



ANNUAL REPORT
31 January 2024

AHAM Single Bond Series 2

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
CIMB Commerce Trustee Berhad
(313031-A)

Built On Trust

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AHAM SINGLE BOND SERIES 2

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

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FUND INFORMATION

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

FUND PERFORMANCE DATA

Category	As at 31 Jan 2024 (%)	As at 31 Jan 2023 (%)	As at 31 Jan 2022 (%)
Portfolio composition			
Unquoted fixed income securities – foreign	0.00	94.14	93.41
Cash & cash equivalent	0.00	5.59	6.59
Total	0.00	100.00	100.00
Total NAV (RM'million)	-0.636	84.130	45.206
NAV per Unit (RM)	0.0000	0.8668	1.0305
Unit in Circulation (million)	96.950	97.063	43.866
Highest NAV	0.8684	1.0355	1.1244
Lowest NAV	0.0000	0.6221	1.0097
Return of the Fund (%)	-100.00	-10.07	-0.04
- Capital Growth (%)	-100.00	-15.89	-6.23
- Income Distribution (%)	2.30	6.92	6.61
Gross Distribution per Unit (sen)	1.80	6.05	6.90
Net Distribution per Unit (sen)	1.80	6.05	6.90
Total Expense Ratio (%) ¹	0.09	0.65	0.62
Portfolio Turnover Ratio (times) ²	0.00	0.43	0.18

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 The TER of the Fund decreased due to lower average NAV during the financial year under review.

² The PTR of the Fund was nil due to no acquisition or disposal over the financial year under review.

Income Distribution / Unit Split

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
26-Feb-23	27-Feb-23	0.7939	0.0180	0.7824
23-Aug-22	24-Aug-22	0.8247	0.0270	0.7967
22-Feb-22	23-Feb-22	1.0219	0.0335	0.9813
25-Aug-21	26-Aug-21	1.0769	0.0344	1.0407
23-Feb-21	24-Feb-21	1.1205	0.0346	1.0822

No unit split were declared for the financial year ended 31 January 2024.

Income Distribution Breakdown

Class	Ex-Date	Income (per unit) (sens / cents)	Income (%)	Capital (per unit) (sens / cents)	Capital (%)
MYR	27-Feb-23	1.8000	100	-	-
MYR	24-Aug-22	2.7000	100	-	-
MYR	23-Feb-22	3.3500	100	-	-
MYR	26-Aug-21	3.4400	100	-	-
MYR	24-Feb-21	3.4600	100	-	-

Fund Performance

Table 1: Performance of the Fund

	1 Year (1/2/23 - 31/1/24)	3 Years (1/2/21 - 31/1/24)	Since Commencement (25/10/19 - 31/1/24)
Fund	(100.00%)	(100.00%)	(100.00%)
Benchmark	2.85%	7.20%	10.38%
Outperformance	(102.85%)	(107.20%)	(110.38%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/23 - 31/1/24)	3 Years (1/2/21 - 31/1/24)	Since Commencement (25/10/19 - 31/1/24)
Fund	(100.00%)	(100.00%)	(100.00%)
Benchmark	2.85%	2.34%	2.34%
Outperformance	(102.85%)	(102.34%)	(102.34%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2024 (1/2/23 - 31/1/24)	FYE 2023 (1/2/22 - 31/1/23)	FYE 2022 (1/2/21 - 31/1/22)	FYE 2021 (25/10/19 - 31/1/21)
Fund	(100.00%)	(10.07%)	(0.04%)	14.13%
Benchmark	2.85%	2.33%	1.85%	2.97%
Outperformance	(102.85%)	(12.40%)	(1.89%)	11.16%

