



ANNUAL REPORT
31 January 2024

AHAM Malaysia Government Bond Fund

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
Deutsche Trustees Malaysia Berhad
(763590-H)

Built On Trust

aham.com.my

AHAM MALAYSIA GOVERNMENT BOND FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 31 January 2024

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FUND INFORMATION

Fund Name	AHAM Malaysia Government Bond Fund
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide investors with income over a medium to long-term investment horizon
Benchmark	12-month fixed deposit rate quoted by Maybank
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on a semi-annual basis. At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains, (5) capital or (6) a combination of any of the above.

FUND PERFORMANCE DATA

Category	As at 31 Jan 2024 (%)	As at 31 Jan 2023 (%)
Portfolio composition		
Unquoted fixed income securities – local	87.95	94.16
Cash & cash equivalent	12.05	5.84
Total	100.00	100.00
Total NAV (million)	56.316	38.998
NAV per Unit	1.0795	1.0717
Unit in Circulation (million)	52.169	36.389
Highest NAV	1.1124	1.0758
Lowest NAV	1.0520	0.9877
Return of the Fund (%)	4.80	7.17
- Capital Growth (%)	0.73	7.17
- Income Distribution (%)	4.05	Nil
Gross Distribution per Unit (sen)	4.33	Nil
Net Distribution per Unit (sen)	4.33	Nil
Total Expense Ratio (%) ¹	0.29	0.17
Portfolio Turnover Ratio (times) ²	0.29	0.64

Basis of calculation and assumption made in calculating the returns:-

The performance figures are a comparison of the growth/decline in Net Asset Value ('NAV') for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

¹ TER of the Fund increased due to increased expenses incurred by the Fund over the financial year under review.

² The PTR of the Fund decreased due to lower trading activities of the Fund over the financial year under review.

Income Distribution / Unit Split

The NAV per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution	Distribution per Unit (RM)	Ex-distribution
19-Dec-23	20-Dec-23	1.1119	0.0400	1.0719
20-Jun-23	21-Jun-23	1.0884	0.0033	1.0851

No unit split was declared for the financial period ended 31 January 2024.

Income Distribution Breakdown

Class	Ex-Date	Income (per unit) (sens / cents)	Income (%)	Capital (per unit) (sens / cents)	Capital (%)
MYR	20-Dec-23	3.4600	87	0.5200	13
MYR	21-Jun-23	0.3300	100	-	-

Fund Performance

Table 1: Performance of the Fund

	1 Year (1/2/23 - 31/1/24)	Since Commencement (4/8/22 - 31/1/24)
Fund	4.80%	12.32%
Benchmark	2.85%	4.20%
Outperformance	1.95%	8.12%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/23 - 31/1/24)	Since Commencement (4/8/22 - 31/1/24)
Fund	4.80%	8.08%
Benchmark	2.85%	2.79%
Outperformance	1.95%	5.29%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2024 (1/2/23 - 31/1/24)	FYE 2023 (4/8/22 - 31/1/23)
Fund	4.80%	7.17%
Benchmark	2.85%	1.31%
Outperformance	1.95%	5.86%

Source of Benchmark: Bloomberg

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

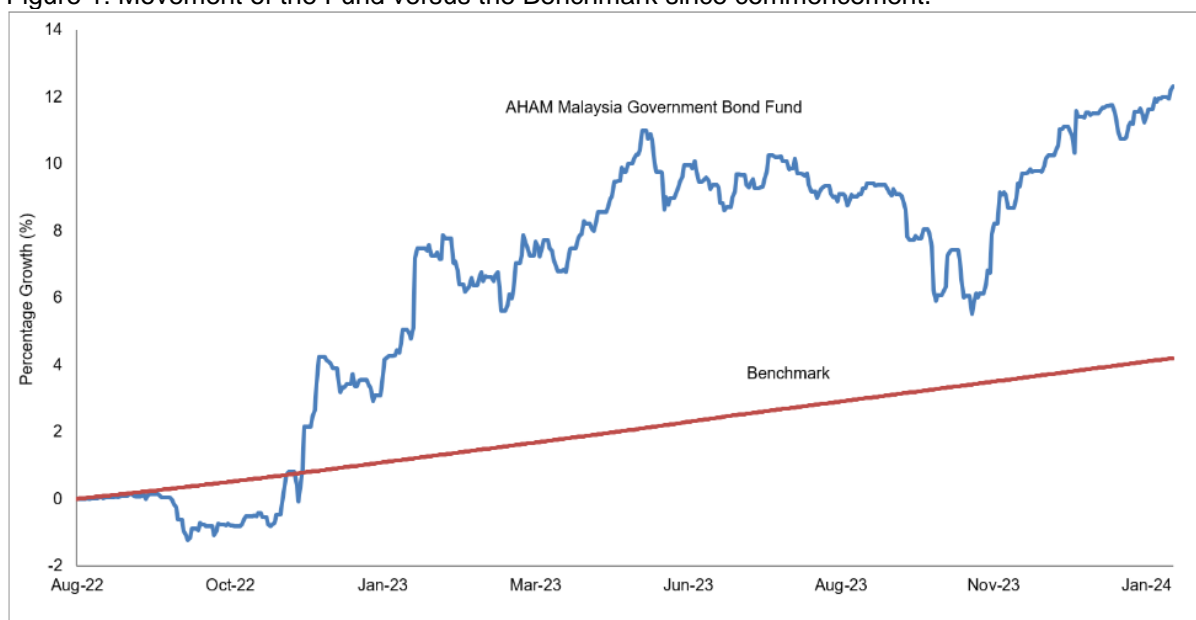
MANAGER'S REPORT

Performance Review (1 February 2023 to 31 January 2024)

