



QUARTERLY REPORT
29 February 2024

AHAM Hard Currencies Fixed Income Fund

MANAGER
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AHAM HARD CURRENCIES FIXED INCOME FUND

Quarterly Report and Financial Statements As at 29 February 2024

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN EQUITY	7

QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Hard Currencies Fixed Income Fund
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund seeks to provide investors with a steady income stream over the medium to long-term investment horizon through investments primarily in global fixed income instruments.
Benchmark	USD Libor 3 months +1.5%
Distribution Policy	Subject to the availability of income, the Fund will provide distribution on a quarterly basis.

FUND PERFORMANCE DATA

Category	As at 29 Feb 2024	As at 30 Nov 2023
Total NAV (USD'million)	5.248	5.783
NAV per Unit (USD)	0.9378	0.9066
Unit in Circulation (million)	5.596	6.379

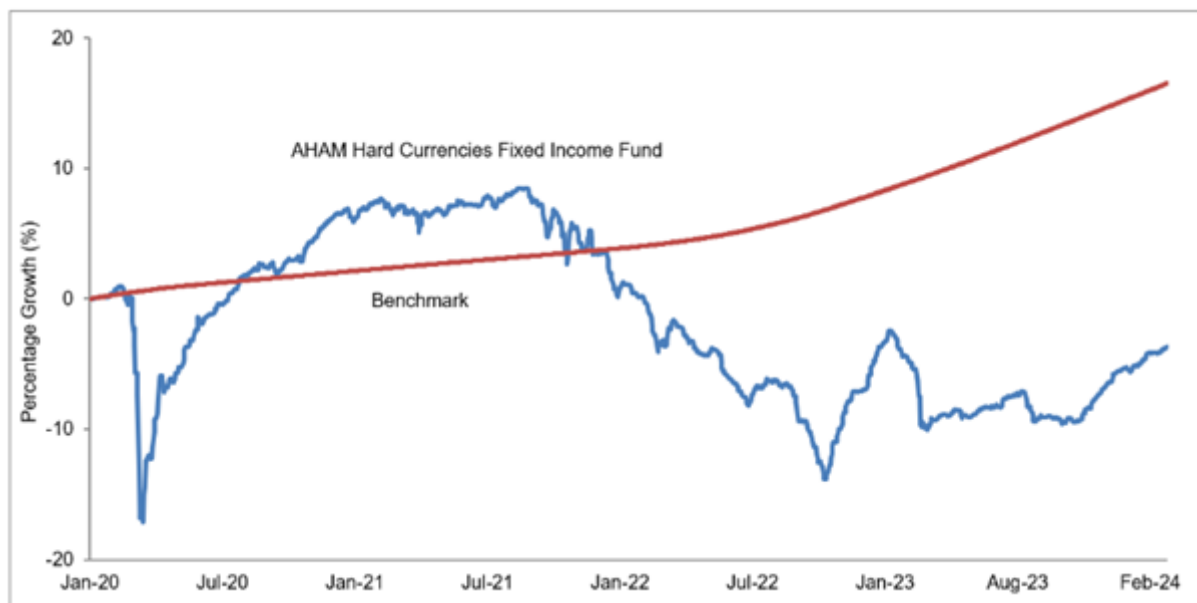
Fund Performance

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 (10/1/20 - 29/2/24)
Fund	3.44%	6.06%	0.72%	(10.07%)	(3.72%)
Benchmark	1.72%	3.49%	7.03%	13.85%	16.53%
Outperformance	1.72%	2.57%	(6.31%)	(23.92%)	(20.25%)

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



*"This information is prepared by AHAM Asset Management Berhad for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."
Benchmark: USD Libor 3 months +1.5%*

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:

	29 February 2024
	(%)
Fixed Income	96.01
Derivative	0.28
Cash & money market	3.71
Total	100.00

Income Distribution Breakdown

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

Strategies Employed

The Fund will focus on achieving its objective by investing a minimum of 70% of the Fund's NAV in fixed income instruments such as debentures, money market instruments and deposits with Financial Institutions. We will combine a top-down and bottom-up investment approach to identify investment opportunities. Macroeconomic trends and market analysis are the important considerations in deriving the top-down perspective on interest rate outlook, fixed income markets and currency movements. For its bottom-up approach, we would conduct analysis on the issuers to assess its ability to service its debt obligations. The selection will depend largely on its quality where the respective issuers display strong ability to meet their financial obligations, healthy cash-flow, the collateral type, value, claims priority as well as offer highest safety for timely payment of interest and principal.