Source of Benchmark: Bloomberg

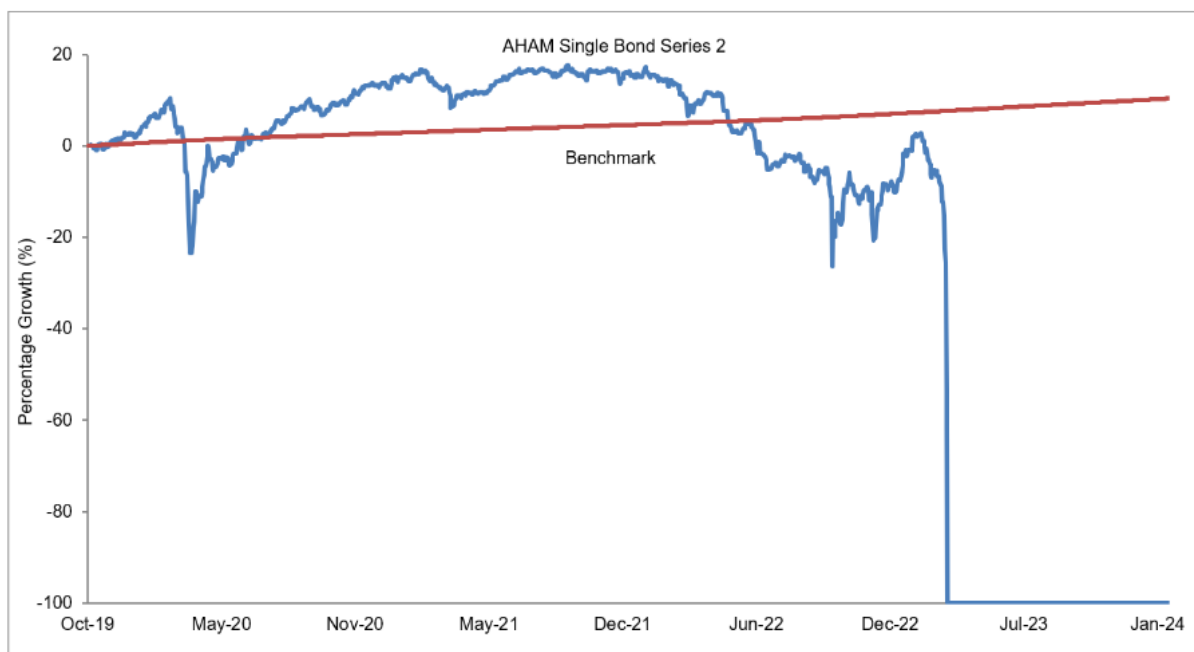
Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

MANAGER'S REPORT

Performance Review (1 February 2023 to 31 January 2024)

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

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 Malayan Banking Berhad Fixed Deposit Rate*

Asset Allocation

As at 31 January 2024, the asset allocation of the fund is Nil. Please see the section on State of Affairs of the Fund for further information.

Strategies Employed

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

Market Review

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

On 11 August 2023, UBS announced that it has ended the CHF9 billion loss protection agreement and the CHF100 billion public liquidity backstop that were initially put in place by the Swiss government back in March. This announcement followed a comprehensive assessment of Credit Suisse's potential losses which were not

as significant as earlier anticipated. Additionally, Credit Suisse has also fully repaid an emergency liquidity assistance loan of CHF50 billion obtained from the Swiss National Bank (“SNB”).

Further to this, on 31 August 2023, UBS posted its quarterly earnings results following its acquisition of Credit Suisse. It reported a quarterly profit before tax of USD29.2 billion, including a USD28.9 billion of negative goodwill from the acquisition. If excluding the negative goodwill and also integration-related expenses and acquisition costs, UBS’ adjusted profit before tax is USD1.1 billion. UBS also provided updates on the integration of Credit Suisse and financial targets by year-end 2026. Amongst the targets, UBS is aiming for USD10 billion worth of cost savings that is expected to be achieved through the restructuring of its non-core and Credit Suisse Investment Banking segments, as well as from business synergies across its core businesses. UBS reported a Common Equity Tier 1 (“CET1”) capital ratio of 14.4% and targets a ~14% CET1 capital ratio over the medium term.

Since the announcement in March, several investor groups globally have initiated legal proceedings seeking compensation as a result of the write-down. Quinn Emanuel Urquhart & Sullivan LLP (“Quinn Emanuel”) and UK-based Pallas launched separate Swiss lawsuits against FINMA over the decision. Quinn Emanuel is representing plaintiffs with \$6billion of AT1 claims, while Pallas’s clients holds about \$2billion of Credit Suisse AT1s.

Investment Outlook

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

State of Affairs of the Fund

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

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

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

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

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

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

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

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

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 period 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

There were no changes made to the Fund's Information Memorandum during the financial year/period under review.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF AHAM SINGLE BOND SERIES 2 ("Fund")

We have acted as the Trustee of the Fund for the financial period 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 Manager under the Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework;
2. Valuation and pricing is 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 and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
Date: 27 March 2024