For the period 1 February 2023 to 31 January 2024, the Fund registered a return of 4.80% return compared to the benchmark return of 2.85%. The Fund thus outperformed the Benchmark by 1.95%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2024 was RM1.0795 while the NAV as at 31 January 2023 was RM1.0717. During the period under review, the Fund has declared a total income distribution of RM0.0433 per unit.

Since commencement, the Fund has registered a return of 12.32% compared to the benchmark return of 4.20%, outperforming by 8.12%.

Figure 1: 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. Source of Benchmark is from Bloomberg."
Benchmark: 12-month fixed deposit rate quoted by Maybank

Asset Allocation

As at 31 January 2024, the asset allocation of the Fund stood at 87.95% of the Fund's NAV in fixed income securities while the remaining was held in cash and cash equivalent.

Strategies Employed

The Fund invests mainly into fixed income instruments comprising of Malaysia Government Securities, Government Investments Issues, to provide regular income to investors. As of 31 January 2024, the Fund is 87.95% invested.

Market Review

Over the financial year under review, the Standard and Poor's ("S&P") 500 Index returned 18.42% with the Morgan Stanley Capital International ("MSCI") World index slightly behind at 14.66%. Specific to the Asian region, MSCI AC Asia ex Japan Index saw a return of -5.71% while locally, the Financial Times Stock Exchange ("FTSE") Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") fared better returning 5.45% in Ringgit terms. Within bond markets, Bloomberg Barclays Global Aggregate Index gained 0.75% while

domestically, the bond markets' benchmark 10-year Malaysian Government Securities ("MGS") yield closed at 3.79%.

Over the year, market volatility continued to affect economies globally as macro events and policy rate hikes at the start of the financial year influenced both stock and bond markets. The U.S. Federal Reserve ("Fed") have been engaging in a tightening monetary policy stance to address inflationary pressures driven by the economic fallout from the pandemic alongside the various conflicts in 2023 such as geopolitical instability arising from strained ties between U.S. and China, Russia's invasion of Ukraine and the more recent conflict between Israel and Hamas which weighed heavily on global economic growth. In a notable shift in tone towards the end of 2023, however, Fed Chair Jerome Powell struck a dovish chord and acknowledged that tighter U.S. monetary policy was slowing down the economy with market consensus expecting a rate cut in 2024. At its January Federal Open Market Committee ("FOMC") meeting, the Fed opted to keep benchmark rates unchanged, but pushed back the timing of potential rate cuts until more concrete evidence of easing inflation.

While the sharp pace of policy tightening by the Fed during the earlier part of 2023 has not caused the economic downturn market participants anticipated, it inadvertently played a role in destabilising the banking sector. Signs of tension in the banking sector from the accelerated increase in policy rates were visible in March 2023 through the fallout of Silicon Valley Bank ("SVB") and several other regional U.S. banks. With an abundant of deposits over loans, SVB had placed them into available-for-sale and held-to-maturity securities like Treasuries and mortgage-backed securities when yields were at all-time lows. However, as interest rates began to rise rapidly, it recorded massive outflows in deposits alongside the rest of the banking sector. SVB sold substantially all of its available-for-sale securities to accommodate the outflows, incurring a massive loss which eventually led to a bank run. Smaller U.S. banks were caught also caught in the turmoil as concerns spread.

Looking back on 2023, many predicted at the start of the year that 2023 would be lackluster for U.S. stocks on the back of expectations of economic weakening but to the surprise of investors, the S&P 500 gained 26.3% on a total-return basis over the year. U.S. equities started 2024 on a strong note underpinned by robust economic indicators that fortified the case for a soft landing, surging by 1.60% and reaching a new all-time high in January over the financial year under review. Despite smaller U.S. stocks lagging relative to their larger counterparts, the mid-cap S&P 400 and small-cap Russell 2000 recorded solid gains of 16.4% and 16.9% respectively. Growth stocks also performed, in contrast to 2022 where value stocks outperformed. Notably, U.S. Gross Domestic Product ("GDP") surpassed expectations, expanding by 3.30% in the last quarter of 2023, exceeding the forecast of 2.00%.

