AHAM CAPITAL
ASSET MANAGEMENT

QUARTERLY REPORT
30 November 2022

Affin Hwang Absolute Return Fund II

MANAGER
AHAM Asset Management Berhad
(Formerly known as Affin Hwang Asset Management Berhad)
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TRUSTEE
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AFFIN HWANG ABSOLUTE RETURN FUND II

Quarterly Report and Financial Statements
As at 30 November 2022

Contents **Page**

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Absolute Return Fund II
Fund Type	Growth
Fund Category	Mixed Assets
Investment Objective	The Fund is categorised as growth fund which seeks to achieve medium to long-term capital appreciation by investing primarily in securities of developed and emerging markets globally.
Benchmark	Absolute return of 8.0% per annum.
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

FUND PERFORMANCE DATA

MYR Class

Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	344.413	373.848
NAV per Unit (RM)	1.2622	1.3045
Unit in Circulation (million)	272.861	286.581

AUD Class

Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	2.135	2.120
NAV per Unit (AUD)	0.5126	0.5090
Unit in Circulation (million)	4.166	4.166

GBP Class

Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	0.229	0.334
NAV per Unit (GBP)	0.5283	0.5540
Unit in Circulation (million)	0.434	0.603

SGD Class

Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	3.803	3.978
NAV per Unit (SGD)	0.4641	0.4854
Unit in Circulation (million)	8.195	8.195

USD Class

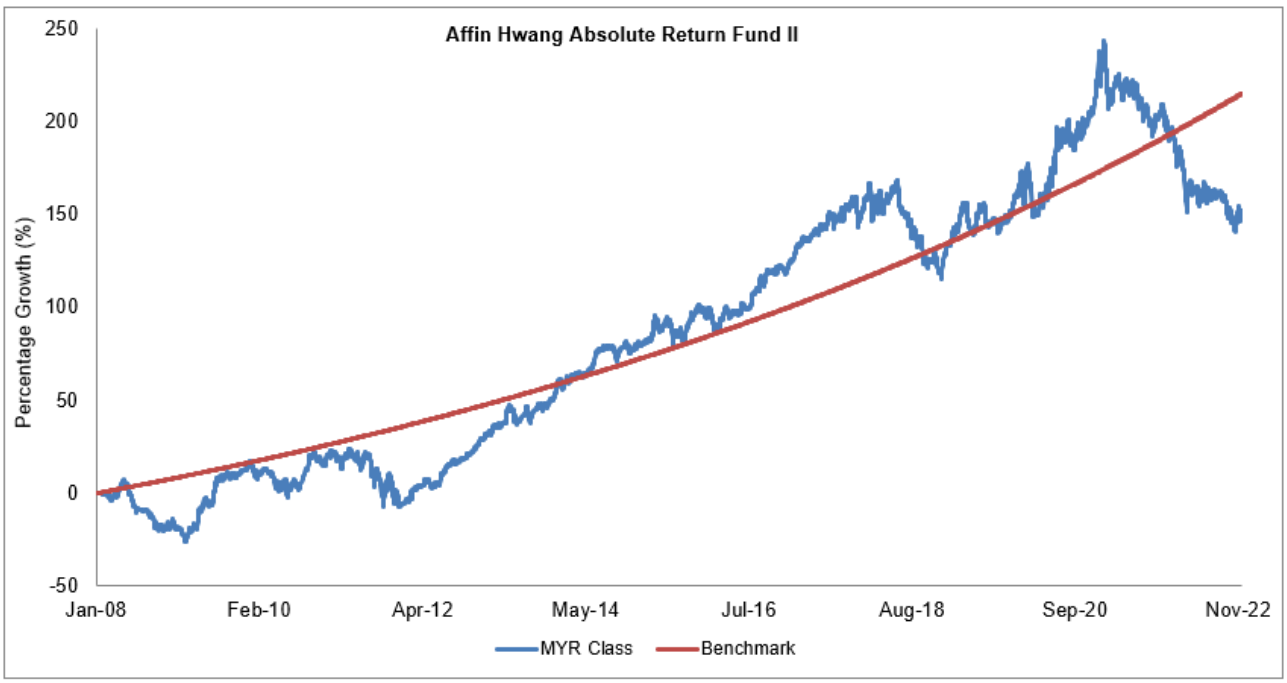
Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	11.387	11.683
NAV per Unit (USD)	0.4439	0.4554
Unit in Circulation (million)	25.653	25.653