AHAM SINGLE BOND SERIES 2

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

AHAM SINGLE BOND SERIES 2

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024

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AHAM SINGLE BOND SERIES 2

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

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
INVESTMENT LOSS			
Interest income from financial assets at amortised cost		25,917	58,556
Interest income from financial assets at fair value through profit or loss		300,915	5,293,710
Net gain/(loss) on foreign currency exchange		107,748	(92,232)
Net loss on forward foreign currency contracts at fair value through profit or loss	14	-	(62,196)
Net (loss)/gain on currency swap at fair value through profit or loss	15	(6,699,144)	3,739,578
Net loss on financial assets at fair value through profit or loss	12	(76,546,029)	(16,519,528)
		<u>(82,810,593)</u>	<u>(7,582,112)</u>
EXPENSES			
Management fee	4	-	(367,982)
Trustee fee	5	(2,473)	(29,571)
Fund accounting fee	6	(2,000)	(12,000)
Auditors' remuneration		-	(8,000)
Tax agent's fee		-	(3,500)
Other expenses	11	(3,507)	(60,952)
		<u>(7,980)</u>	<u>(482,005)</u>
NET LOSS BEFORE TAXATION		(82,818,573)	(8,064,117)
Taxation	9	(112,393)	(1,272,375)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(82,930,966)</u>	<u>(9,336,492)</u>
Net loss after taxation is made up of the following:			
Realised amount		(82,930,966)	2,842,335
Unrealised amount		-	(12,178,827)
		<u>(82,930,966)</u>	<u>(9,336,492)</u>

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

AHAM SINGLE BOND SERIES 2

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	13	139,767	2,555,564
Financial assets at fair value through profit or loss	12	-	79,200,698
Currency swaps at fair value through profit or loss	15	-	3,741,084
TOTAL ASSETS		<u>139,767</u>	<u>85,497,346</u>
LIABILITIES			
Amount due to Manager			
- management fee		-	33,730
- others		639,260	-
Amount due to Trustee		-	2,699
Auditors' remuneration		-	8,000
Tax agent's fee		-	3,500
Other payables and accruals		1,825	47,183
Tax provision		134,523	646,892
Deferred tax liabilities	10	-	625,483
TOTAL LIABILITIES		<u>775,608</u>	<u>1,367,487</u>
NET (LIABILITY)/ASSET VALUE OF THE FUND		<u>(635,841)</u>	<u>84,129,859</u>
EQUITY			
Unitholders' capital		94,072,460	94,160,294
Accumulated losses		(94,708,301)	(10,030,435)
NET (LIABILITIES)/ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(635,841)</u>	<u>84,129,859</u>
NUMBER OF UNITS IN CIRCULATION	16	<u>96,950,000</u>	<u>97,063,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.0000</u>	<u>0.8668</u>

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

AHAM SINGLE BOND SERIES 2

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

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 February 2023	94,160,294	(10,030,435)	84,129,859
Total comprehensive loss for the financial year	-	(82,930,966)	(82,930,966)
Distributions (Note 8)	-	(1,746,900)	(1,746,900)
Movement in unitholders' capital:			
Creation of units arising from distributions	165,342	-	165,342
Cancellation of units	(253,176)	-	(253,176)
Balance as at 31 January 2024	<u>94,072,460</u>	<u>(94,708,301)</u>	<u>(635,841)</u>
Balance as at 1 February 2022	41,824,941	3,381,109	45,206,050
Total comprehensive loss for the financial year	-	(9,336,492)	(9,336,492)
Distributions (Note 8)	-	(4,075,052)	(4,075,052)
Movement in unitholders' capital:			
Creation of units arising from applications	58,083,916	-	58,083,916
Creation of units arising from distributions	396,438	-	396,438
Cancellation of units	(6,145,001)	-	(6,145,001)
Balance as at 31 January 2023	<u>94,160,294</u>	<u>(10,030,435)</u>	<u>84,129,859</u>

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

AHAM SINGLE BOND SERIES 2

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

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		-	5,267,237
Purchase of investments		-	(57,528,071)
Interest received		2,981,501	3,944,990
Management fee paid		(33,730)	(353,688)
Trustee fee paid		(5,172)	(28,427)
Fund accounting fee paid		(2,000)	(12,000)
Payment for other fees and expenses		(60,365)	(27,295)
Net realised loss on forward foreign currency contracts		-	(32,900)
Net realised (loss)/gain on currency swaps		(2,958,060)	580,683
Net realised gain on foreign exchange		107,748	159,535
Advances from Manager		639,260	-
Tax paid		(1,250,245)	-
		<hr/>	<hr/>
Net cash flows used in operating activities		(581,063)	(48,029,936)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		-	58,083,916
Payments for cancellation of units		(253,176)	(6,156,365)
Payments for distributions		(1,581,558)	(3,678,614)
		<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities		(1,834,734)	48,248,937
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(2,415,797)	219,001
EFFECTS OF FOREIGN CURRENCY EXCHANGE			
		-	(78,313)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR			
		<hr/>	<hr/>
		2,555,564	2,414,876
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
	13	<hr/> <hr/>	<hr/> <hr/>
		139,767	2,555,564

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

AHAM SINGLE BOND SERIES 2

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 judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

The Fund is in net liability position of RM635,841 as at 31 January 2024 and has incurred a loss of RM82,930,966 for the financial year ended 31 January 2024. The Manager has confirmed that it will provide financial support to the Fund such that the Fund is able to operate as a going concern and to settle its liabilities as they fall due.

