



QUARTERLY REPORT
29 February 2024

AHAM World Series – **Asian High Yield** Fund

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Built On Trust

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AHAM WORLD SERIES – ASIAN HIGH YIELD FUND

Quarterly Report and Financial Statements As at 29 February 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM World Series – Asian High Yield Fund (formerly known as Affin Hwang World Series – Asian High Yield Fund)
Fund Type	Income
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period.
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income on a monthly basis, after the end of its first financial year.

FUND PERFORMANCE DATA

USD Class

Category	As at 29 Feb 2024	As at 30 Nov 2023
Total NAV (million)	0.374	0.359
NAV per Unit (USD)	0.3190	0.3060
Unit in Circulation (million)	1.173	1.173

MYR-Hedged class

Category	As at 29 Feb 2024	As at 30 Nov 2023
Total NAV (million)	10.942	11.577
NAV per Unit (RM)	0.3109	0.3005
Unit in Circulation (million)	35.193	38.523

SGD-Hedged class

Category	As at 29 Feb 2024	As at 30 Nov 2023
Total NAV (million)	0.227	0.219
NAV per Unit (SGD)	0.3089	0.2981
Unit in Circulation (million)	0.736	0.736

AUD-Hedged class

Category	As at 29 Feb 2024	As at 30 Nov 2023
Total NAV (million)	0.391	0.454
NAV per Unit (AUD)	0.3071	0.2961
Unit in Circulation (million)	1.274	1.533

MYR class*

Category	As at 29 Feb 2024	As at 30 Nov 2023
Total NAV (million)	0.005	N/A
NAV per Unit (AUD)	0.5186	N/A
Unit in Circulation (million)	0.010	N/A

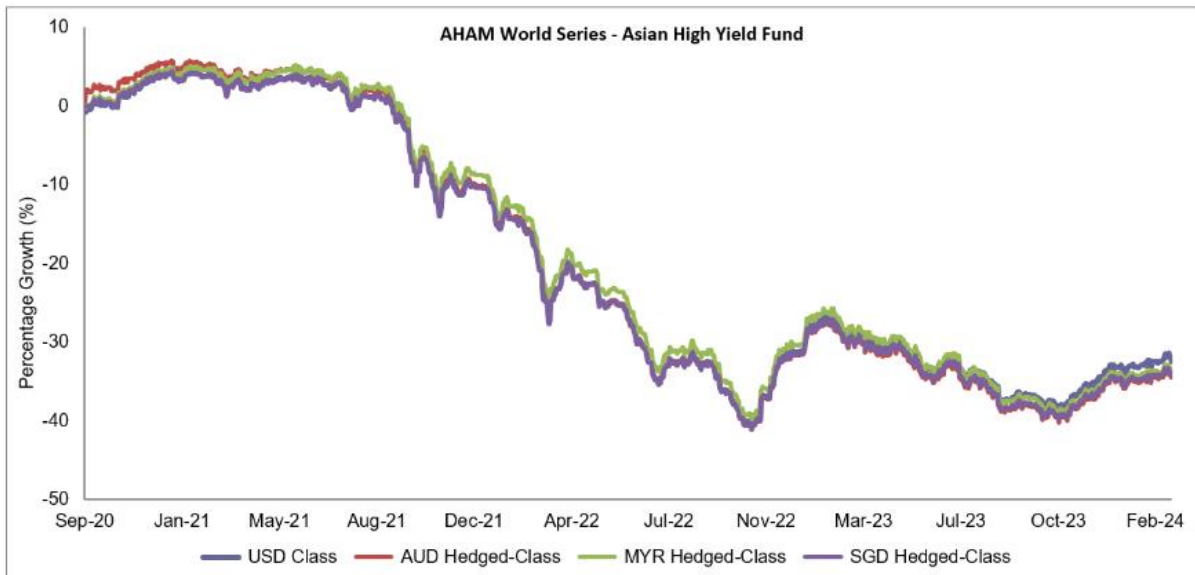
This currency class was launched on 16 December 2023, hence the absence of data on 30 November 2023.