Domestically, the benchmark KLCI saw a muted start to the year. With several policy announcements made by the government in July 2023 catching the attention of investors, markets started to gain. These positive sentiments lifted foreign investors' confidence as they poured into local equities. They include the Ekonomi Madani Plan which outlined several key economic targets, Part 1 of the National Energy Transition Roadmap which intends to achieve 70% renewable energy capacity mix by 2050 and Part 2 of the National Energy Transition Roadmap as well as the New Industrial Masterplan. The unveiling of Budget 2024 in October 2023 also helped shed light on the government's policies and laid down the groundwork for the government's path to fiscal consolidation. According to the Budget, the government aims to narrow the fiscal deficit from 5.0% to 4.3% in 2024 in line with its broader policy objective to bring it down to 3.10% by 2026. Key measures announced to broaden the government's revenue include the increase of Sales and Service tax ("SST") from 6% to 8% as well as the introduction of a 10% capital gains tax for unlisted shares. To further bolster revenue, a luxury goods tax will also be applied to high-value items including jewellery and watches based on predefined thresholds.

U.S. headline Consumer Price Index ("CPI") rose by 3.4% year-on-year (November: 3.1%) in December while core CPI eased to 3.9% (November: 4.0%), signifying a long road for the Fed to achieve its price stability target of 2.0%, especially with geopolitical tension elevating commodity prices. Unemployment rate was held low at 3.7% (November: 3.7%), pointing towards a robust U.S. economy. Nonetheless, market participants drew comfort that most developed economies have approached their terminal rates, and monetary policies should ease as we enter 2024.

Domestically, Bank Negara Malaysia ("BNM") kept Overnight Policy Rate ("OPR") unchanged at 3.00% with a neutral statement during the January 2024 Monetary Policy Meeting ("MPC"). Malaysian Government Securities ("MGS") yield curve shifted lower at the start of 2024 on the back of ample domestic liquidity. Principal dealers were seen building positions at the 3 to 5-year space, while real money continued to cap any

rise in long-term bond yields. One notable exception was the 10-year MGS which was re-priced higher (in yield terms) to trade in line with the curve, following its aggressive auction in December 2023. For the month of January 3-year, 10-year, and 30-year MGS yield closed at 3.45% (-8 bps), 3.81% (+8 bps), and 4.22% (-4 bps) respectively.

Investment Outlook

On fixed income, we maintain our positive outlook in 2024 as global growth is expected to moderate on the back of restrictive monetary policies and rising geopolitical tension. Volatility is expected to persist but at a tighter range compared to 2023. Although inflation expectations have peaked, inflationary environment may persist driven by elevated commodity prices. The first half of 2024 appeared to be a smoother runway relative to the second half amid dovish sentiment and less political/policy uncertainties.

With that in mind, we expect yields to be range-bound with a downward skew in the near-term, but cautious on front-loaded rate cut expectations at the global space. The short-end of the curve looks more vulnerable to external shocks such as short-term Treasury yields foreign exchange fluctuations, while the long-end of the curve looks unattractive due to the flatness of the curve. Hence the 6 to 10-year Malaysia Government Securities ("MGS")/Government Investment Issue ("GII") offer better risk-adjusted return in our opinion.

State of Affairs of the Fund

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the financial year under review.

Soft Commissions received from Brokers

Soft commissions received from brokers/dealers may be retained by the management company only if the :-

- (i) goods and services provided are of demonstrable benefit to Unitholders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assist in the decision-making process.

During the financial year under review, no soft commission was received by the Manager on behalf of the Fund.

Cross Trade

No cross trade transactions have been carried out during the reported period.

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

Changes Made To the Fund's Information Memorandum

A Supplemental Deed and Replacement Information Memorandum was issued with effective date 12 June 2023 to reflect various changes made to the Fund. This includes:

- i. a change in the name of the Fund;
- ii. updates to be in line with the issuance of the revised Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework ("Guidelines"); and
- iii. disclosures added to allow the Fund to distribute out of capital.

A list of changes made to the Fund is outlined in the following pages.

Changes to the Information Memorandum

1) Fund Name

Information Memorandum dated 21 July 2022	Replacement Information Memorandum dated 12 June 2023
Affin Hwang Malaysia Government Bond Fund	AHAM Malaysia Government Bond Fund (formerly known as Affin Hwang Malaysia Government Bond Fund)