The Fund has invested in RM92.5 million nominal value of Additional Tier-1 (“AT1”) bonds issued by Credit Suisse Group AG, with a fair value of RM79.2 million as at 31 January 2023. In March 2023, the Credit Suisse Group was experiencing a crisis of confidence, which has resulted in considerable outflows of deposits. There was a risk of the bank becoming illiquid, even if it remained solvent. On 19 March 2023, the Swiss Financial Market Supervisory Authority (“FINMA”) has announced its approval for the takeover of Credit Suisse Group AG by UBS Group AG. However, the extraordinary Swiss government support will trigger a complete write-down of the nominal value of all AT1 bonds of Credit Suisse Group AG in the amount of around CHF 16 billion.

Following these developments, the Manager have sought legal advice, consulted with global peers who are Credit Suisse AT1 bondholders for their viewpoint, and evaluated the feasibility of pursuing recovery through a class action lawsuit. As part of this process, the Manager have initiated communication with several leading international law firms and are carefully assessing their feasibility of their proposed approaches. The objective is to identify a law firm with the necessary strategies and experience to effectively represent bondholders in this matter. The process involved evaluating their track record in handling similar cases, their resources across multiple jurisdictions, and other critical factors.

AHAM SINGLE BOND SERIES 2

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

As of 11 March 2024, there have been no developments in the FINMA appeal and Quinn Emanuel, together with all other appellant groups, are still waiting for the Administrative Court to send them UBS’s and FINMA’s reply submissions. The legal proceeding is currently ongoing, and the Manager will maintain close communications with Quinn Emanuel on the progress of the lawsuit. Any material developments will be promptly communicated to investors.

In view of the above developments, the Manager is of the opinion that it is still uncertain whether the Fund will be wound up within the next twelve months from the date of the statement of financial position until there is greater clarity on the outcome of the legal proceeding and the success of recovering the losses from the write-down of the AT1 bonds. Accordingly, the Manager is satisfied that it is appropriate to prepare the financial statements of the Fund on a going concern basis.

The uncertainty of the outcome of the legal proceeding which will determine whether the Manager is able to recover in full or part of the AT1 bonds which may trigger the winding up of the Fund within the next twelve months from the date of the statement of financial position, indicating that a material uncertainty exists that may cast significant doubt on the Fund’s ability to continue as a going concern.

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

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

AHAM SINGLE BOND SERIES 2

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) 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.

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.

Realised gains and losses on currency swaps

Realised gain or loss on currency swaps are measured by the net profit income and expense as per the currency swap contract.

AHAM SINGLE BOND SERIES 2

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

C DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

D TAXATION

Tax expense for the year comprises current and deferred income tax.

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

AHAM SINGLE BOND SERIES 2

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

F FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

G 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 as financial assets measured at fair value through other comprehensive income.

The contractual cash flows of the Fund's debt securities are solely payment 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 and derivatives are measured at fair value through profit or loss.

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

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

(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.

AHAM SINGLE BOND SERIES 2

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 including the effects of foreign currency exchange transactions 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 foreign currencies are revalued at least twice a week by reference to the mid price quoted in Bloomberg using the Composite Bloomberg Bond Trader ("CBBT") which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

Financial assets at amortised cost and other financial liabilities, except currency swap contracts are subsequently carried at amortised cost using the effective interest method.

(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 and lifetime 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.

AHAM SINGLE BOND SERIES 2

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Qualitative criteria:

The debtor meets unlikeliness 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 reorganisation; and
- the debtor is insolvent.

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

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.

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and 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.

I 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 a unitholder exercise the right to put the unit back to the Fund.

AHAM SINGLE BOND SERIES 2

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

I UNITHOLDERS' CAPITAL (CONTINUED)

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.

J DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise currency swaps. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a positive fair value and negative fair value are presented as financial assets measured at fair value through profit or loss and financial liabilities measured at fair value through profit or loss, respectively.

The fair value of currency swaps are determined using the present value of future cash flows based on observable yield curves at the date of statement of financial position date.

The method of recognising the resulting gains or losses depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities measured at fair value through profit or loss.

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS 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 judgments 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 judgment 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 Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AHAM SINGLE BOND SERIES 2

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

L 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 SINGLE BOND SERIES 2

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 Single Bond Series 2 (the “Fund”) pursuant to the execution of a Deed dated 24 September 2019 and First Supplemental Deed dated 9 November 2022 (the “Deeds”) entered into between AHAM Asset Management Berhad and CIMB Commerce Trustee Berhad (the “Trustee”). The Fund has changed its name from Affin Hwang Single Bond Series 2 to AHAM Single Bond Series 2 as amended by the First Supplemental Deed dated 9 November 2022.

