



QUARTERLY REPORT
31 October 2024

AHAM Strategic Opportunity Fund 3

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AHAM Asset Management Berhad
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Built On Trust

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AHAM STRATEGIC OPPORTUNITY FUND 3

Quarterly Report and Financial Statements As at 31 October 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Strategic Opportunity Fund 3
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide income return whilst maintaining capital preservation ¹
Duration of the Fund	Two (2) years
Termination Date	17 February 2025
Distribution Policy	Depending on the level of income the Fund generates, the Fund aims to distribute income on an annual basis.

FUND PERFORMANCE DATA

Category	As at 31 Jul 2024	As at 31 Jul 2024
Total NAV (RM'million)	66.389	65.055
NAV per Unit (RM)	1.0298	1.0091
Unit in Circulation (million)	64.470	64.470

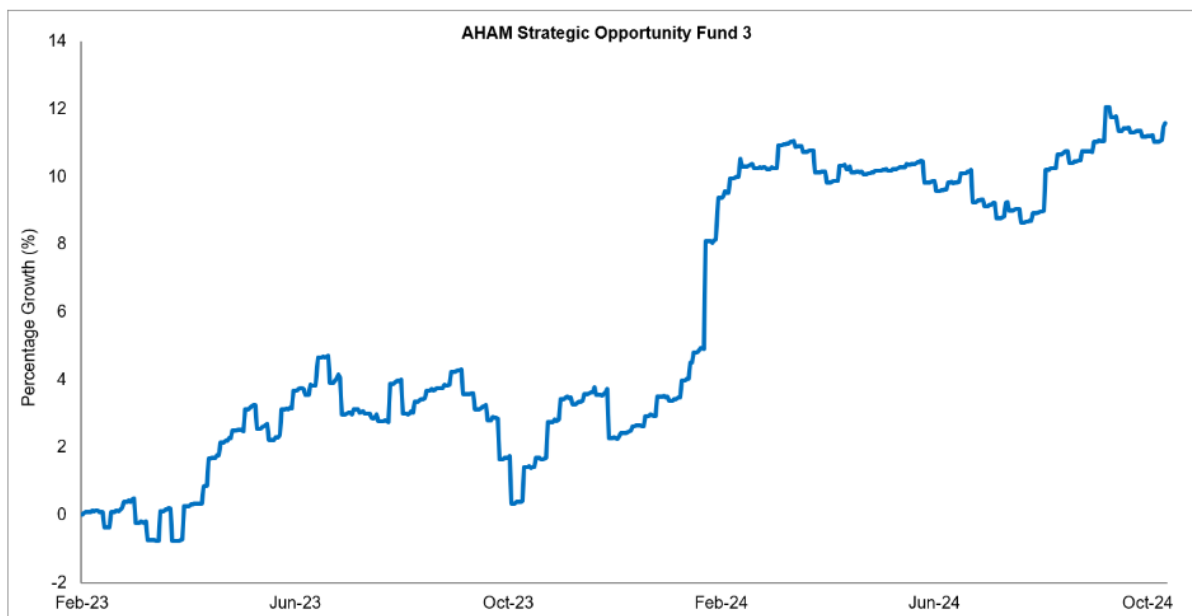
Fund Performance

Table 1: 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 (15/2/23 - 31/10/24)
Fund	2.14%	1.23%	10.04%	11.57%

¹ The fund is not a capital guaranteed nor a capital protected fund.

Figure 1: 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:

	31 October 2024
	(%)
Unit Trust	2.22
Cash & money market	97.78
Total	100.00

Income Distribution Breakdown

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

Strategies Employed

Over the period under review, the Fund maintained its strategy of employing a buy and hold strategy, remaining invested until the maturity date of the Fund.

Market Review

US equities were muted last week, with the S&P 500 index slipping 1.0% as investors largely stayed on the sidelines, awaiting clarity on the upcoming presidential election. Betting markets now reflect an increased likelihood of a Trump victory and a Republican sweep of the Congress and Senate, potentially paving the way for more reflationary policies and higher fiscal spending.

It was a relatively quiet week for macro data, but some indicators showed resilience. The US Composite PMI came in stronger than anticipated, rising to 54.3 in October from a final 54.0 in September. Additionally, consumer sentiment reached a 6-month high, where the University of Michigan's final October sentiment index rose to 70.5, up slightly from 70.1 in September, and beating the preliminary 68.9 reading. These factors contributed to continued selling pressure in US Treasuries, with the 10-year yield opening at approximately 4.27% this week. Looking ahead, market attention remains focused on the upcoming US election results in early November, the upcoming Fed's meeting, as well as the latest Nonfarm Payroll (NFP) report due this week.

In the event of a Trump victory, we anticipate further selling pressure on Treasuries, though not to the same degree as seen during the US Presidential Election in 2016, when Trump beat Hillary Clinton. Back then, the US 10-Year Treasury yield rose by around 85 bps. In contrast, the current bond market has partially priced-in the potential for a Trump win, with yields already up by 67 bps from recent lows. On the contrary, in the event of Harris's victory, some retracement in selloff in yields are expected. In other monetary policy developments, last week also saw rate cuts by the People's Bank of China (PBOC) and the Bank of Canada, each reducing rates by 50 bps, aligning with market expectations.

