



**ANNUAL REPORT**  
31 January 2024

# **AHAM Single Bond Series 3**

MANAGER  
AHAM Asset Management Berhad  
199701014290 (429786-T)

TRUSTEE  
CIMB Commerce Trustee Berhad  
(313031-A)

**Built On Trust**

[aham.com.my](http://aham.com.my)

# AHAM SINGLE BOND SERIES 3

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

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<b>Contents</b>	<b>Page</b>
FUND INFORMATION .....	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT .....	V
TRUSTEE'S REPORT .....	X
FINANCIAL STATEMENTS	
DIRECTORY OF SALES OFFICE	

## FUND INFORMATION

Fund Name	AHAM Single Bond Series 3
Fund Type	Income
Fund Category	Bond (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
Benchmark	12-month Malayan Banking Berhad Fixed Deposit Rate
Distribution Policy	Subject to the availability of income, the Fund will provide distribution on an annual basis

## FUND PERFORMANCE DATA

Category	As at 31 Jan 2024 (%)	As at 31 Jan 2023 (%)	As at 31 Jan 2022 (%)
Portfolio composition			
<b>Unquoted fixed income securities – foreign</b>	<b>98.80</b>	<b>94.00</b>	<b>95.34</b>
<b>Cash &amp; cash equivalent</b>	<b>1.20</b>	<b>6.00</b>	<b>4.66</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	40.779	129.037	73.825
NAV per Unit (RM)	0.9507	0.9818	1.0183
Unit in Circulation (million)	42.892	131.424	72.500
Highest NAV	0.9966	1.0195	1.0785
Lowest NAV	0.8626	0.888	1.0097
Return of the Fund (%)	0.15	4.59	2.70
- Capital Growth (%)	-3.17	-3.58	-3.30
- Income Distribution (%)	3.43	8.48	6.21
Gross Distribution per Unit (sen)	4.17	8.02	6.30
Net Distribution per Unit (sen)	3.22	8.02	6.30
Total Expense Ratio (%) <sup>1</sup>	0.66	0.67	0.59
Portfolio Turnover Ratio (times) <sup>2</sup>	1.35	0.35	0.30

### **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

<sup>1</sup>The Fund's TER was lower than previous year due to lower average NAV for the financial year.

<sup>2</sup>The increase in the Fund's PTR was due to higher trading activities for the financial year.

## 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)
30-Jan-24	31-Jan-24	0.9718	0.0194	0.9507
31-Jul-23	1-Aug-23	0.9511	0.0128	0.9410
26-Jan-23	27-Jan-23	0.9846	0.0199	0.9767
31-Jul-22	1-Aug-22	0.9759	0.0293	0.9508
3-Feb-22	4-Feb-22	1.0195	0.0310	0.9883

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	31-Jan-24	1.9400	100	-	-
MYR	1-Aug-23	1.2800	100	-	-
MYR	27-Jan-23	1.9900	100	-	-
MYR	1-Aug-22	2.9300	100	-	-
MYR	4-Feb-22	3.1000	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 (5/8/20 - 31/1/24)
Fund	0.15%	7.58%	13.29%
Benchmark	2.85%	7.20%	8.17%
Outperformance	(2.70%)	0.38%	5.12%

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 (5/8/20 - 31/1/24)
Fund	0.15%	2.47%	3.64%
Benchmark	2.85%	2.34%	2.27%
Outperformance	(2.70%)	0.13%	1.37%

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 (5/8/20 - 31/1/21)
Fund	0.15%	4.59%	2.70%	5.31%
Benchmark	2.85%	2.33%	1.85%	0.91%
Outperformance	(2.70%)	2.26%	0.85%	4.40%