The Fund commenced operations on 25 October 2019 and will continue its operations until terminated by the Trustee as provided under Clause 11.3 of the Deed.

The Fund may invest in any of the following assets, subject to the Deed, the Fund’s objective, the Guidelines, the requirements of the SC and all relevant laws:

- (a) Bond;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives; and
- (e) Any other form of investments permitted by the SC from time to time which is in line with the objective of the Fund.

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

The main objective of the Fund is to provide regular income over the medium to long term period.

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.

The financial statements were authorised for issue by the Manager on 27 March 2024.

AHAM SINGLE BOND SERIES 2

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 cost RM	At fair value through profit or loss RM	<u>Total RM</u>
<u>2024</u>				
<u>Financial assets</u>				
Cash and cash equivalents	13	139,767	-	139,767
<u>Financial liabilities</u>				
Amount due to Manager				
- others		639,260	-	639,260
Other payables and accruals		1,825	-	1,825
Total		641,085	-	641,085
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	13	2,555,564	-	2,555,564
Unquoted fixed income securities	12	-	79,200,698	79,200,698
Currency swaps	15	-	3,741,084	3,741,084
Total		2,555,564	82,941,782	85,497,346
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		33,730	-	33,730
Amount due to Trustee		2,699	-	2,699
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals**		1,901	-	1,901
Total		49,830	-	49,830

* Excluded tax penalty provision of RM45,282.

AHAM SINGLE BOND SERIES 2

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

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

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

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*	-	79,200,698

* includes interest receivable of RMNil (2023: RM2,606,181).

The Fund was not exposed to price risk as at 31 January 2024 as the investments of the Fund had been written down to RM Nil during the financial year as disclosed in Note 12 to the financial statements.

The following table summarises the sensitivity of the Fund's loss after taxation and NAV to price risk movements as at 31 January 2023. The analysis is based on the assumptions that the market price increased by 5% and decreased by 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</u> <u>loss after</u> <u>tax/NAV</u> RM
<u>2023</u>		
- 5%	72,764,791	(3,829,726)
0%	76,594,517	-
+ 5%	80,424,243	3,829,726

AHAM SINGLE BOND SERIES 2

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, prices of unquoted fixed income securities 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 until 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 Fund was not exposed to interest rate risk as at 31 January 2024 as the investments of the Fund had been written down to RM Nil during the financial year as disclosed in Note 12 to the financial statements.

The table below summarises the sensitivity of the Fund's loss 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 as at 31 January 2023. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on loss after tax/NAV</u> <u>2023</u> RM
+ 2%	(575,354)
- 2%	580,686

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

AHAM SINGLE BOND SERIES 2

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)

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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

2024

There is no currency risk exposure as at 31 January 2024.

2023

	<u>Currency swaps</u> RM	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>Financial assets</u>				
United States Dollar	3,741,084	79,200,698	25,113	82,966,895

The table below summarises the sensitivity of the Fund's loss after tax and NAV to changes in foreign exchange movements as at 31 January 2023. The analysis is based on the assumption that the foreign exchange rate changes based on United States Dollar historical volatility, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by United States Dollar historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in rate</u> %	Impact on loss after <u>tax/NAV</u> RM
<u>2023</u>		
United States Dollar	+/-5.08	+/- 4,210,844

AHAM SINGLE BOND SERIES 2

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 investment. 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 on 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 in the Deed and SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The following table sets out the credit risk concentration of the Fund:

			<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2024</u>				
Financial services				
- AAA			139,767	139,767
			<u>139,767</u>	<u>139,767</u>
	<u>Unquoted fixed income securities</u> RM	<u>Currency swaps</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2023</u>				
Financial services				
- AAA	-	3,105,827	2,555,564	5,661,391
- AA3		635,257	-	635,257
- B1	79,200,698	-	-	79,200,698
	<u>79,200,698</u>	<u>3,741,084</u>	<u>2,555,564</u>	<u>85,497,346</u>

AHAM SINGLE BOND SERIES 2

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 sufficient level of liquid assets to meet anticipated payments and cancellation of units 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>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2024</u>			
Amount due to Manager			
- others	-	639,260	639,260
Other payables and accruals	-	1,825	1,825
	-	641,085	641,085
<u>2023</u>			
Amount due to Manager			
- management fee	33,730	-	33,730
Amount due to Trustee	2,699	-	2,699
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals*	-	1,901	1,901
	36,429	13,401	49,830

* Excludes tax penalty provision of RM45,282.

