



Aiiman

Income Extra Fund

Quarterly Report
31 October 2022

MANAGER
AIIMAN Asset Management Sdn Bhd
199301001937 (256674-T)

TRUSTEE
TMF Trustees Malaysia Berhad
200301008392 (610812-W)

AIIAMAN INCOME EXTRA FUND

Quarterly Report and Financial Statements As at 31 October 2022

Contents	Page
QUARTERLY REPORT	2
SHARIAH ADVISER'S REPORT	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Aiiman Income Extra Fund
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide investors with a steady income stream by investing in Sukuk, Islamic money market instruments and/or Islamic deposits.
Benchmark	Maybank 1-month General Investment Account-i (GIA-i) rate
Distribution Policy	Subject to the availability of income, the Fund will make distribute to the Unit Holders on quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.

FUND PERFORMANCE DATA

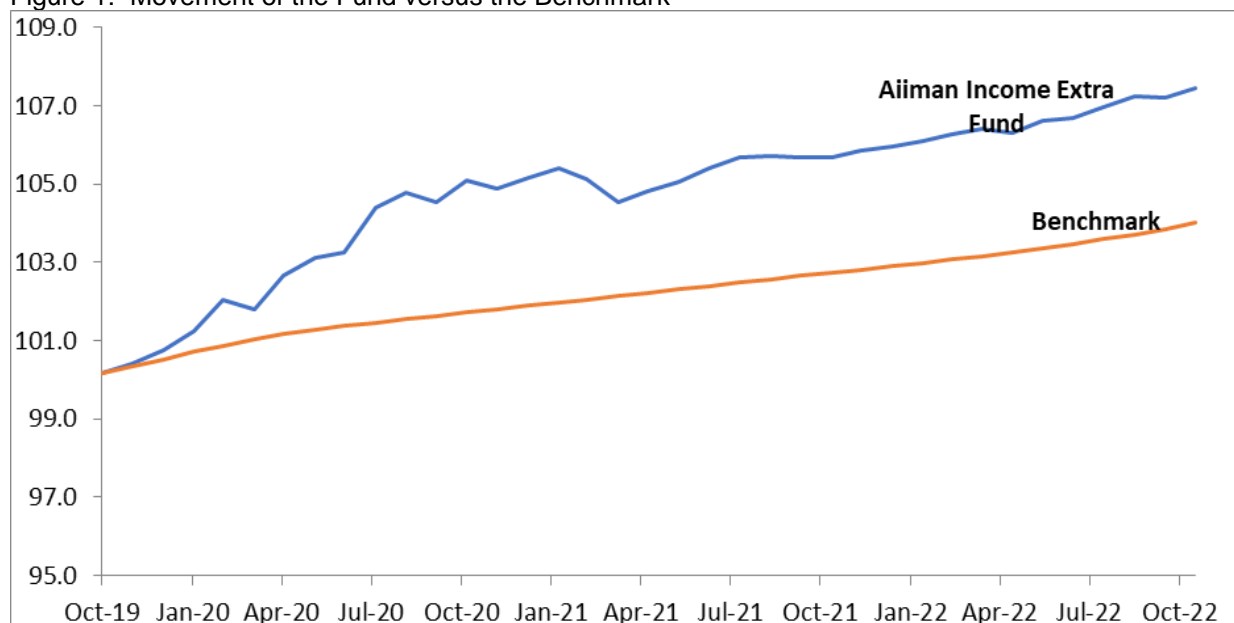
Category	As at 31 October 2022	As at 31 July 2022
Total NAV (RM'million)	2,230.784	2,102.765
NAV per Unit (RM)	1.0432	1.0451
Unit in Circulation (million)	2,138.381	2,011.988

Table 1: Performance as at 31 October 2022

	3 Months (1/8/22 - 31/10/22)	6 Months (1/5/22 - 31/10/22)	1 Year (1/11/21 - 31/10/22)	Since Commencement (07/10/19 - 31/10/22)
Fund	0.45%	1.07%	1.66%	7.45%
Benchmark	0.40%	0.74%	1.23%	4.00%
Outperformance	0.05%	0.33%	0.43%	3.45%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



"This information is prepared by AII MAN Asset Management Sdn Bhd (AII MAN) 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."

Benchmark: Maybank 1-month General Investment Account-I (GIA-i) 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:

	31 October 2022
	(%)
Fixed Income (Sukuk)	48.5
Cash & Islamic money market	51.5
Total	100.00

Strategies Employed

Over the period under review, the Manager invested in a mix of high-quality credit, namely Government Investment Issue (Government sukuk) and Government guaranteed papers (GG sukuk) as well as Islamic money market placements. During the period, the Manager also took a more strategic approach by raising fund duration and sukuk allocation. The Islamic deposit placements have also been lengthened to benefit from higher deposit rates.