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.***

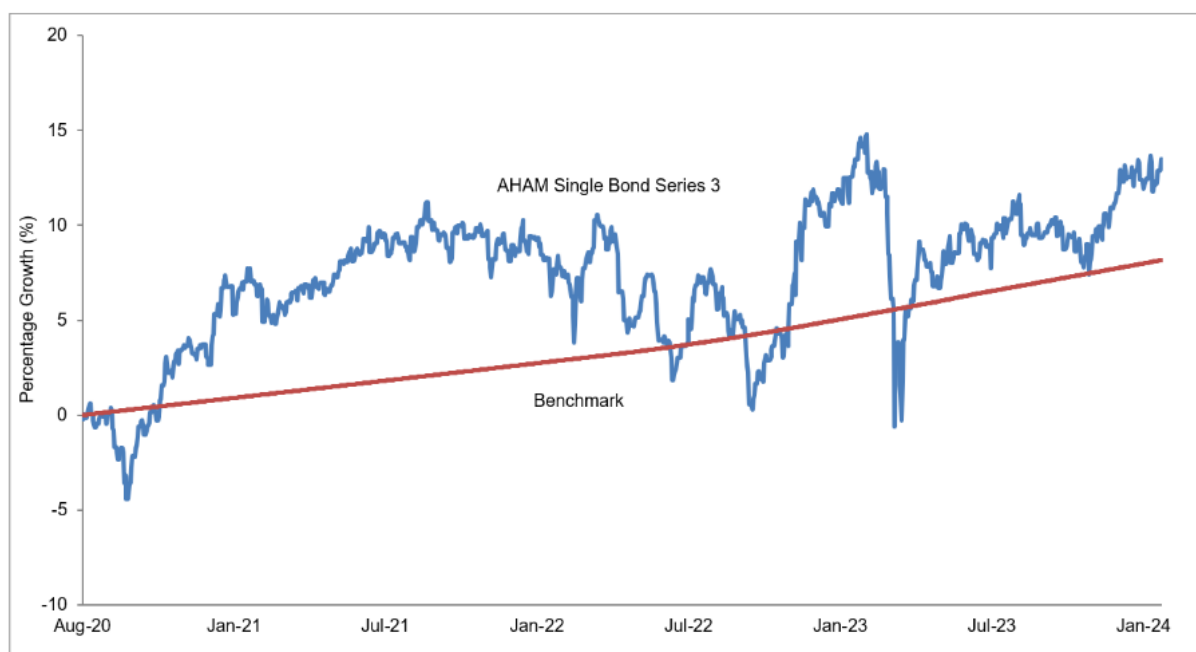
## MANAGER'S REPORT

### 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 0.15% return compared to the benchmark return of 2.85%. The Fund thus underperformed the Benchmark by 2.70%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2024 was RM0.9507 while the NAV as at 31 January 2023 was RM0.9818. During the period under review, the Fund has declared a total income distribution of RM0.0322 per unit.

Since commencement, the Fund has registered a return of 13.29% compared to the benchmark return of 8.17%, outperforming by 5.12%.

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 Malayan Banking Berhad Fixed Deposit Rate*

### Asset Allocation

As at 31 January 2024, the asset allocation of the Fund stood at 98.80% of the Fund's NAV in fixed income securities while the remaining was held in cash and cash equivalent.

### Strategies Employed

The Fund invests solely into a high-quality single bond paper and aims to provide regular income over the medium to long term period.

### 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. Furthermore, Credit Suisse, one of the largest global banks, was also acquired by UBS Group AG ("UBS"), a move that was part of a broader effort to stabilize the financial system, a deal facilitated by the Swiss Financial Market Supervisory Authority ("FINMA"). As part of the deal, Credit Suisse was instructed by FINMA to write down their AT1 bonds, and causing a sell off in the AT1 market.

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%.

## **Investment Outlook**

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

Standard Chartered has continued to perform well on its profitability and balance sheet metrics. Despite the challenges in the global financial market, Standard Chartered has demonstrated stronger reported earnings. In its 2023 results, Standard Chartered reported a growth in operating income by 10% year-on-year ("YoY") and a growth of 19% YoY in statutory profit before tax. Standard Chartered has also reported a lower Loan-loss rate at 17 basis points ("bps"), lower compared to 2022 reported figure of 21 bps. The lower loan-loss rate was contributed from a 36% decline in credit impairment YoY.