Fund Performance

Performance as at 30 November 2022

	3 Months	6 Months	1 Year	3 Years	5 Years	Since Commencement
	(1/9/22 - 30/11/22)	(1/6/22 - 30/11/22)	(1/12/21 - 30/11/22)	(1/12/19 - 30/11/22)	(1/12/17 - 30/11/22)	(8/1/08 - 30/11/22)
MYR Class	**(3.11%)**	**(4.16%)**	**(15.44%)**	**0.81%**	**0.52%**	**152.44%**
Benchmark	**1.94%**	**3.93%**	**8.00%**	**26.00%**	**46.96%**	**214.95%**
Outperformance	**(5.05%)**	**(8.09%)**	**(23.44%)**	**(25.19%)**	**(46.44%)**	**(62.51%)**

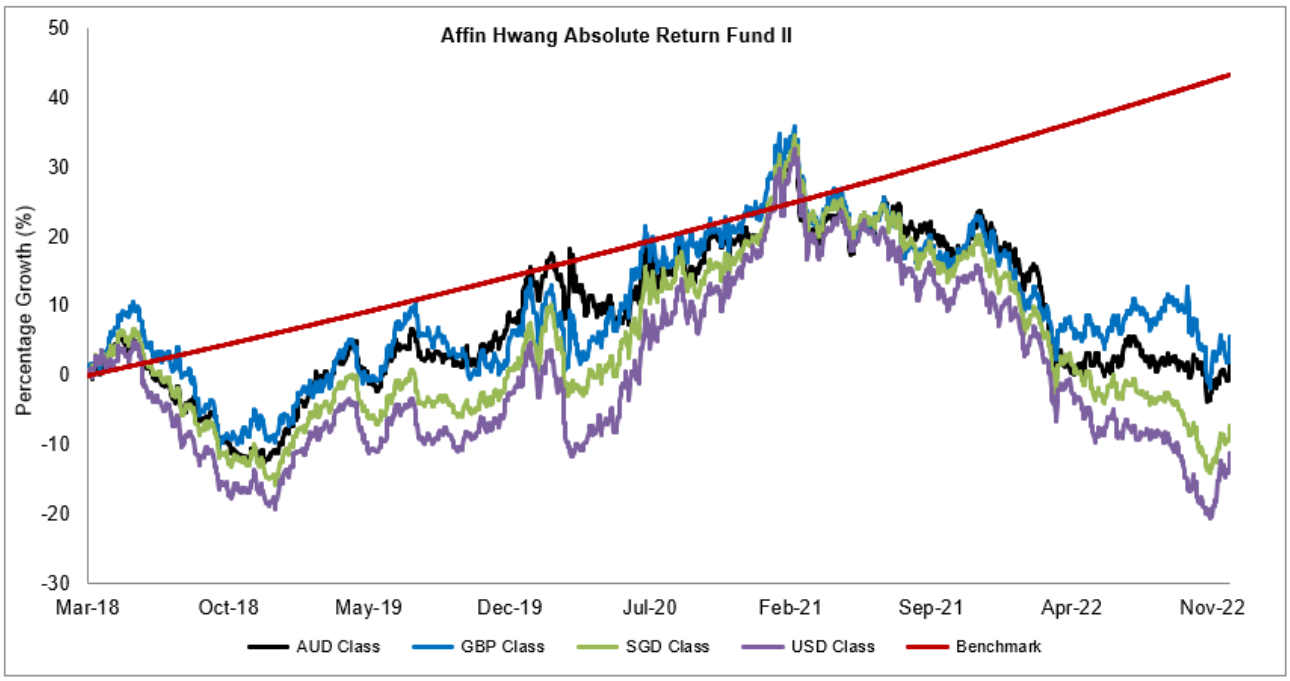
Movement of the Fund versus the Benchmark