Market Review

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as

inflationary pressures showed little signs of abating. As the last quarter of 2022 draws closer, we have seen numerous interest rates hikes over the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points within the span of 6 months to address inflationary pressures.

In Asia, the broader MSCI Asia ex-Japan rose 5.1% propped-up by gains in China. The Shanghai Shenzhen CSI 300 Index climbed 6.4% sparked by reopening rumours by a prominent ex-official.

The Wall Street Journal reported Friday that Zeng Guang, who was formerly the chief scientist at the Chinese Centre for Disease Control and Prevention, said that there were expected to be “significant” changes to the country’s zero-COVID approach in 2023.

Though, any suggestions of a full policy pivot were downplayed by officials in a conference last weekend. At the Joint Prevention and Control Mechanism of the State Council on Saturday, Beijing reiterated its adherence to the dynamic zero-COVID strategy. However, officials also criticised excessive and one-size-fits-all measures during recent outbreaks in some places, such as Zhengzhou in Central China's Henan Province.

Nonetheless, any policy changes are expected to come incrementally in China. Recent signals by Beijing show a willingness to adopt a more flexible approach in managing infections. An article in state media, People's Daily downplayed the severity of COVID, adding that the symptoms are light. Certain provinces have also stopped collecting close contact data for those that were infected.

Meanwhile, the Russia-Ukraine war rages on as the dread of winter approaches. Since the invasion began over 257 days ago, Ukrainian troops have managed to defend and even reclaim back key territories from Russian forces. The two sides are expected to stay locked in a protracted conflict that could wear each other’s financial and military resources. Tentative talks to negotiate a deal are happening on the margins, though the window for peace appears to be narrowing.

Rising global rates led by US treasuries, alongside hawkish remarks by Fed chair Jerome Powell, prompted further selling across the regional credit space on the last week of October. On a week-on-week basis, credit spreads for Asian HY widened by 98 bps (to 21.74%), whereas the IG segment was relatively more resilient adding 4 bps (to 193 bps). In terms of flows, EM bond funds recorded a total outflow of US\$3.1 billion, pushing the YTD outflow tally to US\$86 billion.

In the domestic market, the Kuala Lumpur Composite Index (KLCI) closed 0.6% lower in October as investors stay on the side-lines with election fever fast approaching. The nomination of a total of 945 candidates accepted to contest the 222 parliamentary seats in Malaysia’s 15th General Election (“GE15”). According to the Election Commission website, Pakatan Harapan (PH) will be fielding 206 candidates, Barisan Nasional (BN) 178 candidates, Perikatan Nasional (PN) 149 candidates and Parti Pejuang Tanah Air (Pejuang) 116 candidates.

Many constituencies are expected to be close battles with many multi-cornered fights as votes are split between different candidates. This creates further uncertainty on the outcome including the possibility of a hung parliament. Thereupon, we could see lot of horse trading by different parties to form the next coalition government. Parties from Sabah and Sarawak would be likely kingmakers to form the next federal government. The lowering of the voting age to 18 as well as the automatic registration of voters would be another wild card in GE15 (“General Election”) that could sway the outcome. Parties which can successfully appeal to this voter base which may be fence-sitters could wrest control of Putrajaya.

Notably, BNM (“Bank Negara Malaysia”) followed the script by normalising the Overnight Policy Rate (“OPR”) by another 25 bps to 2.75% recently; citing that Malaysia’s economic growth outlook remains positive, while domestic inflation (especially core inflation) remains elevated driven strong domestic demand. The central bank believes that the current monetary policy in place remains accommodative and supportive of economic growth.

Investment Outlook

Markets are set to remain challenging for the rest of 2022. In developed markets, rising inflation and tight monetary policy may continue to hamper the recovery of risk assets. The Fed's hawkish tones continue to curb expectations of a transition to looser monetary policy anytime soon.

Local bond yields are pricing-in the OPR to range between 3.00-3.25%. As such, we expect market to trade range bound because of today's OPR hike announcement. Market is also expected to trade range bound in the near-term at least until the upcoming elections as investors prefer to stay on the sidelines.

Over the medium-term, the local bond yields will remain under pressure influenced by external developments such as high global inflation, hawkish global central banks including the US Federal Reserve, volatile global bond yields such as US Treasuries, geopolitical tensions and also risk of foreign fund outflows amongst others. Nonetheless, local domestic support should provide some buffer.