2) Distribution Policy

Information Memorandum dated 21 July 2022	Replacement Information Memorandum dated 12 June 2023
<p>You have the option to receive the income distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form. All distribution will be automatically reinvested into additional Units in the Fund if you do not select the mode of distribution in the application form.</p> <p>Any distribution payable which is less than or equal to the amount of MYR 300.00 would be automatically reinvested.</p> <p><u>Cash Payment Process</u> Income distribution by way of cash payment will be paid via telegraphic transfer. Income will be transferred to your bank account within seven (7) Business Days after the distribution date.</p> <p><u>Reinvestment Process</u> We will create the Units based on the NAV per Unit at the income payment date which is two (2) Business Days after the distribution date. There will not be any additional cost for reinvestments of those additional Units, i.e. no Sales Charge will be imposed on such transaction.</p>	<p>➤ Depending on the level of income the Fund generates, the Fund will provide distribution on a semi-annual basis.</p> <p>At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains (3) unrealised income, (4) unrealised capital gains, (5) capital or (6) a combination of any of the above. The rationale for distribution out of capital is to allow the Fund the ability to distribute income on a regular basis in accordance with the income distribution policy of the Fund. Having the option to tap into the additional sources of income from (3) unrealised income, (4) unrealised capital gains and/or (5) capital (collectively known as “distribution out of capital”) would give the Manager the flexibility to increase the amount of income distributable to Unit Holders after taking the distribution out of capital risk into consideration.</p> <p>Distribution out of capital has a risk of eroding the capital of the Fund. Payment of distribution out of capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any distribution involving any payment out of capital of the Fund will result in an immediate reduction of the NAV per Unit. As a result, the value of future returns would be diminished.</p> <p>➤ You may elect the mode of distribution in cash payment or additional Units (by way of reinvestment) by ticking the appropriate column in the application form. You may also inform us at any time before the income distribution date of your wish of receiving cash payment or additional Units via reinvestment. All distribution will be automatically reinvested into additional Units in the Fund if you do not elect the mode of distribution in the application form.</p> <p>Any distribution payable which is less than or equal to the amount of MYR 300.00 would be automatically reinvested.</p> <p>Notwithstanding the above, we may also reinvest the distribution proceeds which remain unclaimed after twelve (12) months from the date of payment, provided that you still have an account with us.</p> <p><u>Cash Payment Process</u> Income distribution by way of cash payment will be paid via telegraphic transfer. Income will be transferred to your bank account within seven (7) Business Days after the distribution date.</p> <p><u>Reinvestment Process</u> We will create the Units based on the NAV per Unit at the income payment date which is within two (2) Business Days after the distribution date. There will not be any cost for reinvestments of those additional Units,</p>

	i.e. no Sales Charge will be imposed on such <u>reinvestment</u> .
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3) Valuation of the Fund

Information Memorandum dated 21 July 2022	Replacement Information Memorandum dated 12 June 2023
<p>➤ Bonds and Money Market Instruments</p> <p>For MYR denominated bonds and money market instruments, they will be valued based on the price quoted by a Bond Pricing Agency (“BPA”) registered with the SC.</p> <p>Where reliable market quotations are not available for these unlisted securities, the fair value shall be will be determined in good faith by the Manager. This may be determined by reference to the valuation of other securities which are comparable in rating, yield, expected maturity date and/or other characteristics.</p> <p>Amortized cost accounting may be used for :</p> <ul style="list-style-type: none"> (i) Money market instruments with remaining term to maturity of not more than 90 calendar days at the time of acquisition; and (ii) Adequate measures and safeguards to properly address relevant risks associated with the use of amortized cost accounting. 	<p>➤ Bonds</p> <p>For unlisted MYR denominated bonds, valuation will be done using the price quoted by a bond pricing agency (“BPA”) registered with the SC. Where the Manager is of the view that the price quoted by BPA differs from the fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>For listed bonds, valuation shall be based on the closing price or last known transacted price on the eligible market on which the investment is quoted. If the price is not representative of its fair value or is not available to the market, including in the event of suspension in the quotation of the listed bonds for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, such listed bonds will be valued at fair value as determined in good faith by the Manager or its delegate, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p> <p>➤ Money Market Instruments</p> <p>Valuation of MYR denominated money market instruments will be done using the price quoted by a BPA registered with the SC. Where the Manager is of the view that the price quoted by BPA differs from fair value or where reliable market quotations are not available, the fair value will be determined in good faith by the Manager using methods or bases which have been verified by the auditor of the Fund and approved by the Trustee. This may be determined by reference to the valuation of other money market instruments which are comparable in rating, yield, expected maturity date and/or other characteristics.</p>

4) Repurchase Proceeds Payout Period

Information Memorandum dated 21 July 2022	Replacement Information Memorandum dated 12 June 2023
You will be paid within seven (7) Business Days from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.	You will be paid within <u>ten (10) Business Days</u> from the day the repurchase request is received by us, provided that all documentations are completed and verifiable.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AHAM MALAYSIA GOVERNMENT BOND FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 January 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad has operated and managed the fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing are carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
Date: 27 March 2024