Meanwhile, Japan's ruling Liberal Democratic Party (LDP) lost its majority, resulting in significant yen weakness due to heightened policy uncertainty. The Japanese equity market, however, saw positive momentum, as a weaker yen supports Japan's export-oriented companies. On earnings, SK Hynix Inc., a South Korean memory chipmaker, reported record revenue and profit in Q3, driven by strong demand for high-bandwidth memory, a key component in AI-enabled servers. On portfolio positioning, we are maintaining cash levels between 5% and 12%. We recently added Meituan, a Chinese platform for locally-sourced consumer products and retail services, to increase our exposure to China's large-cap sector.

Investment Outlook

The Japanese equity market has been moving in a boxed range, supported by a weaker yen and expectations for expansionary fiscal policy in Japan, while at the same time weighed down by the rise in US interest rates. In the near term, it is possible that we may see periods of volatility based on changes in domestic and international monetary policy, political developments, and fluctuations in long-term interest rates and forex. However, we believe the Japanese equity market will continue to perform solidly given that Japanese corporate earnings have been showing good progress compared to initial forecasts at the start of the fiscal year, while concurrently Japanese companies continue to seek ways to increase returns to shareholders. Additionally, there are expectations for the government to introduce proactive economic strategies as the ruling party forms a partial coalition with opposition parties. At the same time, with an eye to improving capital efficiency, Japanese companies are enhancing the efficiency of their operations by implementing business structure reforms, selling off cross-shareholdings, investing in future growth, and prioritising returns to shareholders. The economy is also beginning to exit a deflationary period as both the price of goods and wages are rising. We believe these factors will support a continued uptrend in Japanese equities in the medium term as well.

Presently, many stocks listed on the TSE Prime Market continue to trade below their book values, with many stocks remaining undervalued relative to the economic conditions and corporate results. We believe that going forward investors will increasingly look to such stocks that appear undervalued in terms of their earnings. As such, looking at the medium term, we are confident our strategy of investing in undervalued stocks employed by the fund will remain effective. We will continue to invest in names that are undervalued from a variety of perspectives, including each firm's earnings potential and its financial health.

AHAM STRATEGIC OPPORTUNITY FUND 3

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	1,828,487	1,768,138
Net loss on foreign currency exchange	(25,573)	(30,296)
Net gain/(loss) on derivatives at fair value through profit or loss	2,687,573	(812,966)
	<u>4,490,487</u>	<u>924,876</u>
EXPENSES		
Trustee fee	(9,871)	(10,374)
Fund accounting fee	(9,000)	(8,493)
Auditors' remuneration	(7,791)	(7,476)
Tax agent's fee	(2,686)	(2,754)
Other expenses	(2,500)	(1,254)
	<u>(31,848)</u>	<u>(30,351)</u>
NET PROFIT BEFORE TAXATION	4,458,639	894,525
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>4,458,639</u>	<u>894,525</u>
Net profit after taxation is made up of the following:		
Realised amount	5,581,604	1,707,492
Unrealised amount	(1,122,965)	(812,967)
	<u>4,458,639</u>	<u>894,525</u>

AHAM STRATEGIC OPPORTUNITY FUND 3

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	65,082,331	62,739,002
Financial assets at fair value through profit or loss	1,472,007	2,638,081
TOTAL ASSETS	<u>66,554,338</u>	<u>65,377,083</u>
LIABILITIES		
Amount due to Trustee	1,123	1,115
Fund accounting fee	1,000	1,000
Auditors' remuneration	7,292	7,476
Tax agent's fee	6,186	2,754
Other payables and accruals	92,041	213
TOTAL LIABILITIES	<u>107,642</u>	<u>12,558</u>
NET ASSET VALUE OF THE FUND	<u>66,446,696</u>	<u>65,364,525</u>
EQUITY		
Unitholders' capital	64,470,000	64,470,000
Retained earnings	1,976,696	894,525
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>66,446,696</u>	<u>65,364,525</u>
NUMBER OF UNITS IN CIRCULATION	<u>64,470,000</u>	<u>64,470,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0307</u>	<u>1.0139</u>

AHAM STRATEGIC OPPORTUNITY FUND 3

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

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2024	64,470,000	2,894,855	67,364,855
Total comprehensive income for the financial period	-	4,458,639	4,458,639
Distribution	-	(5,376,798)	(5,376,798)
Balance as at 31 October 2024	<u>64,470,000</u>	<u>1,976,696</u>	<u>66,446,696</u>
Balance as at 17 January 2023 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	894,525	894,525
Movement in unitholders' capital:			
Creation of units arising from applications	<u>64,470,000</u>	-	<u>64,470,000</u>
Balance as at 31 October 2023	<u>64,470,000</u>	<u>894,525</u>	<u>65,364,525</u>

AHAM Asset Management Berhad

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