



QUARTERLY REPORT
30 April 2024

AHAM **Single Bond** **Series 5**

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
CIMB Commerce Trustee Berhad
199401027349 (313031-A)

Built On Trust

aham.com.my

AHAM SINGLE BOND SERIES 5

Quarterly Report and Financial Statements As at 30 April 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Single Bond Series 5
Fund Type	Income
Fund Category	Bond (wholesale)
Investment Objective	The Fund aims to provide regular income over 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

MYR Class

Category	As at 30 Apr 2024	As at 31 Jan 2024
Total NAV (RM'million)	39.16	41.58
NAV per Unit (RM)	0.9721	0.9428
Unit in Circulation (million)	40.28	44.10

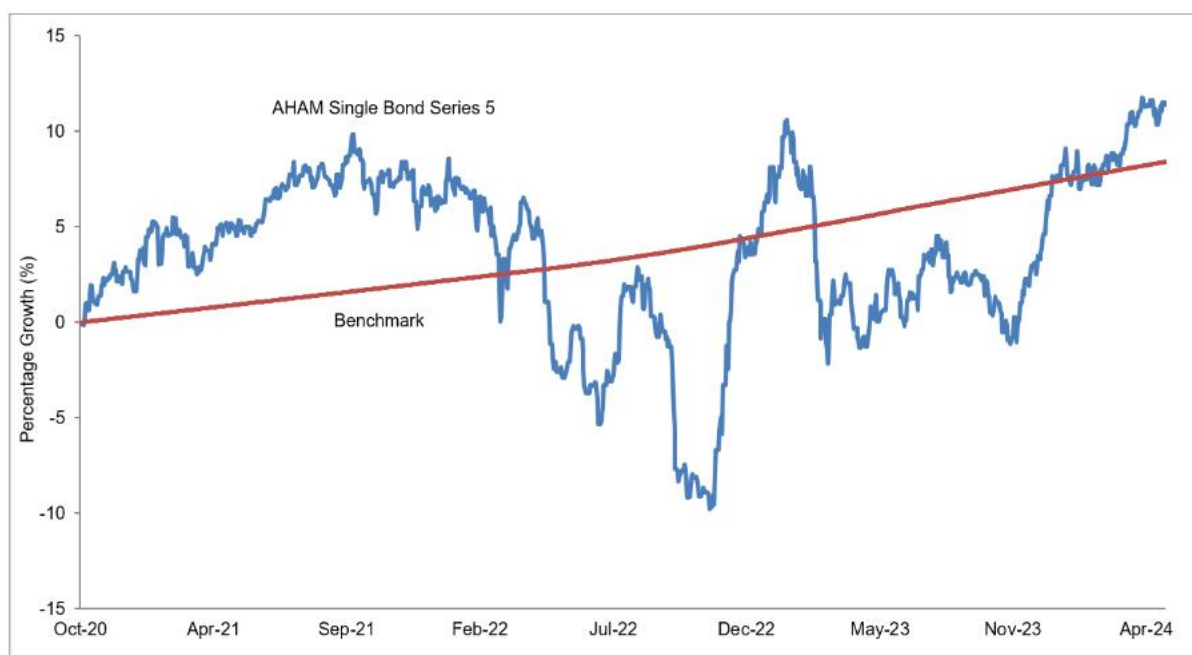
Fund Performance

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 (30/10/20 - 30/4/24)
Fund	3.11%	12.57%	11.79%	6.64%	11.46%
Benchmark	0.66%	1.36%	2.82%	7.42%	8.41%
Outperformance	2.45%	11.21%	8.97%	(0.78%)	3.05%

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	101.09
Derivatives	-7.74
Cash & money market	6.65
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

HSBC has continued to demonstrate good performance as shown by its earnings and balance sheet metrics. Despite uncertainties in the global financial market, HSBC Holding PLC reported stronger earnings, supported by improved Net Interest Margins and also low loan loss rate. In its 2023 annual results, the Profit before Tax (PBT) rose by USD13.3 billion to USD30.3 billion. Its Net Interest Margin of 1.7% increased by 24 basis points compared to a year ago while its expected credit losses (ECL) of USD3.4 billion was \$0.1 billion lower compared to previous year. Its 2023 ECL were 33bps of average gross loans while the Management continued to guide 40bps for FY2024 and 30-40bps over the medium to long term. This fosters confidence in the bank's consistent ability to meet its coupon payment obligations for the AT1 bonds held by the fund. HSBC's Common Equity Tier 1 (CET1) ratio has strengthened over 2023 to 14.8% with the bank's liquidity coverage ratio following suit as well, increasing to 136%. The Bank has targeted a CET1 ratio of 14% to 14.5% in the medium term. HSBC also intend to initiate a share buy-back of up to USD2.0 billion which will reduce the CET1 ratio up to 25 bps. However, this is decrease in CET1 will be offset by the sale of HSBC banking business in Canada by 1H 2024, which will increase the bank's CET1 by 120 bps. Nonetheless, being in line with its current targeted levels would reflect high levels of capital. Its liquidity metrics have remained fairly stable; as of end December 2023, its Liquidity Coverage Ratio was 136% from 132% a year ago. Subsequent to its FY2023 results, HSBC reported its 1st quarter 2024 results on 30th April, where its quarterly PBT was USD12.7bn while its CET1 ratio increased to 15.2% from 14.8% QoQ and its LCR ratio remained unchanged at 136%.