Standard Chartered continues to maintain a strong capital position, with a CET1 ratio of 14.1%, up 10 bps compared to a year ago, hovering at the upper end of its target range. With this in mind, Standard Chartered has also announced a new additional \$1 billion share buyback. This is on top of their \$2.0 billion buybacks in 2023. The liquidity position of Standard Chartered also remained relatively stable, with a Liquidity Coverage Ratio at 145%, 2 bps lower compared to a year ago, but in line with historical levels.

Despite turbulence in the financial sector, Standard Chartered's adept management of challenges inspires confidence in its solid capital and liquidity positions, along with its ability to fulfill coupon obligations for the AT1 securities held by the fund.

### **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 period 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 assists 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 3 ("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 CIMB Commerce Trustee Berhad

**Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur  
Date: 27 March 2024

**AHAM SINGLE BOND SERIES 3**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

# **AHAM SINGLE BOND SERIES 3**

## **FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2024**

<b>CONTENTS</b>	<b>PAGE (S)</b>
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
MATERIAL ACCOUNTING POLICY INFORMATION	5 - 12
NOTES TO THE FINANCIAL STATEMENTS	13 - 34
STATEMENT BY THE MANAGER	35
INDEPENDENT AUDITORS' REPORT	36 - 39

## AHAM SINGLE BOND SERIES 3

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

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Interest income from financial assets at amortised cost		256,914	100,648
Interest income from financial assets at fair value through profit or loss		3,646,528	5,382,908
Net loss on foreign currency exchange		(3,875,630)	(579,915)
Net loss on forward foreign currency contracts at fair value through profit or loss	13	-	(104,230)
Net (loss)/gain on currency swaps at fair value through profit or loss	14	(5,683,175)	8,404,147
Net gain/(loss) on financial assets at fair value through profit or loss	11	2,895,362	(4,012,123)
		<u>(2,760,001)</u>	<u>9,191,435</u>
<b>EXPENSES</b>			
Management fee	4	(298,301)	(464,630)
Trustee fee	5	(24,192)	(37,358)
Fund accounting fee	6	(13,000)	(12,000)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses	10	(48,915)	(102,417)
		<u>(395,908)</u>	<u>(627,905)</u>
<b>NET (LOSS)/PROFIT BEFORE TAXATION</b>		(3,155,909)	8,563,530
Taxation	8	(772,533)	(1,243,825)
<b>NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR</b>		<u>(3,928,442)</u>	<u>7,319,705</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		7,382,013	3,357,137
Unrealised amount		(11,310,455)	3,962,568
		<u>(3,928,442)</u>	<u>7,319,705</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 3

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	12	2,563,963	4,258,395
Financial assets at fair value through profit or loss	11	40,289,038	121,292,365
Currency swaps at fair value through profit or loss	14	6,715	7,503,336
<b>TOTAL ASSETS</b>		<u>42,859,716</u>	<u>133,054,096</u>
<b>LIABILITIES</b>			
Currency swaps at fair value through profit or loss	14	790,882	-
Amount due to Manager			
- management fee		18,199	55,220
- cancellation of units		263,016	-
Amount due to Trustee		1,456	4,418
Auditors' remuneration		8,000	8,000
Fund accounting fee		1,000	-
Tax agent's fee		3,500	3,500
Other payables and accruals		26,395	86,774
Tax payable		136,470	1,219,170
Deferred tax liabilities	9	-	24,655
Distribution payable		832,105	2,615,338
<b>TOTAL LIABILITIES</b>		<u>2,081,023</u>	<u>4,017,075</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>40,778,693</u>	<u>129,037,021</u>
<b>EQUITY</b>			
Unitholders' capital		40,977,935	123,720,861
(Accumulated losses)/retained earnings		(199,242)	5,316,160
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>40,778,693</u>	<u>129,037,021</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	15	<u>42,892,000</u>	<u>131,424,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.9507</u>	<u>0.9818</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 3