Market Review

Throughout the period under review, the trajectory of US equities remained notably positive. The S&P 500 index exhibited a steady upward trend, reflecting a market buoyed by a confluence of factors. December witnessed a robust 2.80% increase in the S&P 500, a testament to growing investor confidence bolstered by mounting speculation that the US Federal Reserve would halt its ongoing rate-hike cycle. This optimism extended into January, with the index surging by 1.60%, reaching new all-time highs, underpinned by strong economic indicators such as GDP growth and nonfarm payrolls. February saw a continuation of this upward trajectory, with the S&P 500 recording a remarkable 5.20% surge, setting yet another all-time high. This sustained positive momentum underscored a market environment characterized by resilience and optimism.

Central to the narrative shaping US equities during this period was the stance of the US Federal Reserve. In December 2023, Fed Chair Jerome Powell's articulation of a dovish outlook on interest rates provided a significant tailwind to market sentiment. The Federal Open Market Committee's decision to maintain benchmark interest rates within a targeted range of 5.25%-5.50%, coupled with indications of potential rate cuts in 2024, contributed to a sense of reassurance among investors. However, January witnessed a nuanced shift in the Fed's rhetoric, as policymakers opted to keep rates unchanged, citing the necessity for more conclusive evidence of inflationary pressures abating before considering further monetary accommodation. This adjustment in tone led to a marginal increase in US Treasury yields, signaling a recalibration of market expectations. February brought forth a blend of optimism and caution, with the core Personal Consumption Expenditures (PCE) index hinting at the potential easing of price pressures, offering respite to investors. Nonetheless, minutes from the January FOMC meeting revealed a more hawkish stance among members, fostering upward pressure on Treasury yields and prompting a reassessment of rate cut projections.

Across global markets, the sentiment was mixed but generally positive throughout the December to February period. Asian markets, as reflected by the MSCI Asia ex-Japan index, experienced fluctuations driven by a myriad of factors. December witnessed notable gains fueled by optimism surrounding the Federal Reserve's dovish pivot and a corresponding weakening of the US dollar. However, January brought with it a degree of volatility, characterized by a decline in market performance amidst reduced expectations of imminent rate cuts and higher bond yields. February saw a resurgence in market optimism, particularly in China, buoyed by stimulus measures enacted by the People's Bank of China (PBoC), aimed at bolstering economic growth. Anticipation surrounding China's annual parliamentary meeting in March added to the positive sentiment, with investors eagerly awaiting signals regarding economic targets and potential stimulus measures.

In Malaysia, market dynamics were influenced by both domestic and international factors. The benchmark KLCI exhibited a mixed performance but ultimately closed higher over the period. Political developments, including a significant Cabinet reshuffle and the signing of an MOU for a Johor-Singapore Special Economic Zone, contributed to market sentiment, underscoring the interplay between politics and economics in shaping investor perceptions. Despite these positive developments, Malaysia's GDP growth for the fourth quarter of 2023 fell short of expectations, signaling challenges within key sectors of the economy. In the bond market, the 10-year Malaysian Government Securities (MGS) yield fluctuated but remained relatively stable, aligning with a neutral stance maintained by Bank Negara Malaysia. These domestic market dynamics underscored the importance of both domestic policy initiatives and global economic trends in shaping Malaysia's investment landscape.

Investment Outlook

We maintain our positive outlook for fixed income asset class in 2024, as global growth is expected to moderate due to restrictive monetary policies and rising geopolitical tension. We expect volatility to persist, but at a tighter range compared to 2023. Inflation expectations have peaked, but inflationary environment may persist due to elevated commodity prices. The second half of 2024 may present higher noise as political uncertainties increase on the back of large number of elections especially the US Presidential election in November 2024.

