



QUARTERLY REPORT
30 April 2024

AHAM Single Bond Series 3

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Built On Trust

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AHAM SINGLE BOND SERIES 3

Quarterly Report and Financial Statements As at 30 April 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Single Bond Series 3
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)	37.62	40.78
NAV per Unit (RM)	0.9579	0.9507
Unit in Circulation (million)	39.27	42.89

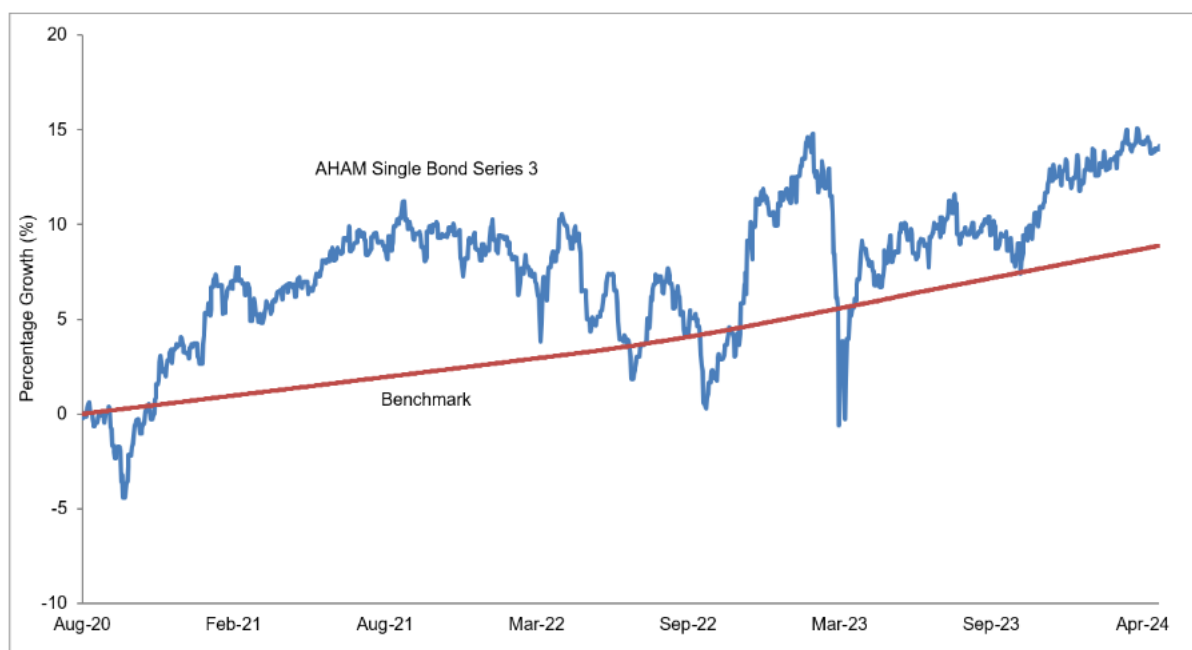
Fund Performance

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 (5/8/20 - 30/4/24)
Fund	0.76%	5.54%	5.85%	7.51%	14.15%
Benchmark	0.66%	1.36%	2.82%	7.42%	8.88%
Outperformance	0.10%	4.18%	3.03%	0.09%	5.27%

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
	(%)
Fixed Income	97.01
Derivatives	-2.27
Cash & money market	5.26
Total	100.00

Income Distribution Breakdown

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

Strategies Employed

The Fund's investment would solely consist of a bond (including hybrid security such as an Additional Tier 1 security).

Market Review

The global sentiment has seen an improvement especially in the 4th quarter of 2023. Credit spreads of corporate bonds have tightened over the past 6 months which contributed well to the performances of credits. As a recap, the global fixed income market have been presented with unprecedented challenges over the past 3 years. The aftermath of the Covid-19 pandemic, coupled with supply chain disruptions and geopolitical

events, sparked a period of high inflation and robust global growth. In response, central banks globally adopted an aggressive stance, leading to one of the most severe interest rate hike cycles in history. The US Federal Reserve, for instance, raised interest rates by over 500 basis points (bps) from March 2022 till July 2023. Moreover, central banks started Quantitative Tightening, reining in their balance sheets. These measures triggered market adjustments, causing bond prices to decline. On a positive note, the Fed has stopped raising interest rates since the mid of 2023. Some notable key economic developments contributing to this was the gradual softening in the US labour market coupled with lower inflationary data.

The year 2024 kickstarted with the US government bond market pricing in a 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 eventhough showed signs of gradual softening, overall proved to be more resilient than markets have expected. As a result, there have been a dial back 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.

Within the global banking space, in March 2023, financial markets grappled with the collapse of US regional banks such as Silicon Valley bank and also the unprecedented write-off of Credit Suisse AT1, a global systematically important bank (G-SIB). Since then, investor sentiment was quick to reverse as bond prices of banks has substantially recovered. At this juncture, market participants perceive the liquidity panic to be an isolated situation. The financial results of global banks continued to show resilience, suggesting healthy fundamentals.

The Malaysian Government implemented the foreign sourced income tax that was applicable in 2022 and 2023. As a transition measure, the foreign sourced income received in Malaysia from 1 January 2022 until 30 June 2022 was to be taxed at a 3% rate on a gross basis. The foreign sourced income received in Malaysia from 1 July 2022 till end 2023 was to be subject to tax based on the prevailing income tax rate. This foreign sourced income tax on coupon and interest received affected the Fund's performance. We highlight that FSI has been exempted from 1 January 2024 which is a removal of a headwind to the Fund's performance going forward.