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

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2023	123,720,861	5,316,160	129,037,021
Total comprehensive loss for the financial year	-	(3,928,442)	(3,928,442)
Distributions (Note 7)	-	(1,586,960)	(1,586,960)
Movement in unitholders' capital:			
Creation of units arising from applications	293,313	-	293,313
Creation of units arising from distributions	335,089	-	335,089
Cancellation of units	(83,371,328)	-	(83,371,328)
Balance as at 31 January 2024	<u>40,977,935</u>	<u>(199,242)</u>	<u>40,778,693</u>
Balance as at 1 February 2022	68,928,398	4,897,088	73,825,486
Total comprehensive income for the financial year	-	7,319,705	7,319,705
Distributions (Note 7)	-	(6,900,633)	(6,900,633)
Movement in unitholders' capital:			
Creation of units arising from applications	66,062,721	-	66,062,721
Creation of units arising from distributions	641,385	-	641,385
Cancellation of units	(11,911,643)	-	(11,911,643)
Balance as at 31 January 2023	<u>123,720,861</u>	<u>5,316,160</u>	<u>129,037,021</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 3

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

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		124,033,095	5,547,438
Purchase of investments		(39,509,966)	(60,452,921)
Interest received		3,279,574	5,471,704
Management fee paid		(335,321)	(441,540)
Trustee fee paid		(27,154)	(35,510)
Fund accounting fee paid		(12,000)	(12,000)
Payment for other fees and expenses		(120,794)	(28,519)
Net realised loss on forward foreign currency contracts		-	(93,730)
Net realised gain on currency swaps		2,605,163	466,642
Net realised loss on foreign currency exchange		(3,851,649)	(611,534)
Tax paid		(1,879,888)	-
		<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities		84,181,060	(50,189,970)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		293,313	65,604,221
Payments for cancellation of units		(83,108,312)	(12,170,044)
Payments for distributions		(3,035,104)	(3,185,410)
		<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities		(85,850,103)	50,248,767
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(1,669,043)	58,797
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>			
		(25,389)	31,619
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		4,258,395	4,167,979
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	12	2,563,963	4,258,395
		<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 SINGLE BOND SERIES 3

### 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 K.

- (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.

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.



## **AHAM SINGLE BOND SERIES 3**

### **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.

##### Realised gains and losses on currency swaps

Realised gain or loss on currency swaps are measured by the net settlement amount as per the currency swap contract.

#### **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.

## **AHAM SINGLE BOND SERIES 3**

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

#### **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.

#### **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.

## AHAM SINGLE BOND SERIES 3

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

#### 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 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 as financial assets 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 auditors' remuneration, tax agent's fee, fund accounting fee, other payables and accruals, and distribution payable 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.

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 de-recognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

## AHAM SINGLE BOND SERIES 3

### 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)

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 and 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 3

### 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. There are no write-offs/recoveries during the financial year.

#### 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;
- the units are the most subordinated class and class features are identical;
- there is 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.

## **AHAM SINGLE BOND SERIES 3**

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

#### **I UNITHOLDERS' CAPITAL (CONTINUED)**

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.

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 entity and a financial liability or equity instrument of another entity.

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.

## **AHAM SINGLE BOND SERIES 3**

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

#### **K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)**

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.

#### **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 3

### 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 AHAM Single Bond Series 3 (the “Fund”) pursuant to the execution of a Deed dated 28 May 2020 as modified by the First Supplemental Deed dated 9 November 2022 (the “Deed”) entered into between AHAM Asset Management Berhad (the “Manager”) and CIMB Commerce Trustee Berhad (the “Trustee”).

The Fund commenced operations on 5 August 2020 and will continue its operations until terminated by the Trustee as provided under Clause 11.1 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 fund 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 3

