AHAM CAPITAL
ASSET MANAGEMENT

QUARTERLY REPORT
31 October 2024

AHAM **Strategic Opportunity Fund 4**

MANAGER
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Built On Trust

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AHAM STRATEGIC OPPORTUNITY FUND 4

Quarterly Report and Financial Statements
As at 31 October 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Strategic Opportunity Fund 4
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide income return whilst maintaining capital preservation
Duration of the Fund	Five (5) years
Termination Date	17 August 2027
Distribution Policy	Depending on the level of income the Fund generates, the Fund aims to distribute income on a quarterly basis.

FUND PERFORMANCE DATA

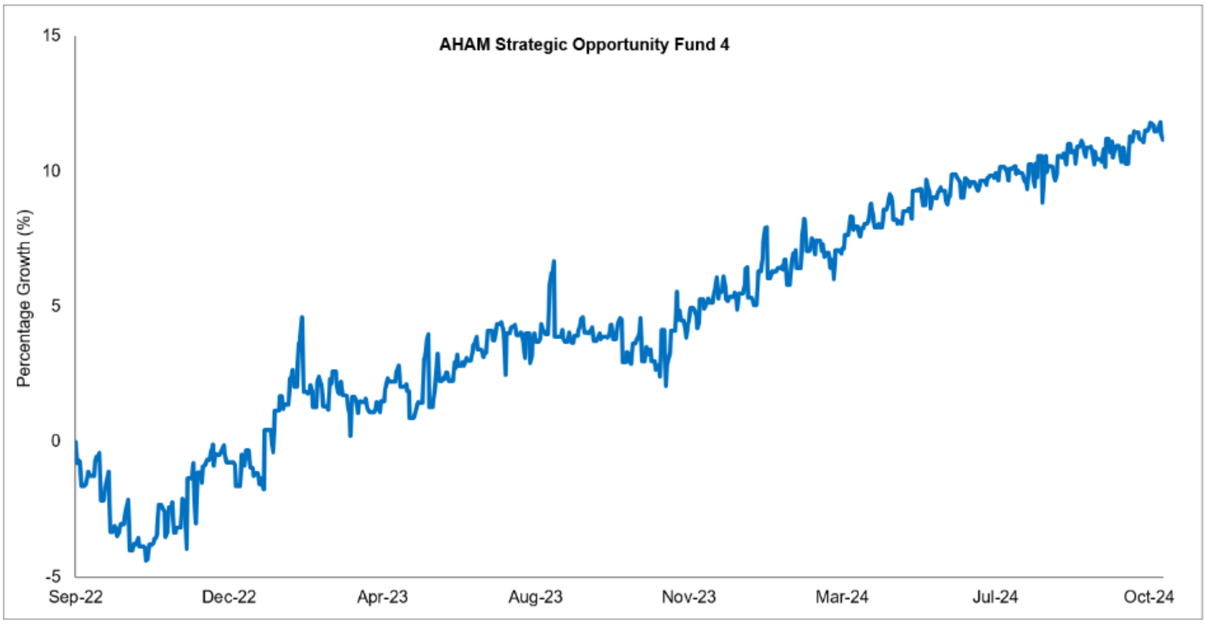
Category	**As at 31 Oct 2024**	**As at 31 Jul 2024**
Total NAV (RM'million)	35.402	35.459
NAV per Unit (RM)	1.0208	1.0224
Unit in Circulation (million)	34.682	34.682

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 (18/8/22 - 31/10/24)
Fund	0.80%	2.34%	8.26%	11.16%

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
	(%)
Fixed Income	84.87
Derivative	14.97
Cash & money market	0.16
Total	100.00

Income Distribution Breakdown

Class	Ex-Date	Income (per unit) (sens / cents)	Income (%)	Capital (per unit) (sens / cents)	Capital (%)
MYR	2024-08-16	1.1520	100	-	-
MYR	2023-08-18	1.1500	100	-	-

Strategies Employed

We invest in money market instruments and deposits as defensive assets, and structured products as active assets and will remain so until the maturity of the Fund.

Market Review

Over the past 6 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 interest rate cuts during the second half of 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.

During the period from May 2024 to October 2024, global equity markets demonstrated notable resilience, particularly in the United States and Asia, while bond markets experienced significant volatility.

In the U.S., the equity markets reached impressive heights, with the S&P 500 recording a year-to-date return of approximately 19.62% by the end of October. Despite a slight decline of 0.99% in October, the index had previously enjoyed a five-month streak of gains, reflecting strong corporate earnings and investor optimism.

