



QUARTERLY REPORT
31 October 2024

AHAM Flexible Maturity Income Fund 21

MANAGER
AHAM Asset Management Berhad
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AHAM FLEXIBLE MATURITY INCOME FUND 21

Quarterly Report and Financial Statements As at 31 October 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Flexible Maturity Income Fund 21
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide income through investments in fixed income instruments
Duration of the Fund	Five (5) years
Termination Date	14 December 2026
Benchmark	5-year Malayan Banking Berhad fixed deposit rate as at Investment Date
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis

FUND PERFORMANCE DATA

Category	As at 31 Oct 2024	As at 31 Jul 2024
Total NAV (RM'million)	172.535	170.729
NAV per Unit (RM)	0.9876	0.9767
Unit in Circulation (million)	174.702	174.799

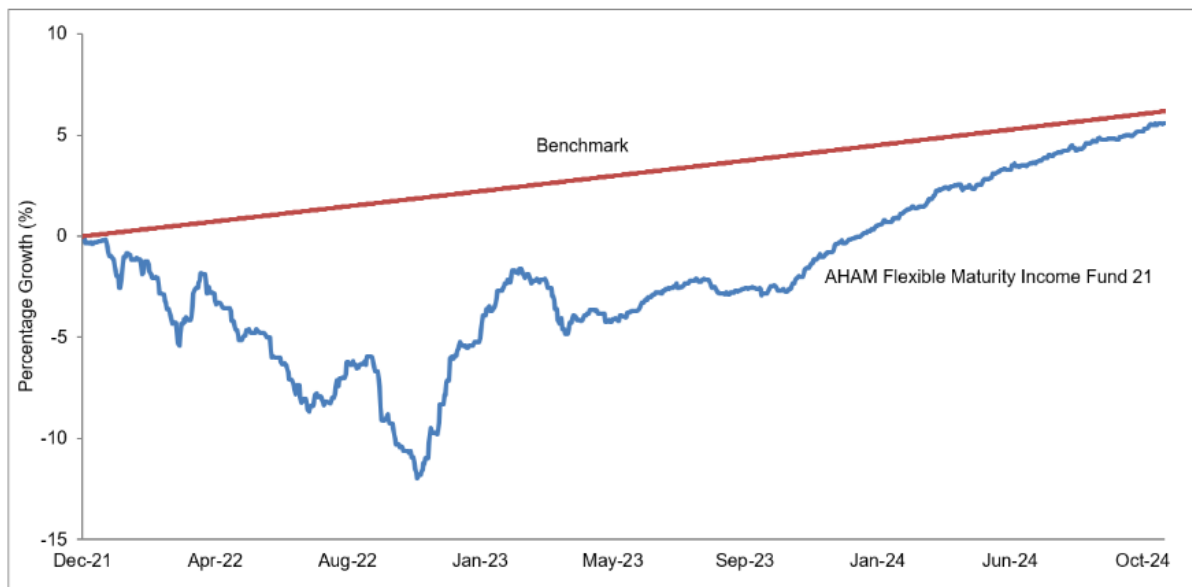
Fund Performance

Performance as at 31 October 2024

	3 Months (1/8/24 - 31/10/24)	6 Months (1/5/24 - 31/10/24)	1 Year (1/11/23 - 31/10/24)	Since Commencement (13/12/21 - 31/10/24)
Fund	1.13%	2.98%	8.43%	5.59%
Benchmark	0.53%	1.05%	2.11%	6.19%
Outperformance	0.60%	1.93%	6.32%	(0.60%)

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: 5-years Malayan Banking Berhad fixed deposit rate as at Investment Date*

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 2024
	(%)
Fixed Income	96.11
Derivative	1.19
Cash & money market	2.70
Total	100.00

Income Distribution Breakdown

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

Strategies Employed

The Flexible Maturity Income Fund series have historically employed a more passive buy and hold to maturity strategy. The Manager would invest in a portfolio of bond with maturities that closely match the respective funds and monitor the credit fundamentals of these issuers throughout the life of the funds. However, given the heightened volatility and unprecedented rate hikes, the Manager has taken a more active style of investing, including progressively rebalancing the portfolios and focus on trading in new and existing issuances to improve the return potential.

Over the quarter under review, the Manager has continued to overweight Investment Grade (IG) bonds for the Fund. By favouring IG assets over High Yield (HY) instruments, it aligns the portfolio with a more conservative risk profile. The Manager have also prudently rebalanced the portfolio duration of the Fund to mitigate the impact of rising rates on the Fund's performance. The Fund's duration closely matched the Funds' maturities.

