



QUARTERLY REPORT
29 February 2024

AHAM Single Bond Series 1

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AHAM SINGLE BOND SERIES 1

Quarterly Report and Financial Statements As at 29 February 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Single Bond Series 1
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 29 Feb 2024	As at 30 Nov 2023
Total NAV (RM'million)	94.739	94.933
NAV per Unit (MYR)	0.8937	0.8482
Unit in Circulation (million)	106.012	111.921

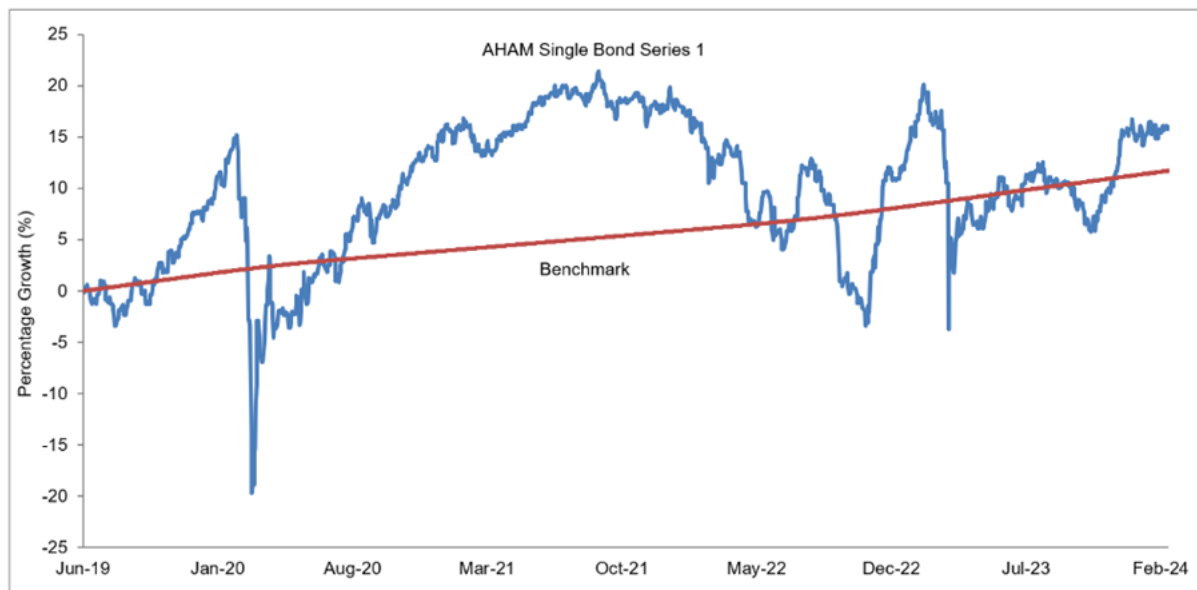
Fund Performance

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 (28/6/19 - 29/2/24)
Fund	5.36%	4.60%	(1.44%)	0.56%	15.76%
Benchmark	0.68%	1.38%	2.85%	7.27%	11.72%
Outperformance	4.68%	3.22%	(4.29%)	(6.71%)	4.04%

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: 12-month Malayan Banking Berhad Fixed Deposit Rate*

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>
	(%)
Fixed Income	95.43
Derivative	-8.46
Cash & money market	13.03
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's investment in the bond would consist of a corporate bond (including hybrid securities such as AT1 CoCo bonds).

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.

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.

HSBC has continued to perform well on its profitability and balance sheet metrics. Despite the challenges in the global financial market, HSBC Holding PLC has demonstrated stronger reported earnings. In its 2023 annual results, the Profit before Tax rose by \$13.3 billion to \$30.3 billion, largely a result of a higher interest rate environment. Its Net Interest Margin of 1.7% increased by 24 basis points compared to a year ago while its expected credit losses (ECL) of \$3.4 billion was \$0.1 billion lower compared to previous year. Its 2023 ECL were 33bps of average gross loans while the Management continued to guide 40bps for FY2024 and 30-40bps over the medium to long term. This fosters confidence in the bank's consistent ability to meet its coupon payment obligations for the AT1 bonds held by the fund.