AHAM SINGLE BOND SERIES 2

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 net of accumulated losses. 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 market (such as trading securities) is based on quoted market prices at the close of trading on the period end date. The Fund utilises the bid prices 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 judgment, considering factors specific to the asset or liability.

AHAM SINGLE BOND SERIES 2

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 judgment 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 Fund has written down its investments during the financial year. Refer to Note 12 to the financial statements.

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value as at 31 January 2023:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2023</u>				
Financial assets at fair value through profit or loss:				
- unquoted fixed income securities	-	79,200,698	-	79,200,698
- currency swaps	-	3,741,084	-	3,741,084
	<u>-</u>	<u>82,941,782</u>	<u>-</u>	<u>82,941,782</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 and currency swaps. 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 values of cash and cash equivalents and all current liabilities and currency swaps, are a reasonable approximation of the fair values due to their short-term nature.

AHAM SINGLE BOND SERIES 2

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

4 MANAGEMENT FEE

In accordance with the Deed, 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 is recognised at a rate of 0.50% (2023: 0.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

The management fee of the Fund for the financial year ended 31 January 2024 had been waived by the Manager. There will be no further liability to the Manager in respect of management fee other than the amounts already recognised in the statement of comprehensive income prior to the waiver.

5 TRUSTEE FEE

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

For the financial year ended 31 January 2024, the Trustee fee is recognised at a rate of 0.04% (2023: 0.04%) per annum on the NAV of the Fund, excluding foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Information Memorandum.

The trustee fee of the Fund for the financial year ended 31 January 2024 had been waived by the Manager effective from the month of March 2023 onwards. There will be no further liability to the Trustee in respect of Trustee fee other than the amounts already recognised in the statement of comprehensive income prior to March 2023.

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM2,000 (2023: RM12,000) for the financial year ended 31 January 2024. The fund accounting fee is borne by the Manager effective from the month of March 2023 onwards.

7 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

The auditors' remuneration of RM8,000 and tax agent's fee of RM3,500 is borne by the Manager for the financial year ended 31 January 2024.

AHAM SINGLE BOND SERIES 2

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

8 DISTRIBUTIONS

	<u>2024</u> RM	<u>2023</u> RM
Distributions to unitholders is from the following sources:		
Interest income	-	2,000,000
Previous year's realised income	1,859,293	2,090,439
	<hr/>	<hr/>
Gross realised income	1,859,293	4,090,439
Less: Expenses	-	(15,387)
Less: Taxation	(112,393)	-
	<hr/>	<hr/>
Net distribution amount	1,746,900	4,075,052
	<hr/> <hr/>	<hr/> <hr/>

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

	<u>Gross distribution per unit</u> sen	<u>Net distribution per unit</u> sen
<u>Ex-date</u>		
27.02.2023	1.80	1.80
	<hr/>	<hr/>

During the financial year ended 31 January 2023, distributions were made as follows:

	<u>Gross distribution per unit</u> sen	<u>Net distribution per unit</u> sen
<u>Ex-date</u>		
23.02.2022	3.35	3.35
24.08.2022	2.70	2.70
	<hr/>	<hr/>
	6.05	6.05
	<hr/> <hr/>	<hr/> <hr/>

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 distributions for the financial year is an amount of RM1,859,293 (2023: RM2,090,439) made from previous year's realised income.

The Fund has incurred an unrealised loss of RM Nil (2023: RM12,178,827) for the financial year ended 31 January 2024.

AHAM SINGLE BOND SERIES 2

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

9 TAXATION

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	734,523	646,892
Under provision of tax in previous financial year	3,353	-
Deferred tax (Note 9)	(625,483)	625,483
	<u>112,393</u>	<u>1,272,375</u>

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

	<u>2024</u> RM	<u>2023</u> RM
Net loss before taxation	(82,818,573)	(8,064,117)
Tax at Malaysian statutory rate of 24% (2023: 24%)	(19,876,458)	(1,935,388)
Tax effects of:		
Investment loss not brought to tax	19,983,583	3,063,478
Expenses not deductible for tax purposes	1,915	25,445
Restriction on tax deductible expenses for Wholesale Funds	-	81,240
Income subject to different tax rate	-	37,600
Under provision of tax in previous financial year	3,353	-
Tax expense	<u>112,393</u>	<u>1,272,375</u>

AHAM SINGLE BOND SERIES 2

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

10 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority.