Fund Performance

Performance as at 29 February 2024

	3 Months (1/12/23 - 29/2/24)	6 Months (1/9/23 - 29/2/24)	1 Year (1/3/23 - 29/2/24)	3 Years (1/3/21 - 29/2/24)	Since Commencement (28/9/20 - 29/2/24)
USD Class	4.25%	7.26%	(4.61%)	(34.34%)	(32.41%)
AUD Hedged-Class	3.71%	6.12%	(6.46%)	(37.11%)	(34.52%)
MYR Hedged-Class	3.46%	5.60%	(7.44%)	(36.15%)	(33.78%)
SGD Hedged-Class	3.62%	6.08%	(6.39%)	(36.03%)	(34.24%)

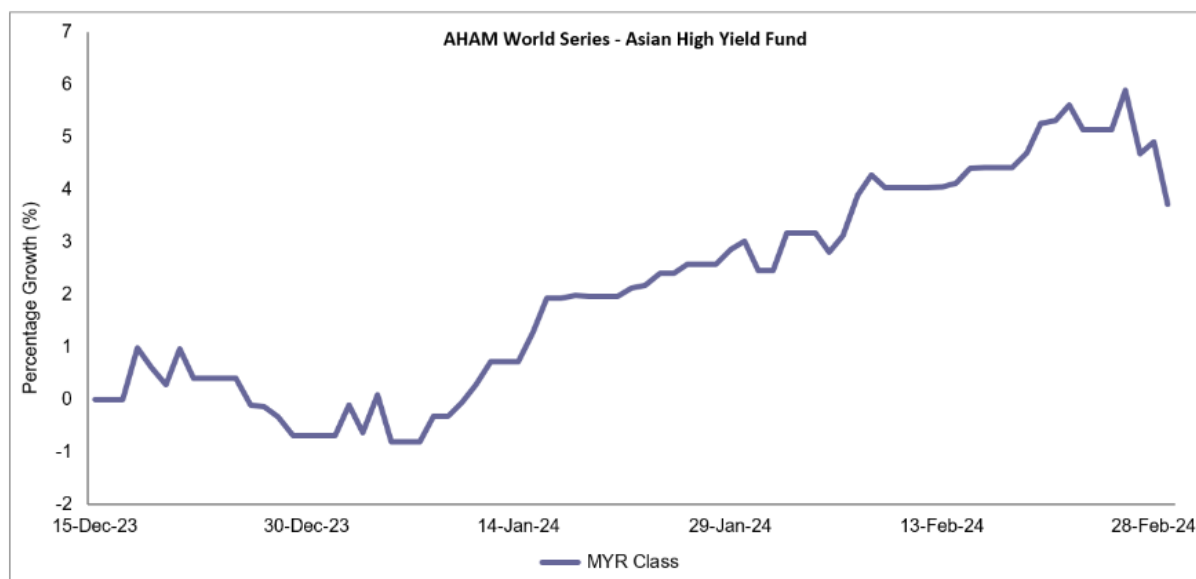
Movement of the Fund versus the Benchmark



Performance as at 29 February 2024

	Since Commencement (16/12/23 - 29/2/24)
MYR -Class	3.72%

Movement of the Fund 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."

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

Asset Allocation

Fund's asset mix during the period under review:

	<u>29 February 2024</u>
	(%)
Unit Trust	97.15
Derivative	0.33
Cash & money market	2.52
Total	<u>100.00</u>

Income Distribution Breakdown

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

Strategies Employed

The Fund will normally invest in a broad range of fixed income securities and instruments including government bonds, corporate bonds, convertible bonds and monetary instruments. The Fund will invest in high-yield securities including, but not limited to, investment grade and non-investment grade bonds and other similar securities (rated and unrated). The Fund may also invest in financial derivative instruments for investment and hedging purposes. Financial derivative instruments which may be used for investment

purposes are futures, options and warrants. The Fund may also hold cash on deposit pending reinvestment and invests in contingent convertible securities.

Market Review

The Asia credit market posted strong returns in December. US Treasuries rallied, with yields across all tenors moving lower. The decline in yields was spurred by signs of cooling inflation across developed markets and dovish notes from the Fed. Overall, 2-year treasury yields fell 43bps while 10-year yields fell 45 bps.