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND
FUND)**

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

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AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	<u>Note</u>	Financial year ended 31.1.2024 RM	Financial period from 21.07.2022 (date of launch) to 31.1.2023 RM
INVESTMENT INCOME			
Interest income from financial assets at amortised cost		123,938	217,887
Interest income from financial assets at fair value through profit or loss		1,773,255	427,704
Net gain on financial assets at fair value through profit or loss	9	535,518	2,041,841
		<u>2,432,711</u>	<u>2,687,432</u>
EXPENSES			
Management fee	4	(90,139)	(36,247)
Trustee fee	5	(13,708)	(5,643)
Fund accounting fee	6	(13,000)	(4,355)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses		(1,785)	(997)
		<u>(130,132)</u>	<u>(58,742)</u>
NET PROFIT BEFORE TAXATION		2,302,579	2,628,690
Taxation	7	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		<u>2,302,579</u>	<u>2,628,690</u>
Net profit after taxation is made up of the following:			
Realised amount		2,010,375	604,670
Unrealised amount		292,204	2,024,020
		<u>2,302,579</u>	<u>2,628,690</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
Cash and cash equivalents	10	6,808,256	1,544,964
Amount due from Manager			
- creation of units		-	750,446
Financial assets at fair value through profit or loss	9	49,531,086	36,721,988
TOTAL ASSETS		<u>56,339,342</u>	<u>39,017,398</u>
LIABILITIES			
Amount due to Manager			
- management fee		9,393	6,520
Amount due to Trustee		1,409	978
Fund accounting fee		1,000	-
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,500	3,500
Other payables		471	500
TOTAL LIABILITIES		<u>23,773</u>	<u>19,498</u>
NET ASSET VALUE OF THE FUND		<u>56,315,569</u>	<u>38,997,900</u>
EQUITY			
Unitholders' capital		53,459,843	36,369,210
Retained earnings		2,855,726	2,628,690
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>56,315,569</u>	<u>38,997,900</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>52,169,000</u>	<u>36,389,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0795</u>	<u>1.0717</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2023	36,369,210	2,628,690	38,997,900
Total comprehensive income for the financial year	-	2,302,579	2,302,579
Distribution (Note 8)	-	(2,075,543)	(2,075,543)
Movement in unitholders' capital:			
Creation of units arising from applications	23,361,154	-	23,361,154
Creation of units arising from distributions	804,700	-	804,700
Cancellation of units	(7,075,221)	-	(7,075,221)
Balance as at 31 January 2024	<u>53,459,843</u>	<u>2,855,726</u>	<u>56,315,569</u>
Balance as at 21 July 2022 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	2,628,690	2,628,690
Movement in unitholders' capital:			
Creation of units arising from applications	42,804,744	-	42,804,744
Cancellation of units	(6,435,534)	-	(6,435,534)
Balance as at 31 January 2023	<u>36,369,210</u>	<u>2,628,690</u>	<u>38,997,900</u>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

	<u>Note</u>	Financial year ended 31.1.2024 RM	Financial period from 21.07.2022 (date of launch) to 31.1.2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of investments		7,446,500	5,277,000
Purchase of investments		(19,566,630)	(39,602,510)
Interest received		1,743,743	290,954
Management fee paid		(87,266)	(29,727)
Trustee fee paid		(13,277)	(4,665)
Fund accounting fee paid		(12,000)	(4,355)
Payment for other fees and expenses		(13,314)	(497)
		<hr/>	<hr/>
Net cash flows used in operating activities		(10,502,244)	(34,073,800)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		24,111,600	42,054,298
Payment for cancellation of units		(7,075,221)	(6,435,534)
Payment for distribution		(1,270,843)	-
		<hr/>	<hr/>
Net cash flows generated from financing activities		15,765,536	35,618,764
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,263,292	1,544,964
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/ DATE OF LAUNCH		1,544,964	-
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	10	6,808,256	1,544,964
		<hr/> <hr/>	<hr/> <hr/>

The accompanying material accounting policy information and notes to the financial statements form an integral part of these financial statements.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note I.

- (a) Standards, amendments to published standards and interpretations that are applicable and effective:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Fund.

- (b) Standards and amendments that have been issued that are applicable to the Fund but not yet effective:

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

- (b) Standards and amendments that have been issued that are applicable to the Fund but not yet effective: (continued)

The amendments also specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Interest income

Interest income from short-term deposits with licensed financial institutions and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains and losses on sale of investments

For unquoted fixed income securities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium on investments.

C DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a deduction from retained earnings. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee of the Fund.

At the Manager's discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains, (5) capital, or (6) a combination of any of the above.

**AHAM MALAYSIA GOVERNMENT BOND FUND
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**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial year.

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities at fair value through other comprehensive income.

The contractual cash flows of the Fund’s debt securities are solely payments of principal and interest (“SPPI”). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets measured at amortised cost as these financial assets are held to collect contractual cash flows consisting of amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, payables for fund accounting fee, auditors’ remuneration, tax agent’s fee and other payables as financial liabilities measured at amortised cost.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the period which they arise.

Unquoted fixed income securities including money market instruments denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

The Fund's financial assets measured at amortised cost are subject to expected credit losses. The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganization; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

**AHAM MALAYSIA GOVERNMENT BOND FUND
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**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial year.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value ("NAV");
- the units are the most subordinated class and class features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholders exercise the right to put the unit back to the Fund.

Units are created and cancelled at the unitholders' option at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

**AHAM MALAYSIA GOVERNMENT BOND FUND
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**MATERIAL ACCOUNTING POLICY INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

I CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang Malaysia Government Bond Fund (the “Fund”) pursuant to the execution of a Deed dated 15 July 2022 as modified by First Supplemental Deed dated 17 May 2023 (the “Deeds”) entered into between AHAM Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”). The Fund has changed its name from Affin Hwang Malaysia Government Bond Fund to AHAM Malaysia Government Bond Fund as amended by Supplemental Deed dated 17 May 2023.

The Fund commenced operations on 21 July 2022 and will continue its operations until terminated by the Trustee as provided under Clause 11.3 of the Deed.

Unless otherwise prohibited by the relevant authorities or any law or contract and provided always that there is no inconsistency with the objective of the Fund, the Fund may invest in the following permitted investments:

- (a) Bonds;
- (b) Deposits;
- (c) Money market instruments; and
- (d) Any other form of investments permitted by the SC that is in line with the Fund’s objective.