The Ringgit currency may have a weakening bias against the USD. The expected ringgit weakness is in line with regional currencies due to the rising interest rate differentials as the US Federal Reserve continue with its aggressive interest rate hiking cycle to rein in inflation

Lastly, the expectation of BNM to normalise monetary policy by another 1 or 2 times or 25-50 bps is still a positive note as economic growth would prosper as well as to manage demand-driven inflationary pressures.

Nonetheless, this would depend on the overall growth and inflation outlook in 2023. As such BNM would remain data-dependent and look at future economic indicators closely. This is especially against increased risk of a global economic slowdown next year. BNM has also highlighted that it intends to maintain its measured and gradual approach in its monetary policy setting.

SHARIAH ADVISER'S REPORT

To the Unit Holders of Aiiman Income Extra Fund (“Fund”)

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AIIMAN Asset Management Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For Amanie Advisors Sdn. Bhd.

Tan Sri Dr. Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
29 November 2022

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022**

	Financial Period ended <u>31.10.2022</u> RM	Financial period ended <u>31.10.2021</u> RM
INVESTMENT INCOME		
Profit income from financial assets at amortised cost	13,761,075	3,668,061
Profit income from financial assets at fair value through profit or loss	18,402,539	6,246,782
Net (loss) on financial assets at fair value through profit or loss	(6,359,923)	(2,317,180)
Other income	8,965	33,455
	<u>25,812,656</u>	<u>7,631,118</u>
EXPENSES		
Management fee	3,163,829	1,090,980
Trustee fee	369,114	127,281
Auditors' remuneration	3,781	3,781
Tax agent's fee	2,268	2,268
Other expenses	2,925	2,265
	<u>3,541,917</u>	<u>1,226,575</u>
NET PROFIT BEFORE FINANCE COST TAXATION AND TAXATION	22,270,739	6,404,543
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>22,270,739</u>	<u>6,404,543</u>
Net profit after taxation is made up of the following:		
Realised amount	24,450,862	6,348,916
Unrealised amount	(2,180,123)	55,627
	<u>22,270,739</u>	<u>6,404,543</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2022**

	<u>31.10.2022</u> RM	<u>31.10.2021</u> RM
ASSETS		
Cash and cash equivalents	71,858,535	155,694,035
Terms Deposit	1,056,190,090	322,418,829
Financial assets at fair value through profit or loss	1,113,347,755	263,331,239
TOTAL ASSETS	<u>2,241,396,380</u>	<u>741,444,103</u>
LIABILITIES		
Amount due to Manager - management fee	563,756	182,265
Amount due to broker	9,963,780	-
Amount due to Trustee	65,771	21,264
Auditors' remuneration	6,956	6,956
Tax agent's fee	11,268	6,768
TOTAL LIABILITIES	<u>10,611,531</u>	<u>217,253</u>
NET ASSET VALUE OF THE FUND	<u>2,230,784,849</u>	<u>741,226,850</u>
EQUITY		
Unitholders' capital	2,221,944,776	733,798,279
Retained earnings	8,840,073	7,428,571
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>2,230,784,849</u>	<u>741,226,850</u>
NUMBER OF UNITS IN CIRCULATION	<u>2,138,381,326</u>	<u>711,105,586</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0432</u>	<u>1.0424</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2022**

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 31 July 2022	2,090,026,421	12,739,191	2,102,765,612
Total comprehensive income for the financial period	-	15,799,543	15,799,543
Distributions	-	(19,698,660)	(19,698,660)
Movement in unitholders' capital:			
- Creation of units arising from applications	156,069,745	-	156,069,745
- Distribution	12,216,783	-	12,216,783
- Cancellation of units	(36,368,174)	-	(36,368,174)
Balance as at 31 October 2022	<u>2,221,944,775</u>	<u>8,840,074</u>	<u>2,230,784,849</u>

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 31 July 2021	711,412,225	10,007,753	721,419,978
Total comprehensive income for the financial period	-	64,792	64,792
Distributions	-	(2,643,974)	(2,643,974)
Movement in unitholders' capital:			
- Creation of units arising from applications	111,659,980	-	111,659,980
- Distributions	1,971,370	-	1,971,370
- Cancellation of units	(91,245,296)	-	(91,245,296)
Balance as at 31 October 2021	<u>733,798,279</u>	<u>7,428,571</u>	<u>741,226,850</u>

www.aiiman.com

AIIMAN Asset Management Sdn Bhd
199301001937 (256674-T)