Investment grade (IG) bonds outperformed high yield (HY) bonds as IG spreads tightened whilst HY spreads widened. In the IG space, the best performer was India infrastructure due to positive headlines on a conglomerate's acquisition. India industrial and Macau consumer also saw spreads tightening due to buoyant market sentiment on dovish Fed comments. On the other hand, Indonesia and Philippines TMT were top detractors. Korea infrastructure also saw spreads widening.

In the HY arena, the best performers were Sri Lanka sovereign and quasi-sovereign as there was progress on the IMF bailout after the country struck the debt restructuring deal with China. India metals & mining also saw spread compression on positive development around the liability management exercise of a company. On the contrary, China oil & gas was top detractor due to the lingering concerns on China's weak economic conditions. China real estate saw spreads widening as property sales remained tepid. Cambodia consumer also underperformed.

The Asia credit market posted slight positive returns in January. The US Treasury market experienced a selloff with longer dated yields rose more consistently throughout the month as data continued to point to resilience in the US economy. Overall, 2-year treasury yields fell 4bps while 10-year yields rose 3 bps.

High yield (HY) bonds outperformed investment grade (IG) bonds as HY spreads tightened to a greater extent than IG spreads. In the IG space, the best performer was India infrastructure due to the strong Q3 earnings results of a conglomerate. Philippines financials also saw spreads tightening. Indian utilities also performed well due to the robust earnings of a conglomerate's key group entities. On the other hand, Malaysia transport and Indonesia sovereign were top detractors. Hong Kong infrastructure also saw spreads widening.

In the HY area, the best performers were India metals & mining as a company completed its debt restructuring exercise. China oil & gas and China consumer also saw spread compression on the rollout of additional stimulus measures in China. On the contrary, Sri Lanka sovereign was top detractor as the nation was still in the progress of reaching final agreement on debt restructuring with its official lenders. Maldives and Mongolia sovereign saw spreads widening.

The Asia credit market posted slight positive returns in February. The US Treasury yields were up, driven by strength in labour market and inflation data as well as tepid investment demand for various Treasury auctions. Overall, 2-year treasury yields rose 41 bps while 10-year yields rose 34 bps.

High-yield (HY) bonds outperformed investment grade (IG) bonds as HY spreads tightened to a greater extent than IG spreads. Within the IG space, the best performer was China diversified, bolstered by improving sentiment in the region, as the government announced more supportive policies. Philippines quasi-sovereigns and Korean infrastructure also performed strongly. Conversely, China real estate emerged as the worst performer, mainly driven by reports of credit extension issues with a semi-SOE developer. India industrials also saw spreads widening due to downgrades from rating agencies. Singapore real estate saw spreads widen as the industry outlook deteriorated.

Turning to the HY space, China oil and gas was the top performer due to better market sentiment in the region. Singapore real estate and Hong Kong consumers also delivered strong performances. On the other hand, China real estate was the worst performer, as a major firm announced weak results. Sri Lanka quasi-sovereigns underperformed due to limited interest in the sale of a firm in the sector. China consumers also performed poorly because of a downgrade issued by a rating agency.

Investment Outlook

Asia credit finished the challenging year with a positive return on credit spread compression and high carry despite the 100bps rate hike by the Fed. Going into 2024, Asia credit outlook looks more promising, with the

peak of global rates, well-performing Asian economies, and China to benefit from more policy support. Asian economies should continue to benefit from the more favourable macroeconomic dynamics and better growth prospects, as they have not experienced the same inflation and interest rate shocks as the western economies. This should help cushioning the credit market from downgrades or defaults and allow governments to be supportive with fiscal and monetary policies. Asian investment grade market will remain resilient, offering attractive yield premium to the West, with high quality and low volatility. Overall, with the negative influence from the China real estate funding crisis fading, we believe 2024 will be a pleasant year for Asian credit.