### 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	12	2,563,963	-	2,563,963
Unquoted fixed income securities	11	-	40,289,038	40,289,038
Currency swaps	14	-	6,715	6,715
Total		<u>2,563,963</u>	<u>40,295,753</u>	<u>42,859,716</u>
<u>Financial liabilities</u>				
Currency swaps	14	-	790,882	790,882
Amount due to Manager				
- management fee		18,199	-	18,199
- cancellation of units		263,016	-	263,016
Amount due to Trustee		1,456	-	1,456
Auditors' remuneration		8,000	-	8,000
Fund accounting fee		1,000	-	1,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals*		1,309	-	1,309
Distribution payables		832,105	-	832,105
Total		<u>1,128,585</u>	<u>790,882</u>	<u>1,919,467</u>
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	12	4,258,395	-	4,258,395
Unquoted fixed income securities	11	-	121,292,365	121,292,365
Currency swaps	14	-	7,503,336	7,503,336
Total		<u>4,258,395</u>	<u>128,795,701</u>	<u>133,054,096</u>

## AHAM SINGLE BOND SERIES 3

### 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 <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2023 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		55,220	-	55,220
Amount due to Trustee		4,418	-	4,418
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals*		1,432	-	1,432
Distribution payables		2,615,338	-	2,615,338
Total		<u>2,687,908</u>	<u>-</u>	<u>2,687,908</u>

\* Excluded tax penalty provision of RM25,086 (2023: RM85,342).

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.

## AHAM SINGLE BOND SERIES 3

### 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)

##### (a) Price risk (continued)

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

	<u>2024</u> RM	<u>2023</u> RM
<b>Unquoted investments</b>		
Unquoted fixed income securities*	40,289,038	121,292,365

\* includes interest receivable of RM33,902 (2023: RM102,727).

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value ("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	Impact on (loss)/ profit after <u>tax/NAV</u> RM
<u>2024</u>		
- 3%	39,047,482	(1,207,654)
0%	40,255,136	-
+ 3%	41,462,790	1,207,654
<u>2023</u>		
- 5%	115,130,155	(6,059,482)
0%	121,189,637	-
+ 5%	127,249,119	6,059,482

## AHAM SINGLE BOND SERIES 3

### 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 table below summarises the sensitivity of the Fund's (loss)/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% (100 basis points) (2023: 2% (200 basis points)) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on (loss)/profit after tax/NAV</u>	
	<u>2024</u>	<u>2023</u>
	RM	RM
+ 1% (2023: 2%)	(37,949)	(370,166)
- 1% (2023: 2%)	37,998	371,583

The Fund's exposure to interest rate risk associated with deposit 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 3

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

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

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movements 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:

	Unquoted fixed income <u>securities</u> RM	Currency <u>Swaps</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2024</u>				
<u>Financial assets</u>				
Euro	-	-	210	210
United States Dollar	40,289,038	6,715	76,383	40,372,136
	<u>40,289,038</u>	<u>6,715</u>	<u>76,593</u>	<u>40,372,346</u>
			Currency <u>Swaps</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
United States Dollar			790,882	790,882
			<u>790,882</u>	<u>790,882</u>
	Unquoted fixed income <u>securities</u> RM	Currency <u>Swaps</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2023</u>				
<u>Financial assets</u>				
United States Dollar	121,292,364	7,503,336	17,102	128,812,802
	<u>121,292,364</u>	<u>7,503,336</u>	<u>17,102</u>	<u>128,812,802</u>

## AHAM SINGLE BOND SERIES 3

### 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 (continued)

The table below summarises the sensitivity of the Fund's (loss)/profit after tax and net asset value to changes in foreign exchange movements. 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.

	Change in price %	Impact on (loss)/profit after tax/NAV RM
<u>2024</u>		
Euro	+/-5.79	12
United States Dollar	-/+5.98	<u><u>-/+2,366,959</u></u>
<u>2023</u>		
United States Dollar	+/-5.08	<u><u>+/- 6,543,690</u></u>

##### 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.

## AHAM SINGLE BOND SERIES 3

### 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 concentration of the Fund:

	Unquoted fixed income securities RM	Currency swaps RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2024</u>				
Financial Services				
- AAA	-	6,715	2,563,963	2,570,678
- Ba1	40,289,038	-	-	40,289,038
	<u>40,289,038</u>	<u>6,715</u>	<u>2,563,963</u>	<u>42,859,716</u>
	Unquoted fixed income securities RM	Currency swaps RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2023</u>				
Financial Services				
- AAA	-	7,389,706	4,258,395	11,648,101
- AA3	-	113,630	-	113,630
- Ba1	121,292,365	-	-	121,292,365
	<u>121,292,365</u>	<u>7,503,336</u>	<u>4,258,395</u>	<u>133,054,096</u>