Investment Outlook

Following the period of rise in global interest rates, Standard Chartered has continued to perform well on its profitability and balance sheet metrics. Standard Chartered has demonstrated stronger reported earnings, supported by improved Net interest Margins and relatively low provision costs.

In its 2023 results, Standard Chartered reported a growth in operating income by 10% year-on-year ("YoY") and a growth of 19% YoY in statutory profit before tax. Standard Chartered has also reported a lower Loan loss rate at 17 basis points ("bps"), lower compared to 2022 reported figure of 21 bps. The lower loan-loss rate has translated to a 36% decline in credit impairment YoY. Standard Chartered continues to maintain a strong capital position, with a CET1 ratio of 14.1%, up 10 bps compared to a year ago, hovering at the upper end of its target range. With this in mind, Standard Chartered has also announced a new additional USD 1 billion share buyback. This is on top of their USD 2.0 billion buybacks in 2023. The liquidity position of Standard Chartered also remained relatively stable, with a Liquidity Coverage Ratio at 145%, 2 bps lower compared to a year ago, but in line with historical levels. Despite turbulence in the financial sector, Standard Chartered's adept management of challenges inspires confidence in its solid capital and liquidity positions, along with its ability to fulfill coupon obligations for the AT1 securities held by the fund.

To date, Standard Chartered reported its 1Q2024 results which has shown a continuation of improvement in earnings results. It exceeded market expectations due to its Wealth Solutions and Market divisions while its asset quality has remained stable in spite of a high interest rate environment. Its first quarter operating income was USD5.15 billion vs 4 billion in the prior quarter and 4.4 billion a year ago. It reported a LCR ratio of 146% and Loan to deposit ratio of 54%, which reflects its strong liquidity profile. Its CET1 ratio declined by 50bps to 13.6% from FY2023 due to buybacks, RWA growth and capital distributions, while offset by profits. This remains in line with its CET1 ratio target of 13-14% over 2024-2026.

Since the acquisition of Credit Suisse by UBS, major institutions such as UBS Group, Barclays PLC, HSBC Holdings PLC, Standard Chartered PLC and Societe Generale SA have continued to call their AT1 issuances on their first call dates. This reflects strong capital buffers, financial flexibility and investor-friendly stance, even amidst economic and financial market uncertainties. This show of commitment, particularly in a high-interest rate landscape, bolstered investor confidence.

AHAM SINGLE BOND SERIES 3

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	14,503	35,018
Interest income from financial assets at fair value through profit or loss	617,365	1,471,092
Net loss on foreign currency exchange	(50,339)	(3,663,324)
Net loss on currency swap at fair value through profit or loss	(173,063)	(2,832,845)
Net loss on financial assets at fair value through profit or loss	(42,112)	(1,060,910)
	<u>366,354</u>	<u>(6,050,969)</u>
EXPENSES		
Management fee	(48,562)	(107,332)
Trustee fee	(3,892)	(8,815)
Fund accounting fee	(3,000)	(4,000)
Auditors' remuneration	(2,022)	(2,028)
Tax agent's fee	(885)	(887)
Other expenses	(3,947)	(7,721)
	<u>(62,308)</u>	<u>(130,783)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	304,046	(6,181,752)
Taxation	-	(166,100)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u>304,046</u>	<u>(6,347,852)</u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	430,484	(2,719,930)
Unrealised amount	(126,438)	(3,627,922)
	<u>304,046</u>	<u>(6,347,852)</u>

AHAM SINGLE BOND SERIES 3

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	1,468,281	8,199,692
Amount due from dealer	-	4,292,007
Financial assets at fair value through profit or loss	37,080,740	48,560,152
Currency swap at fair value through profit or loss	-	1,851,993
Tax recoverable	83,110	-
TOTAL ASSETS	<u>38,632,131</u>	<u>62,903,844</u>
LIABILITIES		
Currency swap at fair value through profit or loss	964,230	9,819
Amount due to Manager		
- management fee	15,732	25,896
- cancellation of units	-	205,588
Amount due to Trustee	1,259	2,072
Fund accounting fee	1,000	1,000
Auditors' remuneration	2,022	10,028
Tax agent's fee	4,385	4,387
Provision for taxation	-	1,409,925
Other payables and accruals	26,321	86,826
TOTAL LIABILITIES	<u>1,014,949</u>	<u>1,755,541</u>
NET ASSET VALUE OF THE FUND	<u>37,617,182</u>	<u>61,148,303</u>
EQUITY		
Unitholders' capital	37,512,378	62,179,995
Retained earnings/(accumulated losses)	104,804	(1,031,692)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>37,617,182</u>	<u>61,148,303</u>
NUMBER OF UNITS IN CIRCULATION	<u>39,271,000</u>	<u>65,327,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.9579</u>	<u>0.9360</u>

AHAM SINGLE BOND SERIES 3

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

	Unitholders' capital RM	Retained earnings/ (accumulated losses) RM	Total RM
Balance as at 1 February 2024	40,977,935	(199,242)	40,778,693
Total comprehensive income for the financial period	-	304,046	304,046
Movement in unitholder's capital:			
Creation of units arising from applications	165,534	-	165,534
Cancellation of units	(3,631,091)	-	(3,631,091)
Balance as at 30 April 2024	<u>37,512,378</u>	<u>104,804</u>	<u>37,617,182</u>
Balance as at 1 February 2023	123,720,861	5,316,160	129,037,021
Total comprehensive loss for the financial period	-	(6,347,852)	(6,347,852)
Movement in unitholder's capital:			
Creation of units arising from applications	458,500	-	458,500
Cancellation of units	(61,999,366)	-	(61,999,366)
Balance as at 30 April 2023	<u>62,179,995</u>	<u>(1,031,692)</u>	<u>61,148,303</u>

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