Performance as at 30 November 2022

	3 Months (1/9/22 - 30/11/22)	6 Months (1/6/22 - 30/11/22)	1 Year (1/12/21 - 30/11/22)	3 Years (1/12/19 - 30/11/22)	Since Commencement (30/3/18 - 30/11/22)
Benchmark	**1.94%**	**3.93%**	**8.00%**	**26.00%**	**43.32%**
AUD Class	**0.85%**	**0.87%**	**(15.22%)**	**(2.57%)**	**2.52%**
Outperformance	**(1.09%)**	**(3.06%)**	**(23.22%)**	**(28.57%)**	**(40.80%)**
GBP Class	**(4.50%)**	**(0.75%)**	**(10.90%)**	**3.55%**	**5.66%**
Outperformance	**(6.44%)**	**(4.68%)**	**(18.90%)**	**(22.45%)**	**(37.66%)**
SGD Class	**(4.27%)**	**(5.69%)**	**(19.89%)**	**(4.49%)**	**(7.18%)**
Outperformance	**(6.21%)**	**(9.62%)**	**(27.89%)**	**(30.49%)**	**(50.50%)**
USD Class	**(2.40%)**	**(5.59%)**	**(19.99%)**	**(4.68%)**	**(11.22%)**
Outperformance	**(4.34%)**	**(9.52%)**	**(27.99%)**	**(30.68%)**	**(54.54%)**

Movement of the Fund versus the Benchmark



"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang 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."
Benchmark: 8.0% per annum

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:

	30 November 2022
	(%)
Equity	58.14
Fixed Income	2.89
Unit Trust	14.74
Cash & money market	24.23
Total	**100.00**

Strategies Employed

Over the period under review, the Manager had maintained a relatively high exposure into high conviction stock ideas across the regional and domestic space. Investment level of the Fund was also kept ranging from moderate to high in a bid to stay defensive amidst a volatile market environment and capture opportunities when it arises.

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 among investor concerns. 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 we enter the last quarter of the year, numerous interest rates hikes have taken place over the year. The US Federal Reserve (Fed) has raised the fed funds rate to 4.00% by November 2022 to address inflationary pressures. All eyes will be on the upcoming Fed's policy meeting on the 14 December where a 50-75 basis points (bps) rate hike is widely baked into market expectations. Investors will be keeping a lookout on the Fed' forward commentary to see if there are any signs of a pivot.

In November equity and bond markets recovered from their October lows due to elevated hopes that US inflation may have already peaked, earmarking that the Fed can afford to ease back on its tightening policy. The Standard & Poor (S&P) 500 index climbed 5.4% as core CPI came below consensus forecasts fuelling hopes that the Fed would start to pause its tightening cycle. However, despite the recent gain, the one-year performance shows a negative return of 9.65%. The tech-heavy Nasdaq gauge similarly rose 4.4% in November as bond yields fell.

In the US, core inflation cooled slightly as the 7.7% year-on-year increase was below consensus expectations. Industrial activity slowed in November with a flash PMI contracting to 47.7. Retail sales grew by 1.3%, though there is a gap between negative consumer sentiment and actual consumer behavior. The unemployment rate rose slightly to 3.7% in October. Eurozone inflation eased to 10.0% year-on-year in November, down from 10.6% in October, although Europe continues to feel the effects of the energy crisis. The eurozone composite PMI rose to 47.8.

In Asia, the broader MSCI Asia ex-Japan soared 18.7% as the US dollar weakened. China stocks rallied with the Shanghai Shenzhen CSI 300 index up 9.8% buoyed by reopening optimism. Beijing announced several new measures to tweak its strict zero-COVID strategy. These include an adjustment of categorisation of COVID risk areas to "high" and "low" - eliminating a "medium" category in a bid to minimise the number of people caught up in control measures. Authorities also shortened the quarantine period by two days and will also end its policy to identify "secondary" close contacts.

On the domestic front, the benchmark KLCI rose 2.0% as a nail-biting political impasse reached a resolution with the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister. Anwar will now lead a unity government comprising the main coalitions of Pakatan Harapan ("PH"), Barisan Nasional ("BN"), Gabungan Parti Sarawak ("GPS"), Gabungan Rakyat Sabah ("GRS") as well as support of member of parliaments from Muda, Warisan and other independents. With a second shot at power, PH is unlikely to

repeat the same mistakes and policy flip-flops that plagued its first tenure especially with Anwar now firmly holding the reins. With low foreign positioning and domestic funds highly cashed-up, any incremental positives will drive market performance as more clarity emerges.