##### 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 and 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.

## AHAM SINGLE BOND SERIES 3

### 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 (continued)

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>			
Currency swaps	-	790,882	790,882
Amount due to Manager			
- management fee	18,199	-	18,199
- cancellation of units	263,016	-	263,016
Amount due to Trustee	1,456	-	1,456
Auditors' remuneration	-	8,000	8,000
Fund accounting fee	-	1,000	1,000
Tax agent's fee	-	3,500	3,500
Distribution payable	-	832,105	832,105
Other payables and accruals*	-	1,309	1,309
	<u>282,671</u>	<u>1,636,796</u>	<u>1,919,467</u>
<u>2023</u>			
Amount due to Manager			
- management fee	55,220	-	55,220
Amount due to Trustee	4,418	-	4,418
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Distribution payable	-	2,615,338	2,615,338
Other payables and accruals*	-	1,432	1,432
	<u>59,638</u>	<u>2,628,270</u>	<u>2,687,908</u>

\* Excludes tax penalty provision of RM25,086 (2023: RM85,342).

##### Capital risk

The capital of the Fund is equity consisting of unitholders' capital net of accumulated losses (2023: 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.



## AHAM SINGLE BOND SERIES 3

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

#### 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.

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.

## AHAM SINGLE BOND SERIES 3

### 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 following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (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	-	40,289,038	-	40,289,038
- currency swaps	-	6,715	-	6,715
	-	40,295,753	-	40,295,753
Financial liabilities at fair value through profit or loss				
- currency swaps	-	790,882	-	790,882
	-	790,882	-	790,882
<u>2023</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	121,292,364	-	121,292,364
- currency swaps	-	7,503,336	-	7,503,336
	-	128,795,700	-	128,795,700

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.

## **AHAM SINGLE BOND SERIES 3**

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

#### **3 FAIR VALUE ESTIMATION (CONTINUED)**

- (ii) The carrying values of cash and cash equivalents and all current liabilities except currency swaps are a reasonable approximation of the fair values due to their short-term nature.

#### **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.

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 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.

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: RM12,000).

## AHAM SINGLE BOND SERIES 3

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

#### 7 DISTRIBUTIONS

	<u>2024</u> RM	<u>2023</u> RM
Distributions to unitholders is from the following sources:		
Interest income	2,062,272	5,311,860
Previous year's realised income	-	2,439,665
	<hr/>	<hr/>
Gross realised income	2,062,272	7,751,525
Less: Expenses	(4,678)	(22,353)
Less: Taxation	(470,634)	(828,539)
	<hr/>	<hr/>
Net distribution amount	<u>1,586,960</u>	<u>6,900,633</u>

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

<u>Ex-date</u>	Gross distribution <u>per unit</u> (sen)	Net distribution <u>per unit</u> (sen)
01.08.2023	1.6853	1.2800
31.01.2024	2.4800	1.9400
	<hr/>	<hr/>
	<u>4.1653</u>	<u>3.2200</u>

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

<u>Ex-date</u>	Gross distribution <u>per unit</u> (sen)	Net distribution <u>per unit</u> (sen)
04.02.2022	3.1000	3.1000
01.08.2022	2.9300	2.9300
27.01.2023	1.9900	1.9900
	<hr/>	<hr/>
	<u>8.0200</u>	<u>8.0200</u>

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 RMNil (2023: RM2,439,665) made from previous year's realised income.

## AHAM SINGLE BOND SERIES 3

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

#### 7 DISTRIBUTIONS (CONTINUED)

The Fund has incurred an unrealised loss of RM11,310,455 (2023: RMNil) for the financial year ended 31 January 2024.

