



QUARTERLY REPORT
30 April 2024

AHAM Single Bond Series 2

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AHAM Asset Management Berhad
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Built On Trust

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AHAM SINGLE BOND SERIES 2

Quarterly Report and Financial Statements As at 30 April 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Single Bond Series 2
Fund Type	Income
Fund Category	Bond (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
Benchmark	12-month Malayan Banking Berhad Fixed Deposit Rate
Distribution Policy	Subject to the availability of income, the Fund will provide distribution on an annual basis

FUND PERFORMANCE DATA

Category	As at 30 Apr 2024	As at 31 Jan 2024
Total NAV (RM'million)	-0.64	-0.64
NAV per Unit (RM)	0.00	0.00
Unit in Circulation (million)	96.95	96.95

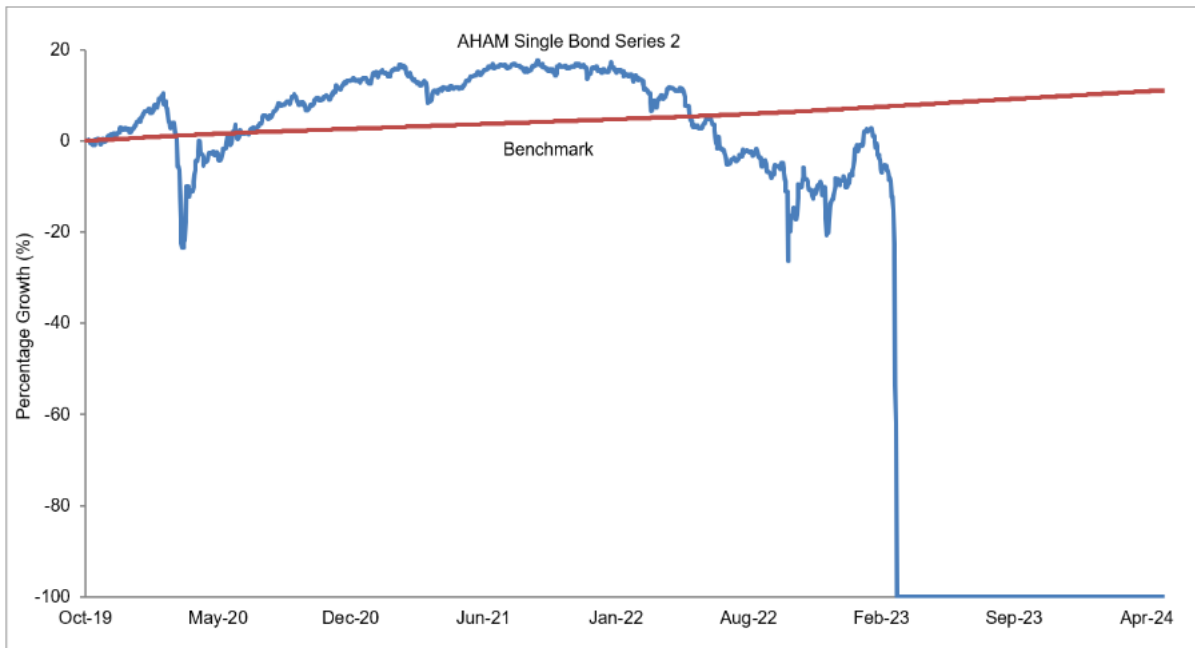
Fund Performance

Table 1: Performance as at 30 April 2024

	3 Months (1/2/24 - 30/4/24)	6 Months (1/11/23 - 30/4/24)	1 Year (1/5/23 - 30/4/24)	3 Years (1/5/21 - 30/4/24)	Since Commencement (25/10/19 - 30/4/24)
Fund	(100.00%)	(100.00%)	(100.00%)	(100.00%)	(100.00%)
Benchmark	0.66%	1.36%	2.82%	7.42%	11.10%
Outperformance	(100.66%)	(101.36%)	(102.82%)	(107.42%)	(111.10%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



“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. Source of Benchmark is from Bloomberg.”
 Benchmark: 12-month Malayan Banking Berhad Fixed Deposit Rate

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

Asset Allocation

Fund’s asset mix during the period under review:

	30 April 2024

	(%)
Unquoted fixed income securities – foreign	Nil

Income Distribution Breakdown

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

Strategies Employed

The Manager of the Fund is currently in the process of seeking recovery on its investment via the class action lawsuit post the write off event. Please see the section on State of Affairs of the Fund for further information.