Market Review

Over the past 12 months ending October 2024, the fixed income market has experienced significant movements influenced by central bank policies, economic data and geopolitical events. The Federal Reserve's (Fed) monetary policy has been pivotal, culminating in a series of interest rate cuts throughout 2024. After keeping interest rate at 5.5% for 14 months, Fed finally began easing in September 2024, bringing the rate down to 5%. This shift reflects a broader strategy to support economic growth amid signs of easing inflation and a stabilizing labor market. Other central banks have also adjusted their policies in response to global economic conditions. For instance, the Bank of England and European Central Bank have reduced interest rates by 25bps and 75bps, respectively. With the above, the US 10-year Treasury note has fluctuated significantly over the past year. Yield peaked at around 4.67% in late October 2023 but has since shown a downward trend, closing at approximately 4.35% as of end October 2024. For the full year, US Treasury 10 year traded in a range of 3.6 – 5%. US yield curve was inverted through 2022-2024 indicating investor concerns about future economic conditions. However, yield curve normalized in September 2024 as Fed embarked on easing mode. While economic indicators have shown mixed signals, general economic growth has been somewhat resilient, with US unemployment rate remained stable at around 4.10% as of October 2024, suggesting a potential "soft landing" for the economy as interest rates are expected to decrease further over the next year. Inflation rates have also moderated slightly, with recent figures reporting an annual inflation rate of approximately 2.40% as of September 2024.

In Asia, corporate bond space remains resilient, driven by a combination of strong demand and improving credit fundamentals. The performance of Asian corporate bonds has been supported by tightening credit spreads, which reflect a more favorable risk environment for issuers. Factors such as stable economic growth in key markets, coupled with a supportive policy backdrop, have contributed to this trend. Additionally, the appetite for high-quality corporate debt has remained robust, with investors seeking yield in a low-interest-rate environment. This has led to increased issuance and a competitive market for corporate bonds across the region.

Lastly, volatility picked up significantly during the last month of period under review as market prepared for US Presidential election that was due to take place on 5 November. Bond yields spike significantly as market prices in Trump victory and potential unified Republican government.

In Malaysia, Bank Negara Malaysia has continuously kept the Overnight Policy Rate unchanged at 3% since the last hike seen in May 2023, supported by the relatively moderate inflation and the central bank's stance to support growth. This together with strong demand for MYR denominated bonds translated to lower local bond market yields in both the government bonds and private debt securities space.

Investment Outlook

The outlook for global government bonds over the next 12 months is shaped by anticipated shifts in monetary policy and macroeconomic conditions. As central banks, particularly Fed, signal potential interest rate cuts in response to economic uncertainties, government bonds may benefit from increased demand. Lower interest rates typically lead to higher bond prices, providing opportunities for capital gains for investors holding longer-duration bonds. Furthermore, with yields on government bonds remaining relatively attractive compared to historical standards, they are likely to attract risk-averse investors seeking stability amidst market volatility. However, the pace of economic recovery and inflation dynamics will be critical factors influencing bond performance, as unexpected inflation could erode real returns.

In the Asian corporate bond market, the outlook appears cautiously optimistic, driven by a combination of high yields and improving credit conditions. With many Asian economies showing signs of resilience, corporate bonds offer attractive income streams. Investors are encouraged to focus on credit quality, as the risk of defaults remains a concern, particularly in sectors still recovering from the pandemic's impact. Additionally, the shift towards sustainable finance and ESG (Environmental, Social, and Governance) criteria is likely to create opportunities for corporate issuers that align with these values, potentially enhancing their credit profiles and attracting a broader investor base. However, geopolitical tensions and regional economic disparities may pose challenges that investors need to navigate carefully.