November was a better month for global bond markets. Government bond yields were broadly lower. US 10-year yields fell from 4.08% to 3.70%, with the two-year dropping from 4.50% to 4.37%. Germany's 10-year yield dropped from 2.16% to 1.95%. Both US and European high yield and investment grade performed well. Emerging market debt performed positively in local currency terms as well as in USD terms. Commodities had mixed performance including price gains in industrial and precious metals and price drops in energy.

Asia credit market posted a positive return in November. Overall, two-year yields were down 17 bps while 10-year yields were down 44 bps. High yield bonds outperformed investment grade bonds over the month as the overall spreads narrowed to a larger extent in the former, amid a 25 bps RRR cut to inject liquidity in China and positive news on major Chinese banks signing strategic agreements to provide new credit lines to some property developers. From a credit spread perspective, investment grade bonds tightened over the month with sovereign bonds overall tightened as rate sensitive parts of the market fared well. Meanwhile, spreads of IG corporate bonds generally tightened.

On local fixed income, the 10-year MGS yield fell 24 bps to end the month at 4.11%. As widely expected, Bank Negara Malaysia (BNM) raised the OPR by 25bps on the back of a strong recovery and robust domestic demand. Expectations are that BNM would normalize the monetary policy by another 1 or 2 times or 25-50bps next year on the back of still positive economic growth prospect as well as to manage demand driven inflationary pressures.

Investment Outlook

Markets are set to remain challenging as the global economy waddles through several turbulent changes. The effects of Russia's invasion of Ukraine, the highest level of inflation seen in several decades and lingering COVID-19 pandemic effects all contribute heavily to the outlook. As policymakers aim to lower inflation back to a sustainable range, monetary and fiscal policy that provided support during the pandemic has started to normalise. However, without careful calibration of policies, more economies could potentially see a larger degree of slowing growth or outright contraction. The possibility of another pandemic induced supply chain reduction on top of the continuing Russia-Ukraine conflict could affect the global economy's health.

Economists are expecting a weaker growth in 2023 compared to 2022 with the proliferation of slow global growth induced by the effects of rapid rate hikes and inflation to name a few. However, Asian market is expected to benefit from the from China's stabilization and the hope of re-opening. We remain positive on quality businesses with durable competitive advantages, which provide stability should uncertainty persist, and economic fundamentals deteriorate. Within China, the offshore shares are expected to offer better risk-adjusted return profile than the onshore equities at this juncture as global appetite turns more positive with signs of lower of inflation pressure.

US economic data that was released in the month posted its first positive growth for 2022. Although the November Federal Open Market Committee (FOMC) decision – a fourth consecutive 75-basis point (75-bp) rate increase – and the post-decision press conference was interpreted as hawkish, the language added to the FOMC statement opened the door for a less hawkish stance in the future. Chair Powell's speech on the last day of the month further supported that view. Together these developments may have reduced the tail risk of a much higher terminal rate in 2023, pressuring the US dollar, Treasury yields, and equity volatility. In addition, consumer spending and the labour market remained resilient, and the Q3 earnings season was better than feared.

The sharp recovery and significant credit spread tightening in Asia credit market this month was led by China. Whilst the Asia credit market has generated some decent returns and outperformed its global peers, the sustainability of the recovery has immediately come into question. The strong market sentiment came mainly from the news that more credit lines would be granted by the big Chinese banks to 17 property developers and more easing of covid rules in major cities in China. These policy measures came faster than the markets expected, reflecting the Chinese authorities' stronger commitment to restore confidence and property sales. Although the impact on the economy would depend on the effectiveness of the transmission mechanism, we could see some positive signs of the authorities recognizing the urgency of addressing these issues, which should lead to a more sustained recovery in the Chinese credit market especially in the property space. In the high yield space, credit spreads tightened with the Chinese names tightening most dramatically, driven by the sharp rebound in the property sector.

We expect markets to remain volatile as markets continue to shift between competing narratives of elevated inflation and rising risk of a recession, which will take time to play out. In addition to global rate hikes, geopolitical risk could further increase volatility. Risks to the outlook continue to remain large and for the most part, to the downside. Central banks and policymakers could misjudge the right stance to contain inflation and reign it in for a soft landing. If policy paths in the largest economies continue to diverge, further US dollar appreciation and cross-border tension could be observed.