Following the diminished size of the China property sector in the overall Asia credit market, the high yield market has now become more diversified. Although we expect to see intensified policy efforts to support the China property sector, we do not foresee a major housing market turnaround. Meanwhile, there are pockets of opportunities offering competitive yields outside of China and they would remain intact. We could see more positive rating actions in Indian high yield amid positive macro tailwind. Furthermore, Macau leisure continue to see strong recovery in visitors and gross gaming revenue. This momentum is likely to continue, and we should see more rating upgrades. From a valuation perspective, opportunity remains for investors to enjoy decent returns in the upcoming future as yields remain attractive at near post-global financial crisis high.

Asian economies should continue to have strong growth momentum and more favourable macro dynamics versus the West this year. With global rates reaching their peak, expectations of monetary easing in the US and across Asia, and China set to benefit from more fiscal and monetary support, are all positive to Asian bonds. The steady earnings trends and stabilized macro should help to cushion the Asia investment grade market from downgrades or defaults. This market comprises high-quality issuers including state-owned names and global conglomerates with strong funding access and relationships with banks. Asia investment grade market will continue to stay resilient and be a source of diversification for global investors. A Fed pivot should provide a big lift to the overall credit market, which will be supportive for spread tightening for Asia investment grade bonds. On a valuation standpoint, Asia credit yields are enticing compared to historical average. Meanwhile, the technical support should remain strong for Asia credit in 2024 as the net supply is expected to stay negative for the overall Asia credit market following three years of decline in gross issuance. Overall, we are constructive on Asia credit returns.

Considering the reduced size of the China property sector within the overall Asia credit market, the high yield market has become more diversified. Although we anticipate more policy measures to support the China property sector, we do not foresee a significant upturn in the housing market. Nevertheless, there are opportunities outside of China that offer competitive yields and are likely to remain attractive. In the Indian high yield market, positive macroeconomic factors could lead to more positive rating actions. Furthermore, Macau's leisure industry continues to experience robust recovery with growing visitor numbers and gross gaming revenue. This positive momentum is expected to continue, potentially leading to further rating upgrades. Valuation-wise, investors could still enjoy some decent returns as yields remain compelling at near post-global financial crisis high.

Yields have declined since mid-October, but bonds still offer the most attractive valuations that we have seen over a decade, especially in anticipation of monetary easing by the US Federal Reserve. Under this environment, Asia bonds stand out for quality and valuation as yields are higher than other markets, which offer a downside cushion. The consistency of the credit quality of Asia investment grade (IG) issuers, leads to the stability of spreads. Fundamentals are resilient, backed by stable earnings and strong credit profiles of these Asia IG issuers. The strong macro backdrop in Asia, with strong economic growth, low inflation and preemptive monetary policy, will support corporates' credit matrix and restrain rating downgrades. The favourable technicals from limited supply and continuous demand will keep supporting the market.

The Asia high yield market has transformed following challenges in the China real estate sector, which is now characterized with improved sectoral and geographical diversification. With growing importance of sectors that would support the transition of lower carbon economies, such as India renewables, should make the Asia high yield market increasingly attractive to global investors. Meanwhile, we are expecting the Chinese government to intensify their support in the China property sector, which would provide some selective opportunities. Moreover, the credit quality and fundamental trend remain solid in the majority of the market, implying that negative sentiment towards this asset class would in fact provide good valuation and likelihood of better returns. On the fundamental side, better macro tailwinds in Asia could shield corporates from defaulting. Also, we can expect some modest tightening in spreads when confidence is restored. In a global environment, where growth remains a key concern in the West, Asia's better economic dynamics reinforce the argument for investors to diversify into Asia bonds.

AHAM WORLD SERIES – ASIAN HIGH YIELD FUND
(FORMERLY KNOWN AS AFFIN HWANG WORLD SERIES – ASIAN HIGH YIELD FUND)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	Financial period ended <u>29.2.2024</u> RM	Financial period ended <u>28.2.2023</u> RM
INVESTMENT INCOME		
Net gain on foreign currency exchange	86	967
Net loss on forward foreign currency contracts at fair value through profit or loss	(68,008)	(54,957)
Net gain on financial assets at fair value through profit or loss	149,125	355,428
	<u>81,203</u>	<u>301,438</u>
EXPENSES		
Management fee	(12,122)	(17,592)
Trustee fee	(243)	(352)
Auditors' remuneration	(398)	(462)
Tax agent's fee	(174)	(202)
Other expenses	(301)	(82)
	<u>(13,238)</u>	<u>(18,690)</u>
NET PROFIT BEFORE TAXATION	67,965	282,748
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>67,965</u>	<u>282,748</u>
Increase in net asset attributable to unitholders is made up of the following:		
Realised amount	(215,784)	31,698
Unrealised amount	283,749	251,050
	<u>67,965</u>	<u>282,748</u>