	<u>2024</u> RM	<u>2023</u> RM
Deferred tax assets	-	-
Deferred tax liabilities	-	(625,483)
	<u>-</u>	<u>(625,483)</u>

The movements in the deferred tax assets/ (liabilities) balances are as follows:

	Foreign interest receivables on financial assets at fair value through profit or loss	
	<u>2024</u> RM	<u>2023</u> RM
Balance at the beginning of the financial year	(625,483)	-
Transfer to income statement (Note 8)	625,483	(625,483)
Balance as at the end of the financial year	<u>-</u>	<u>(625,483)</u>

11 OTHER EXPENSES

	<u>2024</u> RM	<u>2023</u> RM
Other expenses	3,272	15,670
Tax penalty provision*	-	45,282
Under provision for prior year's tax penalty	235	-
	<u>3,507</u>	<u>60,952</u>

* Provision of tax penalty was contributed by the under provision of tax payable estimate for financial year 2023.

AHAM SINGLE BOND SERIES 2

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

12 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 – foreign	-	79,200,698
	<u> </u>	<u> </u>
	<u>2024</u> RM	<u>2023</u> RM
Net loss on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	-	(1,397,286)
- realised loss on write-down of investments	(76,546,029)	-
- unrealised loss on changes in fair value	-	(15,122,242)
	<u> </u>	<u> </u>
	<u>(76,546,029)</u>	<u>(16,519,528)</u>

(a) Unquoted fixed income securities – foreign

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

The underlying bond of the Fund, 6.375% Credit Suisse Group AG (Call: 21.08.2026) (ISIN: USH3698DCP71) with nominal value of RM102,651,850 (USD 21.7 million) had been fully written down to RM Nil during the financial year.

AHAM SINGLE BOND SERIES 2

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

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

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

(ii) Unquoted fixed income securities – foreign as at 31 January 2023 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>				
6.375% Credit Suisse Group AG* Call: 21.08.2026 (B1)	92,561,350	94,205,514	79,200,698	94.14
Total unquoted fixed income securities – foreign	<u>92,561,350</u>	<u>94,205,514</u>	<u>79,200,698</u>	<u>94.14</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(15,004,816)</u>		
Total unquoted fixed income securities – foreign		<u>79,200,698</u>		

*Credit Suisse Group AG

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

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

Further to this, on 31 August 2023, UBS posted its quarterly earnings results following its acquisition of Credit Suisse. It reported a quarterly profit before tax of USD29.2 billion, including a USD28.9 billion of negative goodwill from the acquisition. If excluding the negative goodwill and also integration-related expenses and acquisition costs, UBS’s adjusted profit before tax is USD1.1 billion. UBS also provided updates on the integration of Credit Suisse and financial targets by year-end 2026. Amongst the targets, UBS is aiming for USD10 billion worth of cost savings that is aimed to be achieved through the restructuring of its non-core and Credit Suisse Investment Banking segments, as well as from business synergies across its core businesses. UBS reported a Common Equity Tier 1 (“CET1”) capital ratio of 14.4% and targets a ~14% CET1 capital ratio over the medium term.

AHAM SINGLE BOND SERIES 2

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

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

*Credit Suisse Group AG

Since the announcement in March 2023, several investor groups globally have initiated legal proceedings seeking compensation as a result of the write-down. Quinn Emanuel Urquhart & Sullivan LLP (“Quinn Emanuel”) and UK-based Pallas launched separate Swiss lawsuits against FINMA over the decision. Quinn Emanuel is representing plaintiffs with \$6 billion of AT1 claims, while Pallas’s clients holds about \$2 billion of Credit Suisse AT1 securities. The Manager has appointed Quinn Emanuel Urquhart & Sullivan LLP (“Quinn Emanuel”), to represent its investors for those affected funds and portfolio, including unitholders of the Fund.

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

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

13 CASH AND CASH EQUIVALENTS

	<u>2024</u> RM	<u>2023</u> RM
Cash and bank balances	6,639	58,027
Deposit with a licensed financial institution	133,128	2,497,537
	<u>139,767</u>	<u>2,555,564</u>

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

	<u>2024</u> %	<u>2023</u> %
Deposit with a licensed financial institution	<u>3.00</u>	<u>2.75</u>

The deposit with a licensed financial institution has an weighted average remaining maturity period of 2 days (2023: 2 days).

AHAM SINGLE BOND SERIES 2

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

14 FORWARD FOREIGN CURRENCY CONTRACTS

There are no forward foreign currency contracts as at 31 January 2024 and 31 January 2023.

	<u>2024</u> RM	<u>2023</u> RM
Net loss on forward foreign currency contracts at fair value through profit or loss:		
- realised loss on forward foreign currency contracts	-	(62,196)
	<u> </u>	<u> </u>

15 CURRENCY SWAPS

As at 31 January 2024, there are nil (2023: 23) currency swaps outstanding. The notional principal amount of the outstanding currency swaps amounted to RMNil (2023: RM91,537,600). As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the currency swaps is recognised immediately in the statement of comprehensive income.