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2022

	Financial period ended 30.11.2022 RM	Financial period ended 30.11.2021 RM
INVESTMENT LOSS		
Dividend income	2,081,819	3,840,737
Interest income from financial assets at amortised cost	1,194	12,594
Interest income from financial assets at at fair value through profit or loss	15,669	-
Net gain/(loss) on foreign currency exchange	4,008,173	(1,151,475)
Net loss on financial assets at fair value through profit or loss	(22,418,673)	(42,643,491)
	(16,311,818)	(39,941,635)
EXPENSES		
Management fee	(2,200,236)	(3,095,860)
Custodian fee	(28,170)	(100,954)
Fund accounting fee	(18,000)	(18,000)
Auditors' remuneration	(5,766)	(5,766)
Tax agent's fee	(2,005)	(14,842)
Transaction costs	(568,667)	(2,603,834)
Other expenses	(143,131)	(1,175,490)
	(2,965,975)	(7,014,746)
NET LOSS BEFORE TAXATION	(19,277,793)	(46,956,381)
Taxation	(241,111)	-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	(19,518,904)	(46,956,381)
Decrease of net asset attributable to unitholders is made up of the following		
Realised amount	(7,903,793)	(28,712,412)
Unrealised amount	(11,615,111)	(18,243,969)
	(19,518,904)	(46,956,381)

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022

	2022 RM	2021 RM
ASSETS		
Cash and cash equivalents	100,938,623	79,849,876
Dividend receivables	203,204	1,067,177
Amount due from brokers	-	294,015
Amount due from Manager		
- creation of units	-	99,073
- management fee rebate receivable	40,039	49,470
Financial assets at fair value through profit or loss	314,408,800	494,649,189
TOTAL ASSETS	415,590,666	576,008,800
LIABILITIES		
Amount due to brokers	-	9,047,364
Amount due to Manager		
- management fee	338,849	481,197
Fund accounting fee	3,000	3,000
Auditors' remuneration	5,766	5,766
Tax agent's fee	5,800	5,700
Tax payables	274,631	-
Other payables and accruals	12,512	13,065
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	640,558	9,556,092
NET ASSET VALUE OF THE FUND	414,950,108	566,452,708
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	414,950,108	566,452,708

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022 (CONTINUED)

REPRESENTED BY:	2022 RM	2021 RM
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Class	6,377,776	7,840,519
- GBP Class	1,222,992	2,009,292
- MYR Class	344,412,678	476,982,883
- SGD Class	12,353,619	15,353,511
- USD Class	50,583,043	64,266,503
	414,950,108	566,452,708
NUMBER OF UNITS IN CIRCULATION		
- AUD Class	4,166,000	4,331,000
- GBP Class	434,000	603,000
- MYR Class	272,861,000	319,563,000
- SGD Class	8,195,000	8,613,000
- USD Class	25,653,000	27,562,000
	311,309,000	360,672,000
NET ASSET VALUE PER UNIT (RM)		
- AUD Class	1.5309	1.8103
- GBP Class	2.8180	3.3322
- MYR Class	1.2622	1.4926
- SGD Class	1.5075	1.7826
- USD Class	1.9718	2.3317
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Class	AUD0.5126	AUD0.6046
- GBP Class	GBP0.5283	GBP0.5929
- MYR Class	RM1.2622	RM1.4926
- SGD Class	SGD0.4641	SGD0.5793
- USD Class	USD0.4439	USD0.5548

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2022

	Financial period ended 30.11.2022 RM	Financial period ended 30.11.2021 RM
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	469,374,201	633,565,430
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	2,675,088	53,671,363
- AUD Class	-	124,202
- GBP Class	-	840,175
- MYR Class	2,675,088	36,223,725
- SGD Class	-	1,652,721
- USD Class	-	14,830,540
Cancellation of units	(37,580,277)	(73,827,704)
- GBP Class	(474,046)	(355,313)
- MYR Class	(33,737,649)	(61,602,734)
- SGD Class	(368,247)	(10,981,391)
- USD Class	(3,000,335)	(888,266)
Net decrease in net assets attributable to unitholders during the financial period	(19,518,904)	(46,956,381)
- AUD Class	(276,635)	(608,575)
- GBP Class	(75,829)	(121,370)
- MYR Class	(16,348,897)	(39,709,598)
- SGD Class	(541,946)	(1,537,863)
- USD Class	(2,275,597)	(4,978,975)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	414,950,108	566,452,708

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