HSBC's Common Equity Tier 1 (CET1) ratio has strengthened over 2023 to 14.8% with the bank's liquidity coverage ratio following suit as well, increasing to 136%. The Bank has targeted a CET1 ratio of 14% to 14.5% in the medium term. HSBC also intend to initiate a share buy-back of up to \$2.0 billion which will reduce the CET1 ratio up to 25 bps to bring it in line to their medium term target, However, this is decrease in CET1 will be offset by the sale of HSBC banking business in Canda by 1H 2024, which will increase the bank's CET1 by 120 bps. Nonetheless, these targeted levels continued to reflect relatively high levels of capital. Its liquidity metrics have remained fairly stable; as of end December 2023, its Liquidity Coverage Ratio was 136% from 132% a year ago.

In conclusion, these results bolster confidence in HSBC's ability to manage challenges and sustain strong performance. The Bank's commitment to responsible financial management, strategic actions, and risk mitigation strategies positions it well for ongoing performance.

AHAM SINGLE BOND SERIES 1

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		
Interest income from financial assets at amortised cost	23,840	4,587
Interest income from financial assets at fair value through profit or loss	328,362	704,303
Net (loss)/gain on foreign currency exchange	(37,951)	26,792
Net (loss)/gain on currency swap at fair value through profit or loss	(460,245)	769,333
Net gain on financial assets at fair value through profit or loss	944,243	2,589,421
	<u>798,249</u>	<u>4,094,436</u>
EXPENSES		
Management fee	(25,445)	(52,057)
Trustee fee	(2,046)	(4,167)
Fund accounting fee	(636)	(909)
Auditors' remuneration	(443)	(466)
Tax agent's fee	(194)	(204)
Other expenses	(2,232)	(2,176)
	<u>(30,996)</u>	<u>(59,979)</u>
NET PROFIT BEFORE TAXATION	767,253	4,034,457
Taxation	(37,080)	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>730,173</u>	<u>4,034,457</u>
Net profit after taxation is made up of the following:		
Realised amount	258,514	(69,079)
Unrealised amount	471,659	4,103,536
	<u>730,173</u>	<u>4,034,457</u>

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UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024

	<u>2024</u> USD	<u>2023</u> USD
ASSETS		
Cash and cash equivalents	2,085,545	1,564,440
Financial assets at fair value through profit or loss	19,634,667	39,966,782
Currency swap at fair value through profit or loss	-	789,570
Tax recoverable	136,023	-
TOTAL ASSETS	<u>21,856,235</u>	<u>42,320,792</u>
LIABILITIES		
Currency swap at fair value through profit or loss	1,705,383	496,943
Amount due to Manager		
- management fee	7,917	16,589
- cancellation of units	96,408	312,198
Amount due to Trustee	634	1,327
Fund accounting fee accrual	210	223
Auditors' remuneration	443	2,363
Tax agent's fee	989	1,034
Other payables and accruals	200	20,186
Tax payable	-	286,861
Deferred tax liabilities	56,914	125,134
TOTAL LIABILITIES	<u>1,869,098</u>	<u>1,262,858</u>
NET ASSET VALUE OF THE FUND	<u>19,987,137</u>	<u>41,057,934</u>
EQUITY		
Unitholders' capital	21,682,651	38,510,829
(Accumulated losses)/retained earnings	(1,695,514)	2,547,105
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>19,987,137</u>	<u>41,057,934</u>

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

	<u>2024</u> USD	<u>2023</u> USD
NUMBER OF UNITS IN CIRCULATION		
- MYR-Hedged Class	<u>106,012,000</u>	<u>195,705,000</u>
NET ASSET VALUE PER UNIT (USD)		
- MYR-Hedged Class	<u>0.1885</u>	<u>0.2098</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCY		
- MYR-Hedged Class	<u>RM0.8937</u>	<u>RM0.9409</u>

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

	Unitholders' capital USD	(Accumulated losses)/ retained earnings USD	Total USD
Balance as at 1 December 2023	22,801,810	(2,425,687)	20,376,123
Total comprehensive income for the financial period	-	730,173	730,173
Movement in unitholders' capital:			
Cancellation of units	(1,119,159)	-	(1,119,159)
Balance as at 29 February 2024	<u>21,682,651</u>	<u>(1,695,514)</u>	<u>19,987,137</u>
Balance as at 1 December 2022	40,101,826	(1,487,352)	38,614,474
Total comprehensive income for the financial period	-	4,034,457	4,034,457
Movement in unitholders' capital:			
Cancellation of units	(1,590,997)	-	(1,590,997)
Balance as at 28 February 2023	<u>38,510,829</u>	<u>2,547,105</u>	<u>41,057,934</u>

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