In terms of risks and opportunities in bond investments, several factors must be considered. Interest rate risk remains a significant concern, as rising rates can lead to declining bond prices, particularly for long-duration securities. On the positive note, we view that interest rates are more likely to be cut over the next twelve months, which will be supportive of bond prices. Inflation has moderated but the risk remains as it can erode

the purchasing power of fixed income returns, making it crucial for investors to assess the real yield of their bond holdings. On the opportunity side, the current environment allows for active management strategies, where investors can capitalize on mispriced securities through diligent credit analysis and duration management. Moreover, the growing emphasis on ESG factors presents a dual opportunity to enhance returns while contributing to sustainable practices, particularly in the corporate bond space. Thus, while risks persist, the potential for attractive returns through strategic investment choices remains robust. On the flipside, it is worth cautioning on some possible scenarios that may have adverse implications on investments. For example, one of the risks is reacceleration of inflation in 2025. This could be anchored by consumer spending if the labour market remains tight. Additionally, the Bank of Japan has exited negative interest rates and yield curve control policy but there will be further speculation on whether the central bank will further normalise its monetary policy, leading to concerns of the unwinding of carry trades. Such events could introduce volatility to markets. On the geopolitical front, there are various conflicts that are unfolding and may have mixed implications. All these warrants closer monitoring and may require nimble adjustments to the portfolio.

The Manager would like to emphasize that the final performance of the Funds upon maturity will depend on various market conditions. Throughout the Fund's remaining tenure, the Manager will continue to monitor market dynamics closely, identify prudent investment opportunities, and implement risk management strategies aimed at achieving the best possible outcomes for investors.

AHAM FLEXIBLE MATURITY INCOME FUND 21

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2024

	Financial period ended <u>31.10.2024</u> RM	Financial period ended <u>31.10.2023</u> RM
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	85,271	17,083
Interest income from financial assets at fair value through profit or loss	6,235,814	6,263,042
Net (loss)/gain on foreign currency exchange	(316,628)	243,689
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss	6,688,563	(8,085,320)
Net (loss)/gain on financial assets at fair value through profit or loss	(4,436,525)	1,890,523
	<u>8,256,495</u>	<u>329,017</u>
EXPENSES		
Management fee	(254,400)	(250,859)
Trustee fee	(50,880)	(50,172)
Fund accounting fee	(9,750)	(10,833)
Auditors' remuneration	(6,157)	(6,222)
Tax agent's fee	(2,693)	(2,722)
Other expenses	(29,738)	(20,616)
	<u>(353,618)</u>	<u>(341,424)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	7,902,877	(12,407)
Taxation	-	(618,007)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u><u>7,902,877</u></u>	<u><u>(630,414)</u></u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	6,133,058	(5,435,778)
Unrealised amount	1,769,819	4,805,364
	<u><u>7,902,877</u></u>	<u><u>(630,414)</u></u>

AHAM FLEXIBLE MATURITY INCOME FUND 21

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	6,721,655	2,274,067
Amount due from dealer	253,420	-
Financial assets at fair value through profit or loss	167,742,267	168,182,100
Forward foreign currency contracts at fair value through profit or loss	2,604,051	3,439
Tax recoverable	253,806	2,681
TOTAL ASSETS	<u>177,575,199</u>	<u>170,462,287</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	542,596	2,990,035
Amount due to dealer	4,435,130	-
Amount due to Manager - management fee	29,178	28,428
Amount due to Trustee	5,836	5,686
Fund accounting fee	1,083	1,083
Auditors' remuneration	6,157	6,222
Tax agent's fee	2,693	6,222
Other payables and accruals	-	588
TOTAL LIABILITIES	<u>5,022,673</u>	<u>3,038,264</u>
NET ASSET VALUE OF THE FUND	<u>172,552,526</u>	<u>167,424,023</u>
EQUITY		
Unitholders' capital	175,038,990	177,048,980
Accumulated losses	(2,486,464)	(9,624,957)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>172,552,526</u>	<u>167,424,023</u>
NUMBER OF UNITS IN CIRCULATION	<u>174,702,000</u>	<u>176,785,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.9877</u>	<u>0.9470</u>

AHAM FLEXIBLE MATURITY INCOME FUND 21

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2024

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 February 2024	176,896,655	(10,389,341)	166,507,314
Total comprehensive income for the financial period	-	7,902,877	7,902,877
Movement in unitholders' capital:			
Cancellation of units	(1,857,665)	-	(1,857,665)
Balance as at 31 October 2024	<u>175,038,990</u>	<u>(2,486,464)</u>	<u>172,552,526</u>
Balance as at 1 February 2023	179,506,599	(8,994,543)	170,512,056
Total comprehensive loss for the financial period	-	(630,414)	(630,414)
Movement in unitholders' capital:			
Cancellation of units	(2,457,619)	-	(2,457,619)
Balance as at 31 October 2023	<u>177,048,980</u>	<u>(9,624,957)</u>	<u>167,424,023</u>

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