Despite these challenges in the US market, the global green bond market remains resilient, we expect increasing participation driven by continued investments in clean energy and climate adaptation projects, particularly in Europe and Asia. The growing emphasis on ESG factors presents a dual opportunity to enhance returns while contributing to sustainable practices, particularly in the corporate bond space.

To navigate the current market turbulence, several factors must be considered. Interest rate risk remains a significant concern, as rising rates can lead to declining bond prices, particularly for long-duration securities. On the positive note, we view that interest rates are more likely to be cut over the next twelve months, though the pace and timing remain cautious and data dependent. Despite concerns on slowing growth and recession risks, the current environment allows for active management strategies, where investors can capitalize on mispriced securities through diligent credit analysis and duration management. Moreover, the growing

emphasis on ESG factors presents a dual opportunity to enhance returns while contributing to sustainable practices, particularly in the corporate bond space. Thus, while risks persist, the potential for attractive returns through strategic investment choices remains robust.

State of Affairs of the Fund

Following the unprecedented and controversial decision by the Swiss Financial Market Supervisory Authority ("FINMA") on 19 March 2023 to write down CHF16 billion of Credit Suisse's Additional Tier 1 ("AT1") securities, UBS Group AG ("UBS") announced on 12 June 2023 that it had formally completed the acquisition of Credit Suisse. The now-enlarged UBS will have a balance sheet of USD1.6 trillion. According to news during the reporting period, UBS was also looking to reduce the total combined workforce by around 30% or 25,000 employees. Credit Suisse's total headcount was reported at around 45,000.

As of 7 June 2023, Quinn Emanuel Urquhart & Sullivan LLP ("Quinn Emanuel") informed global AT1 bondholders, including the Manager, that the Swiss Federal Administrative Court ("SFAC") had acknowledged receipt of the filing made by the firm on 18 April 2023. A judge was assigned to oversee the proceedings. The Court ordered the disclosure of FINMA's decree mandating the AT1 bond write-down, requested further submissions from appellants on the decree's significance, and ordered FINMA to produce the full file regarding its decision, which includes all relevant materials used in the write-down process.

On 11 August 2023, UBS announced the termination of the CHF9 billion loss protection agreement and the CHF100 billion public liquidity backstop that were initially put in place by the Swiss government in March. This announcement followed a comprehensive assessment of Credit Suisse's potential losses, which were not as significant as earlier anticipated. Additionally, Credit Suisse fully repaid an emergency liquidity assistance loan of CHF50 billion obtained from the Swiss National Bank ("SNB").

Further to this, on 31 August 2023, UBS posted its quarterly earnings results following its acquisition of Credit Suisse. It reported a quarterly profit before tax of USD29.2 billion, which included USD28.9 billion of negative goodwill from the acquisition. Excluding the negative goodwill, integration-related expenses, and acquisition costs, UBS's adjusted profit before tax was USD1.1 billion. UBS also provided updates on the integration of Credit Suisse and its financial targets by year-end 2026, aiming for USD10 billion in cost savings through restructuring non-core and Credit Suisse Investment Banking segments, as well as business synergies across core businesses. UBS reported a Common Equity Tier 1 ("CET1") capital ratio of 14.4% and set a target of ~14% over the medium term.

Since the announcement in March 2023, several investor groups globally have initiated legal proceedings seeking compensation for the AT1 write-down. Quinn Emanuel and UK-based Pallas launched separate Swiss lawsuits against FINMA over the decision. Quinn Emanuel represents plaintiffs with USD6 billion of AT1 claims, while Pallas's clients hold about USD2 billion of Credit Suisse AT1 securities. The Manager has appointed Quinn Emanuel to represent its investors for affected funds and portfolios, including unit holders of the Fund.

As of 11 July 2025, Quinn Emanuel is still awaiting the Swiss Federal Administrative Court ("SFAC")'s delivery of UBS's and FINMA's reply submissions. A supervisory complaint was filed with the Swiss Federal Supreme Court ("Supreme Court") concerning the delay or denial of justice by the SFAC. Among the questions posed in the supervisory complaint was why there has been no meaningful progress in the legal proceedings on the part of the SFAC since Spring 2024. The Supreme Court has ordered the SFAC to respond to the supervisory complaint by 27 July 2025. The legal proceedings are ongoing and the Manager will continue to maintain close communication with Quinn Emanuel regarding the progress of the lawsuit.