All investments will be subjected to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deeds and the objective of the Fund.

The objective of the Fund is to provide investors with income over a medium to long-term investment horizon.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on xx March 2024.

AHAM MALAYSIA GOVERNMENT BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2024</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	6,808,256	-	6,808,256
Unquoted fixed income securities	9	-	49,531,086	49,531,086
Total		<u>6,808,256</u>	<u>49,531,086</u>	<u>56,339,342</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		9,393	-	9,393
Amount due to Trustee		1,409	-	1,409
Fund accounting fee		1,000	-	1,000
Auditor's remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables		471	-	471
Total		<u>23,773</u>	<u>-</u>	<u>23,773</u>

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	1,544,964	-	1,544,964
Amount due from Manager				
- creation of units		750,446	-	750,446
Unquoted fixed income securities	9	-	36,721,988	36,721,988
Total		<u>2,295,410</u>	<u>36,721,988</u>	<u>39,017,398</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		6,520	-	6,520
Amount due to Trustee		978	-	978
Auditor's remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables		500	-	500
Total		<u>19,498</u>	<u>-</u>	<u>19,498</u>

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate risk), credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2024</u> RM	<u>2023</u> RM
Unquoted investments		
Unquoted fixed income securities*	49,531,086	36,721,988

* Includes interest receivable of RM550,216 (2023: RM360,458).

The following table summarises the sensitivity of the Fund's profit after taxation and NAV to price risk movements. The analysis is based on the assumptions that the market price increased by 3% (2023: 5%) and decreased by 3% (2023: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2024</u>		
-3%	47,511,444	(1,469,426)
0%	48,980,870	-
+3%	50,450,296	1,469,426
<u>2023</u>		
-5%	34,543,454	(1,818,077)
0%	36,361,530	-
+5%	36,179,607	1,818,077

**AHAM MALAYSIA GOVERNMENT BOND FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

**2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted fixed income securities fund since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% (2023: 2%) (200 basis points) with all other variables.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2024</u> RM	<u>2023</u> RM
+ 1% (2023: 2%)	(281,502)	(425,223)
- 1% (2023: 2%)	283,790	432,340

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the carrying value of the deposits is held on a short-term basis.

AHAM MALAYSIA GOVERNMENT BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

Credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For unquoted fixed income securities, the manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The following table sets out the credit risk concentrations and counterparties of the Fund:

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2024</u>			
Financial Services			
- AAA	-	6,711,916	6,711,916
- AA1	-	96,340	96,340
Government			
- Non-rated ("NR")	49,531,086	-	49,531,086
	<u>49,531,086</u>	<u>6,808,256</u>	<u>56,339,342</u>

AHAM MALAYSIA GOVERNMENT BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)

Credit risk (continued)

The following table sets out the credit risk concentrations and counterparties of the Fund:
(continued)

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Amount due from <u>Manager</u> RM	<u>Total</u> RM
<u>2023</u>				
Financial services				
- AAA	-	1,544,964	-	1,544,964
Government				
- NR	36,721,988	-	-	36,721,988
Others				
- NR	-	-	750,446	750,446
	<u>36,721,988</u>	<u>1,544,964</u>	<u>750,446</u>	<u>39,017,398</u>

AHAM MALAYSIA GOVERNMENT BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining a sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table below are the contractual undiscounted cash flows.

	<u>Less than</u> <u>one month</u> RM	<u>Between</u> <u>one month</u> <u>to one year</u> RM	<u>Total</u> RM
<u>2024</u>			
Amount due to Manager			
- management fee	9,393	-	9,393
Amount due to Trustee	1,409	-	1,409
Fund accounting fee	1,000	-	1,000
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables	-	471	471
	<u>11,802</u>	<u>11,971</u>	<u>23,773</u>
<u>2023</u>			
Amount due to Manager			
- management fee	6,520	-	6,520
Amount due to Trustee	978	-	978
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables	-	500	500
	<u>7,498</u>	<u>12,000</u>	<u>19,498</u>

**AHAM MALAYSIA GOVERNMENT BOND FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

**2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the bid price for financial assets which falls within the bid-ask spread.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

AHAM MALAYSIA GOVERNMENT BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The determination of what constitutes ‘observable’ requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial assets at fair value through profit or loss:				
- unquoted fixed income securities	-	49,531,086	-	49,531,086
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2023</u>				
Financial assets at fair value through profit or loss:				
- unquoted fixed income securities	-	36,721,988	-	36,721,988
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(ii) The carrying value of cash and cash equivalents, amount due from Manager and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

4 MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 January 2024, the management fee rate is recognised at a rate of 0.20% (financial period from 21 July 2022 (date of launch) to 31 January 2023: 0.20%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

There will be no further liability to the Manager in respect of management fee other than the amounts recognised above.

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, excluding of foreign custodian fees and charges.

For the financial year ended 31 January 2024, the Trustee fee is recognised at a rate of 0.03% (financial period from 21 July 2022 (date of launch) to 31 January 2023: 0.03%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

There will be no further liability to the Trustee in respect of Trustee fee other than the amounts recognised above.

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM13,000 (2023: RM4,355) during the financial year/period.