In Asia, markets exhibited varied performance as geopolitical tensions and economic conditions influenced investor sentiment. Countries like Taiwan and Korea remained focal points for investment due to their technological advancements and manufacturing capabilities. The ongoing "China Plus One" strategy saw multinational corporations increasing their presence in India, further diversifying supply chains away from China.

Chinese markets faced challenges but began showing signs of recovery as government policies aimed at stabilizing the economy started to take effect. The focus on consumer discretionary sectors and property indicated a gradual shift towards more proactive economic measures. However, concerns over US-China relations continued to loom large, impacting overall market stability.

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 spiked significantly as market prices in Trump victory and potential unified Republican government.

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.

Global equity markets are currently reaching all-time highs and continuing to rise, as concerns over interest rate hikes appear to be fading. Unlike the aggressive increases seen in 2022-2023, the current environment suggests that such measures may not be repeated. While valuations are elevated, they are supported by earnings growth, particularly from the technology sector, which is beginning to extend into other areas.

Despite this optimism, we remain cautious about the ongoing slowdown in consumer spending in the US. This backdrop contributed to a robust GDP growth of +3% in Q3 2024, yet the possibility of a mild recession (soft landing) lingers, now projected for late in the second half of 2025. Although interest rate cuts are anticipated and welcomed, their impact may be muted due to the uncertainties surrounding the upcoming US Presidential Elections. In the short term, we are aware that market valuations in developed markets and some parts of Asia and ASEAN are high, suggesting a potential rotation towards markets with more reasonable valuations and limited downside risk, such as China.

We also need to consider the ongoing tensions among the US, China, and Taiwan, as well as conflicts in the Middle East. The prospect of a Trump presidency raises concerns about destabilizing not just markets but also global economic growth, potentially reigniting tensions in an already fragile international landscape. Our focus markets remain Malaysia, Taiwan, Korea, and India—particularly India for its long-term growth potential as global MNCs adopt a "China Plus One" strategy by increasing their manufacturing presence there. Additionally, we are now actively exploring opportunities in China, particularly within the property, consumer discretionary, and internet sectors. We are beginning to observe a more proactive execution of government policies aimed at economic revitalization, albeit at a gradual pace.

AHAM STRATEGIC OPPORTUNITY FUND 4

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

	Financial period ended 31.10.2024 RM	Financial period ended 31.10.2023 RM
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	1,023,920	937,249
Interest income from financial assets at fair value through profit or loss	548	714
Net gain on foreign currency exchange		-
Net gain/(loss) on currency swap at fair value through profit or loss	2,550,021	(1,976,525)
Net (loss)/gain on financial assets at fair value through profit or loss	(2,138,388)	1,630,417
	1,436,101	591,855
EXPENSES		
Trustee fee	(5,273)	(5,200)
Other expenses	(62)	(110)
	(5,335)	(5,310)
NET PROFIT BEFORE TAXATION	1,430,766	586,545
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	1,430,766	586,545

Net profit after taxation is made up of the following:

Realised amount	2,459,369	1,163,614
Unrealised amount	(1,028,603)	(577,069)
	1,430,766	586,545

AHAM STRATEGIC OPPORTUNITY FUND 4

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2024

	2024 RM	2023 RM
ASSETS		
Cash and cash equivalents	54,518	54,327
Financial assets at fair value through profit or loss	29,996,691	29,385,623
Derivative at fair value through profit or loss	5,291,705	5,729,821
TOTAL ASSETS	35,342,914	35,169,771
LIABILITIES		
Currency swap at fair value through profit or loss	-	989,223
Amount due to Trustee	599	585
TOTAL LIABILITIES	599	989,808
NET ASSET VALUE OF THE FUND	35,342,315	34,179,963
EQUITY		
Unitholders' capital	34,682,000	34,682,000
Retained earnings/(accumulated losses)	660,315	(502,037)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	35,342,315	34,179,963
NUMBER OF UNITS IN CIRCULATION	34,682,000	34,682,000
NET ASSET VALUE PER UNIT (RM)	1.0190	0.9855

AHAM STRATEGIC OPPORTUNITY FUND 4

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

	Unitholders' capital RM	Retained earnings/ (accumulated losses) RM	Total RM
Balance as at 1 February 2024	34,682,000	433,708	35,115,708
Total comprehensive income for the financial period	-	1,430,766	1,430,766
Distribution	-	(1,204,159)	(1,204,159)
Balance as at 31 October 2024	34,682,000	660,315	35,342,315
Balance as at 1 February 2023	34,682,000	69,450	34,751,450
Total comprehensive income for the financial period	-	586,545	586,545
Distribution	-	(1,158,032)	(1,158,032)
Balance as at 31 October 2023	34,682,000	(502,037)	34,179,963

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