Domestically, moderating growth and contained inflation continued to be supportive of the fixed income market. A lower government bond supply profile in 2024 due to fiscal consolidation is also a positive factor to the market. Domestic liquidity is ample with demand from duration coming from pension funds and lifers. Headline inflation may face upward pressure as the proposed targeted subsidies mechanism.

AHAM HARD CURRENCIES FIXED INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME 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
INVESTMENT INCOME/(LOSS)		
Interest income from financial assets at amortised cost	86	167
Interest income from financial assets at fair value through profit or loss	242,173	542,945
Net gain/(loss) on foreign currency exchange	5,872	(7,443)
Net gain on forward foreign currency contracts at fair value through profit or loss	9,390	25,790
Net loss on future at fair value through profit or loss	-	(15,586)
Net gain/(loss) on financial assets at fair value through profit or loss	99,750	(940,668)
	<u>357,271</u>	<u>(394,795)</u>
EXPENSES		
Management fee	(8,660)	(20,427)
Trustee fee	(1,732)	(4,086)
Fund accounting fee	(1,922)	(2,250)
Auditors' remuneration	(1,319)	(1,341)
Tax agent's fee	(577)	(587)
Other expenses	(5,490)	(8,401)
	<u>(19,700)</u>	<u>(37,092)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	337,571	(431,887)
Taxation	(24,264)	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u><u>313,307</u></u>	<u><u>(431,887)</u></u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	(53,119)	(1,694,138)
Unrealised amount	366,426	1,262,251
	<u><u>313,307</u></u>	<u><u>(431,887)</u></u>

AHAM HARD CURRENCIES FIXED INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

	<u>2024</u> USD	<u>2023</u> USD
ASSETS		
Cash and cash equivalents	769,859	264,680
Financial assets at fair value through profit or loss	5,122,782	6,775,857
Forward foreign currency contracts at fair value through profit or loss	14,857	1,326
Tax recoverable	80,355	-
TOTAL ASSETS	<u>5,987,853</u>	<u>7,041,863</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	381	10,126
Amount due to Manager		
- management fee	941	1,285
- cancellation of units	734,105	-
Amount due to Trustee	188	257
Fund accounting fee	210	225
Auditors' remuneration	1,276	1,489
Tax agent's fee	1,339	1,392
Other payables and accruals	1,070	1,068
TOTAL LIABILITIES	<u>739,510</u>	<u>15,842</u>
NET ASSET VALUE OF THE FUND	<u>5,248,343</u>	<u>7,026,021</u>
EQUITY		
Unitholders' capital	7,525,001	9,274,407
Accumulated losses	(2,276,658)	(2,248,386)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>5,248,343</u>	<u>7,026,021</u>
NUMBER OF UNITS IN CIRCULATION	<u>5,596,288</u>	<u>7,545,815</u>
NET ASSET VALUE PER UNIT (USD)	<u>0.9378</u>	<u>0.9311</u>

AHAM HARD CURRENCIES FIXED INCOME FUND

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2024

	Unitholders' <u>capital</u> USD	Accumulated <u>losses</u> USD	<u>Total</u> USD
Balance as at 1 June 2023	8,275,002	(2,589,965)	5,685,037
Total comprehensive income for the financial period	-	313,307	313,307
Movement in unitholders' capital:			
Creation of units arising from applications	791,564	-	791,564
Cancellation of units	(1,541,565)	-	(1,541,565)
Balance as at 29 February 2024	<u>7,525,001</u>	<u>(2,276,658)</u>	<u>5,248,343</u>
Balance as at 1 June 2022	16,750,054	(1,716,201)	15,033,853
Total comprehensive loss for the financial period	-	(431,887)	(431,887)
Distribution	-	(100,298)	(100,298)
Movement in unitholders' capital:			
Creation of units arising from applications	4,091,753	-	4,091,753
Cancellation of units	(11,567,400)	-	(11,567,400)
Balance as at 28 February 2023	<u>9,274,407</u>	<u>(2,248,386)</u>	<u>7,026,021</u>

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