AHAM WORLD SERIES – ASIAN HIGH YIELD FUND
(FORMERLY KNOWN AS AFFIN HWANG WORLD SERIES – ASIAN HIGH YIELD FUND)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024

	<u>2024</u> USD	<u>2023</u> USD
ASSETS		
Cash and cash equivalents	72,489	77,910
Amount due from broker	8,640	-
Amount due from Manager		
- creation of units	2,328	3,691
Financial assets at fair value through profit or loss	3,018,967	4,612,726
Forward foreign currency contracts at fair value through profit or loss	13,863	842
TOTAL ASSETS	<u>3,127,460</u>	<u>4,710,660</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	3,736	62,546
Amount due to broker	8,635	-
Amount due to Manager		
- management fee	3,747	5,533
- cancellation of units	2,110	-
Amount due to Trustee	75	110
Auditors' remuneration	542	2,283
Tax agent's fee	1,086	1,071
Other payables and accruals	146	194
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>20,077</u>	<u>71,737</u>
NET ASSET VALUE OF THE FUND	<u>3,107,383</u>	<u>4,638,923</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>3,107,383</u>	<u>4,638,923</u>

AHAM WORLD SERIES – ASIAN HIGH YIELD FUND
(FORMERLY KNOWN AS AFFIN HWANG WORLD SERIES – ASIAN HIGH YIELD FUND)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024 (CONTINUED)

	<u>2024</u> USD	<u>2023</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	254,413	449,291
- MYR Class	1,094	-
- MYR Hedged-class	2,308,487	3,575,137
- SGD Hedged-class	169,164	207,920
- USD Class	374,225	406,575
	<u>3,107,383</u>	<u>4,638,923</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	1,274,000	2,037,000
- MYR Class	10,000	-
- MYR Hedged-class	35,193,000	47,733,000
- SGD Hedged-class	736,000	850,000
- USD Class	1,173,000	1,216,000
	<u>38,386,000</u>	<u>51,836,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.1997	0.2206
- MYR Class	0.1094	-
- MYR Hedged-class	0.0656	0.0749
- SGD Hedged-class	0.2298	0.2446
- USD Class	0.3190	0.3344
	<u>0.3190</u>	<u>0.3344</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.3071	AUD0.3283
- MYR Class	RM0.5186	-
- MYR Hedged-class	RM0.3109	RM0.3359
- SGD Hedged-class	SGD0.3089	SGD0.3300
- USD Class	USD0.3190	USD0.3344
	<u>USD0.3190</u>	<u>USD0.3344</u>

AHAM WORLD SERIES – ASIAN HIGH YIELD FUND
(FORMERLY KNOWN AS AFFIN HWANG WORLD SERIES – ASIAN HIGH YIELD FUND)

UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	Financial period ended <u>29.2.2024</u> USD	Financial period ended <u>28.2.2023</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,308,464	4,582,229
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	15,839	76,519
- MYR Class	1,071	-
- MYR Hedged-class	14,768	76,519
Cancellation of units	(284,885)	(302,573)
- AUD Hedged-class	(52,577)	-
- MYR Hedged-class	(232,308)	(217,710)
- SGD Hedged-class	-	(63,374)
- USD Class	-	(21,489)
Increase in net assets attributable to unitholders during the financial period	67,965	282,748
- AUD Hedged-class	6,609	28,150
- MYR Class	23	-
- MYR Hedged-class	41,214	203,840
- SGD Hedged-class	4,850	20,281
- USD Class	15,269	30,477
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>3,107,383</u></u>	<u><u>4,638,923</u></u>

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