7 TAXATION

	Financial year ended <u>31.1.2024</u> RM	Financial period from 21.7.2022 (date of launch) to <u>31.1.2023</u> RM
Current taxation	-	-
	<u> </u>	<u> </u>

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

7 TAXATION (CONTINUED)

The numerical reconciliation between net profit before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	Financial year ended <u>31.1.2024</u> RM	Financial period from 21.7.2022 (date of launch) to <u>31.1.2023</u> RM
Net profit before taxation	2,302,579	2,628,690
Tax at Malaysian statutory rate of 24%	552,619	630,886
Tax effects of:		
Investment income not subject to tax	(583,851)	(644,984)
Expenses not deductible for tax purposes	7,679	12,178
Restriction on tax deductible expenses for Wholesale Fund	23,553	1,920
Tax expense	-	-

8 DISTRIBUTIONS

	<u>2024</u> RM	<u>2023</u> RM
Distributions to unitholders is from the following sources:		
Interest income	1,738,655	-
Previous years' realised income	398,446	-
Gross realised income	2,137,101	-
Less: Expenses	(61,558)	-
Net distribution amount	2,075,543	-
Income distribution	1,813,799	-
Capital distribution	261,743	-
Income distribution (%)	87.00	-
Capital distribution (%)	13.00	-

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

8 DISTRIBUTIONS (CONTINUED)

During the financial year ended 31 January 2024, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit</u> sen
21.6.2023	0.33
20.12.2023	4.00
	4.33
	4.33

There was no distribution made during the financial period from 21 July 2022 (date of launch) to 31 January 2023.

Gross distribution per unit is derived from gross realised income less expenses, divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Included in distribution for the financial year is an amount of RM398,446 (2023: RM Nil) made from previous year's realised income.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2024</u> RM	<u>2023</u> RM
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – local	49,531,086	36,721,988
	Financial year ended <u>31.1.2024</u> RM	Financial period from 21.7.2022 (date of launch) to <u>31.1.2023</u> RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	210,865	16,965
- unrealised gain on changes in fair value	324,653	2,024,876
	535,518	2,041,841
	535,518	2,041,841

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 January 2024 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
4.662% Sustainability Government Investment Issue 3/2022 31.3.2038 (NR)	3,000,000	3,039,004	3,279,254	5.82
4.291% Government Investment Issue Murabahah 2/2023 14.8.2043 (NR)	5,000,000	5,201,859	5,218,196	9.27
5.357% Government Investment Issue Murabahah 2/2022 15.5.2052 (NR)	13,000,000	14,779,029	15,424,231	27.39
4.893% Malaysia Government Securities 4/2018 8.6.2038 (NR)	5,000,000	5,605,477	5,544,264	9.84
4.696% Malaysia Government Securities 2/2022 15.10.2042 (NR)	10,000,000	10,014,446	10,969,854	19.48
4.065% Malaysia Government Securities 1/2020 15.6.2050 (NR)	6,000,000	5,505,356	5,923,987	10.52
4.457% Malaysia Government Securities 1/2023 31.3.2053 (NR)	3,000,000	3,036,386	3,171,300	5.63
Total unquoted fixed income securities – local	<u>45,000,000</u>	<u>47,181,557</u>	<u>49,531,086</u>	<u>87.95</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>2,349,529</u>		
Total unquoted fixed income securities – local		<u>49,531,086</u>		

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Unquoted fixed income securities – local (continued)

(ii) Unquoted fixed income securities – local as at 31 January 2023 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
4.662% Sustainability Government Investment Issue 3/2022 31.3.2038 (NR)	3,000,000	3,038,788	3,259,895	8.36
4.291% Government Investment Issue Murabahah 2/2023 14.8.2043 (NR)	8,000,000	8,863,689	9,392,022	24.08
4.893% Malaysia Government Securities 4/2018 8.6.2038 (NR)	5,000,000	5,456,108	5,526,966	14.17
4.696% Malaysia Government Securities 2/2022 15.10.2042 (NR)	10,000,000	10,011,175	10,832,222	27.78
4.065% Malaysia Government Securities 1/2020 15.6.2050 (NR)	8,000,000	7,327,352	7,710,883	19.77
Total unquoted fixed income securities – local	<u>34,000,000</u>	<u>34,697,112</u>	<u>36,721,988</u>	<u>94.16</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>2,024,876</u>		
Total unquoted fixed income securities – local		<u>36,721,988</u>		

10 CASH AND CASH EQUIVALENTS

	<u>2024 RM</u>	<u>2023 RM</u>
Cash and bank balances	96,340	17,087
Deposits with licensed financial institutions	6,711,916	1,527,877
	<u>6,808,256</u>	<u>1,544,964</u>

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

10 CASH AND CASH EQUIVALENTS (CONTINUED)

Weighted average effective interest rates per annum of deposits with a licensed financial institution are as follows:

	<u>2024</u> %	<u>2023</u> %
Deposits with licensed financial institutions	3.00	2.75

Deposits with licensed financial institutions have an average remaining maturity period of 2 days (2023: 2 days)