#### 8 TAXATION

	<u>2024</u> RM	<u>2023</u> RM
Current taxation	756,470	1,219,170
Deferred tax (Note 9)	(24,655)	24,655
Under provision in previous financial year	40,718	-
	<u>772,533</u>	<u>1,243,825</u>

The numerical reconciliation between net (loss)/profit 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)/profit before taxation	<u>(3,155,909)</u>	<u>8,563,531</u>
Tax at Malaysian statutory rate of 24% (2023: 24%)	(757,418)	2,055,247
Tax effects of:		
Investment income not subject to tax	1,394,215	(950,796)
Expenses not deductible for tax purposes	21,386	37,146
Restriction on tax deductible expenses for Wholesale Funds	73,632	102,228
Under provision in previous financial year	40,718	-
Tax expense	<u>772,533</u>	<u>1,243,825</u>

#### 9 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	-	(24,655)
	<u>-</u>	<u>(24,655)</u>

## AHAM SINGLE BOND SERIES 3

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

#### 9 DEFERRED TAX (CONTINUED)

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>	<u>2023</u>
	RM	RM
Balance at the beginning of the financial year	(24,655)	-
Transfer to income statement (Note 8)	24,655	(24,655)
	<u>                    </u>	<u>                    </u>
Balance as at the end of the financial year	<u>                    </u>	<u>                    </u>
	-	(24,655)

#### 10 OTHER EXPENSES

	<u>2024</u>	<u>2023</u>
	RM	RM
Other expenses	20,979	17,075
Tax penalty provision*	27,936	85,342
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	48,915	102,417

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

#### 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2024</u>	<u>2023</u>
	RM	RM
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – foreign	40,289,038	121,292,365
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	2,895,362	(4,012,123)

	<u>2024</u>	<u>2023</u>
	RM	RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	(176,119)	(18,490)
- unrealised gain/(loss) on changes in fair value	3,071,481	(3,993,633)
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
	2,895,362	(4,012,123)

## AHAM SINGLE BOND SERIES 3

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

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

(a) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign 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>				
6% Standard Chartered PLC Call: 26.07.2025 (Ba1)	40,682,300	39,570,057	40,289,038	98.80
Total unquoted fixed income securities – foreign	<u>40,682,300</u>	<u>39,570,057</u>	<u>40,289,038</u>	<u>98.80</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		718,981		
Total unquoted fixed income securities – foreign		<u>40,289,038</u>		

(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% Standard Chartered PLC Call: 26.07.2025 (Ba1)	123,258,500	123,644,865	121,292,365	94.00
Total unquoted fixed income securities – foreign	<u>123,258,500</u>	<u>123,644,865</u>	<u>121,292,365</u>	<u>94.00</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		(2,352,500)		
Total unquoted fixed income securities – foreign		<u>121,292,365</u>		

## AHAM SINGLE BOND SERIES 3

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

#### 12 CASH AND CASH EQUIVALENTS

	<u>2024</u> RM	<u>2023</u> RM
Cash and bank balances	138,550	2,196,970
Deposit with a licensed financial institution	2,425,413	2,061,424
	<u>2,563,963</u>	<u>4,258,394</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 average maturity of 2 days (2023: 2 days).

#### 13 FORWARD FOREIGN CURRENCY CONTRACTS

	<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	<u>-</u>	<u>(104,230)</u>

As at 31 January 2024 and 31 January 2023, there were no forward foreign currency contracts outstanding.

#### 14 CURRENCY SWAPS

As at the date of statement of financial position, there are 5 (2023: 24) currency swaps outstanding. The notional principal amount of the outstanding currency swaps amounted to RM39,711,600 (2023: RM126,166,700). As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the currency swaps are 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	<u>6,715</u>	<u>7,503,336</u>



## AHAM SINGLE BOND SERIES 3

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

#### 14 CURRENCY SWAPS (CONTINUED)

	<u>2024</u> RM	<u>2023</u> RM
Financial liabilities at fair value through profit or loss:		
- currency swaps	790,882	-
Net (loss)/gain on currency swaps at fair value through profit or loss:		
- realised gain on currency swaps	2,580,615	469,065
- unrealised (loss)/gain on currency swaps	(8,263,790)	7,935,083
	<u>(5,683,175)</u>	<u>8,404,148</u>