	<u>2024</u> RM	<u>2023</u> RM
Financial assets at fair value through profit or loss:		
- currency swaps	-	3,741,084
	<u> </u>	<u> </u>
	<u>2024</u> RM	<u>2023</u> RM
Net (loss)/gain on currency swaps at fair value through profit or loss:		
- realised (loss)/gain on currency swaps	(6,699,144)	603,988
- unrealised gain on currency swaps	-	3,135,590
	<u> </u>	<u> </u>
	<u>(6,699,144)</u>	<u>3,739,578</u>

AHAM SINGLE BOND SERIES 2

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

15 CURRENCY SWAPS (CONTINUED)

(a) Currency swaps

(i) There are no currency swaps as at 31 January 2024.

(ii) Currency swaps as at 31 January 2023 are as follows.

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	15,219,600	14,584,343	635,257	0.76
CIMB Bank Bhd	46,672,250	44,773,190	1,899,060	2.26
United Overseas Bank Malaysia Bhd	29,645,750	28,438,983	1,206,767	1.43
	<u>91,537,600</u>	<u>87,796,516</u>	<u>3,741,084</u>	<u>4.45</u>

The Manager is of the opinion that all transactions with the former immediate holding company of the Manager have been entered in the normal course of business at agreed terms between the related parties.

16 NUMBER OF UNITS IN CIRCULATION

	<u>2024</u> No. of units	<u>2023</u> No. of units
At the beginning of the financial year	97,063,000	43,866,000
Creation of units arising from applications	-	59,678,935
Creation of units arising from distributions	212,086	463,797
Cancellation of units	(325,086)	(6,945,732)
At the end of the financial year	<u>96,950,000</u>	<u>97,063,000</u>

AHAM SINGLE BOND SERIES 2

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

17 TRANSACTIONS WITH DEALERS

- (i) There is no transaction with the dealers for the financial year ended 31 January 2024.
- (ii) Details of transaction with the dealers for the financial year ended 31 January 2023 are as follows:

<u>Name of dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
BNP Paribas Securities Singapore Pte Ltd	23,451,274	37.10
Barclays Capital Securities Ltd	14,018,603	22.17
BNP Paribas Securities Corporation	10,011,055	15.84
Citigroup Global Markets Ltd	5,030,467	7.96
Jeffries International Ltd	5,016,672	7.93
Bank of America and BOFA Securities	3,218,740	5.09
Citibank Bhd	2,471,415	3.91
	<u>63,218,226</u>	<u>100.00</u>

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

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

<u>Related parties</u>	<u>Relationship</u>
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Nikko Asset Management International Limited ("NAMI")	Former 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

AHAM SINGLE BOND SERIES 2

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

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

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

<u>Related parties</u> (continued)	<u>Relationship</u> (continued)
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Lembaga Tabung Angkatan Tentera (“LTAT”)	Substantial shareholder of the Manager and former ultimate holding corporate body 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 number of units held by the Manager as at the end of the financial year 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 purpose)	3,187	-	2,814	2,439

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

AHAM SINGLE BOND SERIES 2

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

19 TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	0.09	0.65

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 Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM8,917,692 (2023: RM74,183,656).

20 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	-	0.43

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RMNil (2023: RM57,528,071)
total disposal for the financial year = RMNil (2023: RM6,837,977)

AHAM SINGLE BOND SERIES 2

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

21 CONTINGENT LIABILITIES

As at 31 January 2024, the Manager has incurred legal fees of RM990,020 for services rendered by Quinn Emanuel to recover the losses incurred from the write-down of the Credit Suisse AT1 bonds. The legal fees is borne by the Manager. The Manager has notified the unitholders of the Fund via the communique dated 20 April 2023 that the fees is only repayable to the Manager upon the successful recovery of the Credit Suisse AT1 bonds from the legal proceedings.

22 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Change in substantial shareholders 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 SINGLE BOND SERIES 2

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 35 are drawn up in accordance with the provisions of the Deed 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 financial 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 SINGLE BOND SERIES 2

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of AHAM Single Bond Series 2 (“the 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 then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 1 to 35.

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.

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.

Material uncertainty related to going concern

We draw attention to Note A, basis of preparation of the financial statements and Note 12 in the financial statements, where the events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Fund’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM SINGLE BOND SERIES 2 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 control 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.

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.

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AHAM SINGLE BOND SERIES 2 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 SINGLE BOND SERIES 2 (CONTINUED)**

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

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