Overall, these results bolster confidence in HSBC's ability to manage challenges and sustain strong performance. The Bank's commitment to responsible financial management, strategic actions, and risk mitigation strategies positions it well for ongoing performance.

Since the acquisition of Credit Suisse by UBS, major institutions like UBS, 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 5

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	11,098	38,894
Interest income from financial assets at fair value through profit or loss	786,635	1,006,611
Net loss) on foreign currency exchange	(572,210)	(1,593,781)
Net gain/(loss) on currency swap at fair value through profit or loss	747,356	(3,334,253)
Net gain/(loss) on financial assets at fair value through profit or loss	332,515	(2,265,008)
	<u>1,305,394</u>	<u>(6,147,537)</u>
EXPENSES		
Management fee	(49,685)	(82,330)
Trustee fee	(3,981)	(6,726)
Fund accounting fee	(3,000)	(4,000)
Auditors' remuneration	(2,022)	(2,028)
Tax agent's fee	(885)	(887)
Other expenses	(4,231)	(6,273)
	<u>(63,804)</u>	<u>(102,244)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	1,241,590	(6,249,781)
Taxation	-	(105,250)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u>1,241,590</u>	<u>(6,355,031)</u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	217,766	(1,528,009)
Unrealised amount	1,023,824	(4,827,022)
	<u>1,241,590</u>	<u>(6,355,031)</u>

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UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	1,579,040	10,175,276
Financial assets at fair value through profit or loss	40,681,470	43,110,984
Forward foreign currency contracts at fair value through profit or loss	-	413,751
Tax recoverable	34,701	-
TOTAL ASSETS	<u>42,295,211</u>	<u>53,700,011</u>
LIABILITIES		
Currency swap at fair value through profit or loss	3,067,014	1,036,337
Amount due to Manager		
- management fee	16,190	21,586
- cancellation of units	46,694	79,614
Amount due to Trustee	1,295	1,727
Fund accounting fee	1,000	1,000
Auditors' remuneration	2,022	10,028
Tax agent's fee	4,385	4,387
Provision for taxation	-	1,022,093
Other payables and accruals	1,112	48,082
TOTAL LIABILITIES	<u>3,139,712</u>	<u>2,224,854</u>
NET ASSET VALUE OF THE FUND	<u>39,155,499</u>	<u>51,475,157</u>
EQUITY		
Unitholders' capital	40,151,910	55,579,223
Accumulated losses	(996,411)	(4,104,066)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>39,155,499</u>	<u>51,475,157</u>
NUMBER OF UNITS IN CIRCULATION	<u>40,281,000</u>	<u>57,018,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.9721</u>	<u>0.9028</u>

AHAM SINGLE BOND SERIES 5

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

	Unitholders' <u>capital</u> RM	Accumulated losses RM	<u>Total</u> RM
Balance as at 1 February 2024	43,818,546	(2,238,001)	41,580,545
Total comprehensive income for the financial period	-	1,241,590	1,241,590
Movement in unitholder's capital:			
Cancellation of units	<u>(3,666,636)</u>	<u>-</u>	<u>(3,666,636)</u>
Balance as at 30 April 2024	<u>40,151,910</u>	<u>(996,411)</u>	<u>39,155,499</u>
Balance as at 1 February 2023	91,714,272	2,250,965	93,965,237
Total comprehensive loss for the financial period	-	(6,355,031)	(6,355,031)
Movement in unitholder's capital:			
Cancellation of units	<u>(36,135,049)</u>	<u>-</u>	<u>(36,135,049)</u>
Balance as at 30 April 2023	<u>55,579,223</u>	<u>(4,104,066)</u>	<u>51,475,157</u>

AHAM Asset Management Berhad

Registration No: 199701014290 (429786-T)

Ground Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

Toll Free Number: 1800 88 7080 T: +603 2116 6000

aham.com.my