Market Review

Over the period under review, we started the year 2024 with the US government bond market pricing in high expectations of 6-7 interest rate cuts for full year 2024 which were then eventually repriced to 1-2 cuts. Economic data in the US that even though showed signs of gradual softening, overall proved to be more resilient than markets have expected. As a result, there have been reversal of market expectations of interest rate cuts. US treasury yields rose from 3.91% and ended April at 4.68%. The rise in global bond yields during this period were offset by the tightening in credit spreads as demand for corporate bonds have been strong.

As a recap, 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 has formally completed the acquisition of Credit Suisse. The now-enlarged UBS has a balance sheet of USD1.6 trillion. According to news post the merger announcement, 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.

On 11 August 2023, UBS announced that it has ended the CHF9 billion loss protection agreement and the CHF100 billion public liquidity backstop that were initially put in place by the Swiss government back 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 has also 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 (PBT) of USD29.2 billion, including a USD28.9 billion of negative goodwill from the acquisition. If excluding the negative goodwill and also integration-related expenses and acquisition costs, UBS’ adjusted profit before tax is USD1.1 billion. In its latest 1Q2024 results, UBS reported PBT of USD2.4 billion and CET1 capital ratio of 14.8%.

Since the announcement in March 2023, European AT1 bond prices has seen a sharp correction but also subsequently rebounded as investors viewed the global banking space as still resilient overall while demand for credits remained strong. On the other hand, specifically for Credit Suisse AT1s, several investor groups globally have initiated legal proceedings seeking compensation as a result of the write-down. Quinn Emanuel Urquhart & Sullivan LLP (“Quinn Emanuel”) and UK-based Pallas launched separate Swiss lawsuits against FINMA over the decision. Quinn Emanuel is representing plaintiffs with USD 6 billion of AT1 claims, while Pallas’s clients holds about USD 2 billion of Credit Suisse AT1s.

Investment Outlook

Please see the section below on State of Affairs of the Fund for developments on the investment of the Fund.

State of Affairs of the Fund

Due to Swiss Financial Market Supervisory Authority (“FINMA”)’s decision to write off the Credit Suisse AT1 as announced in the UBS-Credit Suisse merger on March 19, 2023, the fund’s sole investment holding in the USD CS 6.375% AT1 has been impacted. As of March 31, 2023, the AHAM Single Bond Series 2’s net asset value (NAV) was RM-691,466.00 after accounting for tax liability, unwinding of FX hedges, and other liabilities. Pursuant to the Securities Commission’s Guidelines, the investors’ liabilities are limited to the amount invested in the Wholesale Fund, resulting in a NAV per unit quoted at RM0.00. Following these developments, we have sought legal advice, consulted with global peers who are Credit Suisse AT1 bondholders for their viewpoint, and evaluated the feasibility of pursuing recovery through a class action lawsuit. As part of this process, we have initiated communication with several leading international law firms and are carefully assessing their feasibility of their proposed approaches. The objective was to identify a law firm with the necessary strategies and experience to effectively represent bondholders in this matter. The evaluation included the firms’ track records in handling similar cases, their resources across multiple jurisdictions, and other critical factors.

After reviewing various legal options, Quinn Emanuel Urquhart & Sullivan LLP (“Quinn Emanuel”) was appointed to represent the Fund. Quinn Emanuel is a reputable worldwide legal firm known to have vast expertise, experience and have a proven record of accomplishment in managing comparable cases. Furthermore, Quinn Emanuel has also been appointed by other significant holder of Credit Suisse’s AT1 capital instruments to act on their behalf in negotiations with Swiss authorities and potential litigation aimed at recovering losses incurred due to the merger announcement between UBS and Credit Suisse.

As of June 7, 2023, Quinn Emanuel informed us and other global AT1 bondholders that the Swiss Federal Administrative Court (“SFAC”) had acknowledged receipt of the filing made by the firm on April 18, 2023. A judge was assigned to oversee the proceedings. The Court ordered the disclosure of FINMA’s decree ordering Credit Suisse to write down the AT1 bonds, requested the appellants’ further submissions on the decree’s significance, and ordered FINMA to produce the full file regarding its write-down decision. This file would encompass a comprehensive set of materials FINMA used to write down the AT1 bonds.