(a) Currency swaps

(i) Currency swaps as at 31 January 2024 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#	4,466,000	4,689,448	(223,448)	0.548
CIMB Bank Bhd	35,245,600	35,806,319	(560,719)	1.375
	<u>39,711,600</u>	<u>40,495,767</u>	<u>(784,167)</u>	<u>1.923</u>

(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#	4,466,000	4,352,370	113,630	0.09
CIMB Bank Bhd	121,700,700	114,310,994	7,389,706	5.73
	<u>126,166,700</u>	<u>118,663,364</u>	<u>7,503,336</u>	<u>5.82</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.

## AHAM SINGLE BOND SERIES 3

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

#### 15 NUMBER OF UNITS IN CIRCULATION

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
At the beginning of the financial year	131,424,000	72,500,000
Creation of units arising from applications	294,160	70,504,176
Creation of units arising from distributions	352,840	667,980
Cancellation of units	(89,179,000)	(12,248,156)
At the end of the financial year	<u>42,892,000</u>	<u>131,424,000</u>

#### 16 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>	<u>Percentage of total trade</u>
	RM	%
RHB Investment Bank Bhd	79,067,457	48.44
Bank of America and BofA Securities (formerly known as Bank of America Merrill Lynch)	25,866,132	15.84
Standard Chartered Bank Malaysia Bhd	15,917,176	9.75
Natwest Markets	9,934,504	6.09
Barclays Capital	9,859,731	6.04
Merill Lynh SIN Pte Ltd	8,615,117	5.28
Jefferies International Ltd	7,719,993	4.73
Morgan Stanley Asia Singapore Holdings Pte Ltd	6,256,636	3.83
	<u>163,236,746</u>	<u>100.00</u>

## AHAM SINGLE BOND SERIES 3

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

#### 16 TRANSACTIONS WITH DEALERS (CONTINUED)

(ii) Details of transactions with the top 10 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>
Bank of America Merrill Lynch	20,479,504	31.03
Natwest Markets	12,555,304	19.02
Barclays Capital	10,802,468	16.37
Citibank Bhd	8,298,000	12.57
HSBC Bank Malaysia Berhad	4,385,688	6.64
BNP Paribas Arbitrage	4,311,687	6.53
Jeffries International Ltd	2,591,770	3.93
DBS Bank Ltd	2,577,530	3.91
	<u>66,001,951</u>	<u>100.00</u>

#### 17 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
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
Nikko Asset Management International Limited ("NAMI")	Former substantial shareholder of the Manager
Nikko Asset Management Co., Ltd ("NAM")	Substantial shareholder of the Manager

## AHAM SINGLE BOND SERIES 3

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

#### 17 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>	<u>Relationship</u>
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 and parties related to 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)	<u>2,910</u>	<u>2,767</u>	<u>3,865</u>	<u>3,795</u>
<u>Director of the Manager:</u>				
Director of the AHAM Asset Management Berhad (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>541,734</u>	<u>531,874</u>

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

## AHAM SINGLE BOND SERIES 3

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

#### 18 TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u> %	<u>2023</u> %
TER	0.66	0.67

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebate
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 RM60,582,827 (2023: RM93,515,523).

#### 19 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2024</u>	<u>2023</u>
PTR (times)	1.35	0.35

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 = RM39,509,965 (2023: RM60,452,921)  
total disposal for the financial year = RM124,209,214 (2023: RM5,565,929)

#### 20 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 the 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 3**

### **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 34 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 3

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of AHAM Single Bond Series 3 (“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, comprising material accounting policy information and other explanatory information, as set out on pages 1 to 34.

### 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.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AHAM SINGLE BOND SERIES 3 (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 3 (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 3 (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**

### **HEAD OFFICE**

AHAM Asset Management Berhad  
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### **PENANG**

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### **PERAK**

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### **PETALING JAYA**

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## **DIRECTORY OF SALES OFFICE (CONTINUED)**

### **SABAH**

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### **SARAWAK - KUCHING**

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### **SARAWAK - MIRI**

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