11 NUMBER OF UNITS IN CIRCULATION

	<u>2024</u> No. of units	<u>2023</u> No. of units
At the beginning of the financial year/date of launch	36,389,000	-
Creation of units arising from applications	21,640,651	42,680,000
Creation of units arising from distributions	750,457	-
Cancellation of units	(6,611,108)	(6,291,000)
At the end of the financial year/period	<u>52,169,000</u>	<u>36,389,000</u>

12 TRANSACTIONS WITH DEALERS

(i) Details of transactions with the dealers for the financial year ended 31 January 2024 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
CIMB Bank Bhd	19,236,180	71.21
Citibank Berhad	7,776,950	28.79
	<u>27,013,130</u>	<u>100.00</u>

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

12 TRANSACTIONS WITH DEALERS (CONTINUED)

(ii) Details of transactions with the dealers for the financial period from 21 July 2022 (date of launch) to 31 January 2023 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
CIMB Bank Bhd	25,835,400	57.57
JP Morgan Chase Bank Bhd	7,660,000	17.07
Standard Chartered Bank Malaysia Bhd	6,534,960	14.56
Bank Islam Malaysia Bhd	2,991,150	6.66
Citibank Berhad	1,858,000	4.14
	<u>44,879,510</u>	<u>100.00</u>

13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationships</u>
CVC Capital Partners Asia V L.P.“ (”CVC Asia V”)	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera (“LTAT”)	Former ultimate holding corporate body of the Manager and substantial shareholder of the Manager
Affin Bank Berhad (“ABB”)	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former immediate holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

The related parties of and their relationship with the Fund are as follows (continued):

<u>Related parties</u>	<u>Relationships</u>
Nikko Asset Management International Limited (“NAMI”)	Former substantial shareholder of the Manager
Nikko Asset Management Co. Ltd (“NAM”)	Substantial shareholder of the Manager
AHAM Asset Management Berhad	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad	Directors of the Manager

The units held by the Manager as at the end of the financial year/period are as follows:

	<u>2024</u>		<u>2023</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
AHAM Asset Management Berhad (The units are held legally for booking purposes)	3,562	3,845	1,914	2,051
<u>Parties related to the Manager</u>				
Director of AHAM Asset Management Berhad (The units are held legally for booking purposes)	1,700,147	1,835,308	1,005,298	1,077,373

Other than the above, there were no units held by the Directors or parties related to the Manager.

AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)

14 TOTAL EXPENSE RATIO (“TER”)

	Financial year ended <u>31.1.2024</u> %	Financial period from 21.7.2022 (date of launch) to <u>31.1.2023</u> %
TER	<u>0.29</u>	<u>0.17</u>

TER is derived from the following calculation:

$$\text{TER} = \frac{(A + B + C + D + E + F) \times 100}{G}$$

A	=	Management fee
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year/period calculated on a daily basis is RM45,701,653 (2023: RM35,176,015).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial year ended <u>31.1.2024</u>	Financial period from 21.7.2022 (date of launch) to <u>31.1.2023</u>
PTR (times)	<u>0.29</u>	<u>0.64</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year/period} + \text{total disposal for the financial year/period}) \div 2}{\text{Average NAV of the Fund for the financial year/period calculated on a daily basis}}$$

where: total acquisition for the financial year/period = RM19,556,630 (2023: RM39,602,510)
total disposal for the financial year/period = RM7,235,635 (2023: RM5,260,035)

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024 (CONTINUED)**

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Change in corporate shareholding of AHAM Asset Management Berhad

On 19 April 2023, Nikko Asset Management International Limited (“NAMI”) has divested all its equity interest of 27% in AHAM Asset Management Berhad to Nikko Asset Management Co. Ltd (“NAM”) for 20% and remaining 7% of the equity interest to Lembaga Tabung Angkatan Tentera (“LTAT”), resulting in both NAM and LTAT becoming substantial shareholders of the Manager.

**AHAM MALAYSIA GOVERNMENT BOND FUND
(FORMERLY KNOWN AS AFFIN HWANG MALAYSIA GOVERNMENT BOND FUND)**

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 31 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2024 and of its financial performance, changes in equity and cash flows for the year ended 31 January 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AHAM ASSET MANAGEMENT BERHAD

**DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur
27 March 2024

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM MALAYSIA GOVERNMENT BOND FUND
(Formerly known as Affin Hwang Malaysia Government Bond Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Malaysia Government Bond Fund (“the Fund”) (formerly known as Affin Hwang Malaysia Government Bond Fund) give a true and fair view of the financial position of the Fund as at 31 January 2024, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 January 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended, and notes to the financial statements, including material accounting policy information as set out on pages 1 to 31.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM MALAYSIA GOVERNMENT BOND FUND
(CONTINUED)
(Formerly known as Affin Hwang Malaysia Government Bond Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal controls as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM MALAYSIA GOVERNMENT BOND FUND
(CONTINUED)
(Formerly known as Affin Hwang Malaysia Government Bond Fund)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM MALAYSIA GOVERNMENT BOND FUND
(CONTINUED)
(Formerly known as Affin Hwang Malaysia Government Bond Fund)**

OTHER MATTERS

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants**

**Kuala Lumpur
27 March 2024**

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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