Quinn Emanuel also filed bondholding information, including address, notional amount, market value, and International Securities Identification Number (“ISIN”) as required by SFAC, which included information on the bond holdings of the Fund as at the date of the write-down.

As of 11 March 2024, there have been no developments in the FINMA appeal. Quinn Emanuel, together with all other appellant groups, are still waiting for the Administrative Court to send them UBS’s and FINMA’s reply submissions. Quinn Emanuel is preparing a letter to the Court to ask for an update which can be submitted to the Court at the appropriate time.

As at 30 April 2024, there are no new developments as the Management’s lawyer has not heard anything further from the Court with respect to UBS’s and FINMA’s reply submissions.

The legal proceeding is currently ongoing, and the Manager will maintain close communications with Quinn Emanuel on the progress of the lawsuit. Any material developments will be promptly communicated to investors.

The Manager is currently covering for the legal expenses incurred by the Fund, and will bear the legal expenses if the recovery is unsuccessful. In the event of a successful recovery, the recovery proceeds received by the Fund, after deducting any applicable tax liabilities, pre-paid legal fees by the Manager, and any other incidental costs relating to the legal proceeding, will be paid to you based on the number of units you hold.

The Manager empathizes with the investors’ concerns and losses, and is diligently striving to recover as much of these losses as possible. Rest assured, the Manager stands firmly on the side of the investors, actively working to minimize their losses and protect their interests. The Manager will bear the statutory expenses post-write off to keep the Fund operational, so as unitholders may receive official updates via the Quarterly and Annual reports.

AHAM SINGLE BOND SERIES 2

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2024

	Financial period ended <u>30.4.2024</u> RM	Financial period ended <u>30.4.2023</u> RM
INVESTMENT INCOME/(LOSS)		
Interest income from financial assets at amortised cost	471	14,849
Interest income from financial assets at fair value through profit or loss	9,676	351,245
Net gain on foreign currency exchange	-	61,645
Net loss on currency swaps at fair value through profit or loss	-	(6,699,145)
Net loss on financial assets at fair value through profit or loss	(9,676)	(76,550,256)
	<u>471</u>	<u>(82,821,662)</u>
EXPENSES		
Trustee fee	-	(2,473)
Fund accounting fee	-	(2,000)
Other expenses	(60)	(1,941)
	<u>(60)</u>	<u>(78,267)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	411	(82,828,076)
Taxation	-	(109,040)
	<u>-</u>	<u>(109,040)</u>
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u>411</u>	<u>(82,937,116)</u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	10,087	(3,189,168)
Unrealised amount	(9,676)	(79,747,948)
	<u>411</u>	<u>(82,937,116)</u>

AHAM SINGLE BOND SERIES 2

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	55,179	767,116
Amount due from Manager - management fee	-	30,916
TOTAL ASSETS	<u>55,179</u>	<u>798,032</u>
LIABILITIES		
Amount due to Manager - others	639,260	-
Auditors' remuneration	-	8,000
Tax agent's fee	-	3,500
Tax payable	49,523	1,381,415
Other payables and accruals	1,826	47,108
TOTAL LIABILITIES	<u>690,609</u>	<u>1,440,023</u>
NET ASSET VALUE OF THE FUND	<u>(635,430)</u>	<u>(641,991)</u>
EQUITY		
Unitholders' capital	94,072,460	94,072,460
Accumulated losses	(94,707,890)	(94,714,451)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>(635,430)</u>	<u>(641,991)</u>
NUMBER OF UNITS IN CIRCULATION	<u>96,950,000</u>	<u>96,950,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.0000</u>	<u>0.0000</u>

AHAM SINGLE BOND SERIES 2

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2024

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 February 2024	94,072,460	(94,708,301)	(635,841)
Total comprehensive income for the financial period	-	411	411
Balance as at 30 April 2024	<u>94,072,460</u>	<u>(94,707,890)</u>	<u>(635,430)</u>
Balance as at 1 February 2023	94,160,294	(10,030,435)	84,129,859
Total comprehensive loss for the financial period	-	(82,937,116)	(82,937,116)
Distribution	-	(1,746,900)	(1,746,900)
Movement in unitholder's capital:			
Creation of units arising from distribution	165,343	-	165,343
Cancellation of units	(253,177)	-	(253,177)
Balance as at 30 April 2023	<u>94,072,460</u>	<u>(94,714,451)</u>	<u>(641,991)</u>

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