The ongoing legal fees for services rendered by Quinn Emanuel to recover the losses incurred from the write-down of the Credit Suisse AT1 bond is currently advanced by the Manager, which will be repayable to the Manager upon the successful recovery of the Credit Suisse AT1 bonds from the legal proceedings. The remaining recovery proceeds will be disbursed in proportion of the value each unit holder was entitled to as at the occurrence of the write-down of the bond.

AHAM FLEXIBLE MATURITY INCOME FUND 20

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MAY 2025

	Financial period ended 31.5.2025 RM	Financial period ended 31.5.2024 RM
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	15,229	8,033
Interest income from financial assets at fair value through profit or loss	1,129,744	1,251,136
Net loss on foreign currency exchange	(217,335)	(127,125)
Net gain/ (loss) on forward foreign currency contracts at fair value through profit or loss	1,013,866	(335,249)
Net (loss)/ gain on financial assets at fair value through profit or loss	(1,313,462)	1,373,267
	<u>628,042</u>	<u>2,170,062</u>
EXPENSES		
Management fee	(47,305)	(51,270)
Trustee fee	(9,461)	(10,254)
Fund accounting fee	(6,500)	(6,500)
Auditors' remuneration	(4,346)	(4,101)
Tax agent's fee	(1,902)	(1,793)
Other expenses	(9,750)	(9,696)
	<u>(79,264)</u>	<u>(83,614)</u>
NET PROFIT BEFORE TAXATION	548,778	2,086,448
Taxation	-	(43,435)
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>548,778</u>	<u>2,043,013</u>
Net profit after taxation is made up of the following:		
Realised amount	368,221	276,767
Unrealised amount	180,557	1,766,246
	<u>548,778</u>	<u>2,043,013</u>

AHAM FLEXIBLE MATURITY INCOME FUND 20

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2025

	<u>2025</u> RM	<u>2024</u> RM
ASSETS		
Cash and cash equivalents	4,747,792	1,676,033
Amount due from dealers	4,002,286	944,022
Financial assets at fair value through profit or loss	37,635,211	51,779,894
Forward foreign currency contracts at fair value through profit or loss	45,987	14,640
Tax recoverable	218,702	11,416
TOTAL ASSETS	<u>46,649,978</u>	<u>54,426,005</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	48,528	1,992,177
Amount due to dealer	-	939,429
Amount due to Manager		
- management fee	7,911	8,713
Amount due to Trustee	1,582	1,743
Fund accounting fee	1,083	1,083
Auditors' remuneration	4,346	4,101
Tax agent's fee	5,402	5,293
Other payables and accruals	1,468	1,587
TOTAL LIABILITIES	<u>70,320</u>	<u>2,954,126</u>
NET ASSET VALUE OF THE FUND	<u>46,579,658</u>	<u>51,471,879</u>
EQUITY		
Unitholders' capital	64,865,043	68,985,876
Accumulated losses	(18,285,385)	(17,513,997)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>46,579,658</u>	<u>51,471,879</u>
NUMBER OF UNITS IN CIRCULATION	<u>62,527,000</u>	<u>68,040,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.7450</u>	<u>0.7565</u>

AHAM FLEXIBLE MATURITY INCOME FUND 20

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MAY 2025

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 December 2024	67,667,025	(18,834,163)	48,832,862
Total comprehensive income for the financial period	-	548,778	548,778
Movement in unitholders' capital:			
Cancellation of units	(2,801,982)	-	(2,801,982)
Balance as at 31 May 2025	<u>64,865,043</u>	<u>(18,285,385)</u>	<u>46,579,658</u>
Balance as at 1 December 2023	70,089,040	(19,557,010)	50,532,030
Total comprehensive income for the financial period	-	2,043,013	2,043,013
Movement in unitholders' capital:			
Cancellation of units	(1,103,164)	-	(1,103,164)
Balance as at 31 May 2024	<u>68,985,876</u>	<u>(17,513,997)</u>	<u>51,471,879</u>

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