

QUARTERLY REPORT
30 November 2023

**AHAM Hard
Currencies Fixed
Income Fund**
(Formerly known as
Affin Hwang Hard
Currencies Fixed
Income Fund)

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
CIMB Commerce Trustee Berhad
199401027349 (313031-A)

AHAM HARD CURRENCIES FIXED INCOME FUND (FORMERLY KNOWN AS AFFIN HWANG CURRENCIES FIXED INCOME FUND)

Quarterly Report and Financial Statements As at 30 November 2023

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QUARTERLY REPORT

FUND INFORMATION

| | |
|----------------------|---|
| Fund Name | AHAM Hard Currencies Fixed Income Fund (Formerly known as Affin Hwang Hard Currencies Fixed Income Fund) |
| Fund Type | Income |
| Fund Category | Fixed Income (Wholesale) |
| Investment Objective | The Fund seeks to provide investors with a steady income stream over the medium to long-term investment horizon through investments primarily in global fixed income instruments. |
| Benchmark | USD Libor 3 months +1.5% |
| Distribution Policy | Subject to the availability of income, the Fund will provide distribution on a quarterly basis. |

FUND PERFORMANCE DATA

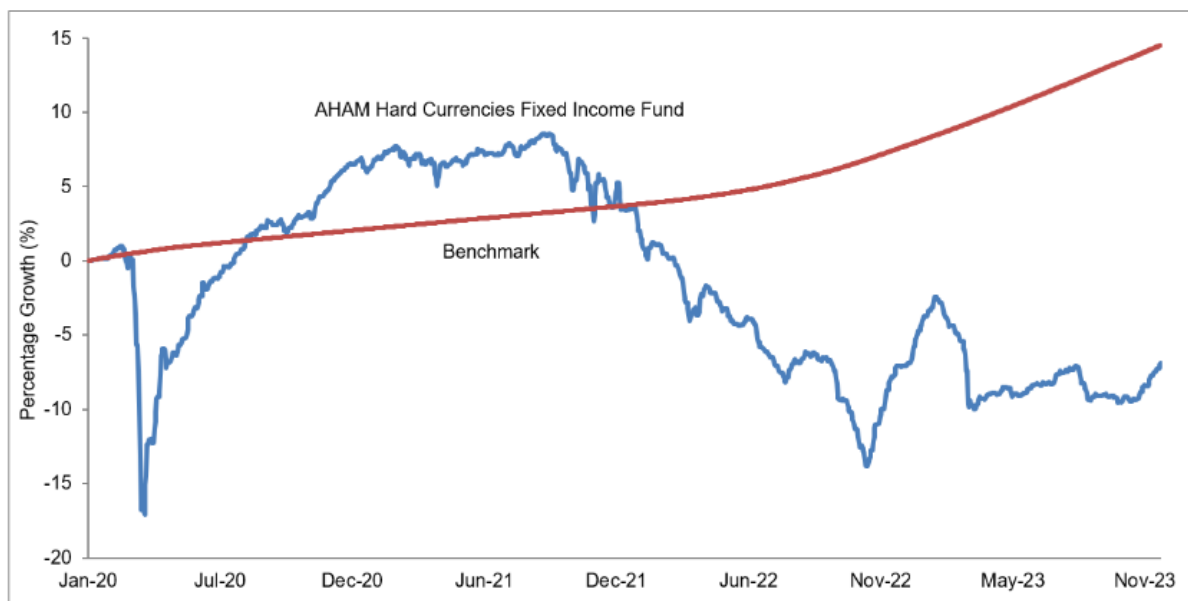
| Category | As at 30 Nov 2023 | As at 31 Aug 2023 |
|-------------------------------|----------------------|----------------------|
| Total NAV (million) | 5.783 | 5.947 |
| NAV per Unit (USD) | 0.9066 | 0.8841 |
| Unit in Circulation (million) | 6.379 | 6.727 |

Performance as at 30 November 2023

| | 3 Months (1/9/23 - 30/11/23) | 6 Months (1/6/23 - 30/11/23) | 1 Year (1/12/22 - 30/11/23) | 3 Years (1/12/20 - 30/11/23) | Since Commencement (10/1/20 - 30/11/23) |
|----------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|--|
| Fund | 2.53% | 2.23% | 2.93% | (11.77%) | (6.92%) |
| Benchmark | 1.74% | 3.51% | 6.82% | 12.40% | 14.56% |
| Outperformance | 0.79% | (1.28%) | (3.89%) | (24.17%) | (21.48%) |

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: USD Libor 3 months +1.5%

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 2023 |
|---------------------|------------------|
| | (%) |
| Fixed Income | 96.38 |
| Derivative | -0.01 |
| Cash & money market | 3.63 |
| Total | 100.00 |

Strategies Employed

Over the period under review, the Manager maintained a focus on high conviction credit names across both domestic and regional space denominated in hard currencies.

Market Review

Approaching the final quarter of 2023, expectations of investors were low as increasing long-term interest rates affected markets negatively. The S&P 500 tumbled 4.87% in September, marking its most substantial decline of the year as the uncanny 'September effect' gripped investors. However, continuing into October, US equities tumbled as interest rate jitters coupled with the widening conflict between Israel and Hamas spooked investors. However, by the end of the financial period in November, US equities surges propelled by a slew of data pointing to moderating economic growth and easing inflationary pressures and the growing expectations that the Fed may have reached the peak of its tightening cycle.

The US core personal consumption expenditures ("PCE") price index, considered the Fed's preferred inflation gauge, aligned with expectations by rising 0.20% in November and 3.50% on a year on year ("YOY") basis.

Similarly, US producer prices declined more than anticipated in November, piling further evidence that inflationary pressures have eased.

In Asia, the financial quarter started off weak, affecting the broad Asian market with the Korean tech-heavy KOSPI bearing the brunt of losses but later rallied in November supported by lower bond yields. Taiwan and Korea spearheaded gains in the Asian region with their respective country equity benchmark gauges rising by 9.00% and 11.30% respective as foreign inflows swelled.

China equities also saw support with the MSCI China index notching gains of 2.30% as a widely anticipated meeting between China's President Xi Jinping and US President Joe Biden boosted sentiment. China's announcement on additional stimulus measures to support its beleaguered property sector was also released in November. Regulators have drafted whitelist of 50 developers that would be eligible for a range of financing. Shenzhen also lowered the minimum downpayment requirement for second homes as well as loosened the definition of luxury homes. These adjustments are anticipated to lower transaction costs in the sector.

On the domestic front, the benchmark KLCI gained 4.74% over the three month period under review, with the bulk of the gains made in October following the unveiling of Budget 2024 which helped shed light on the government's policies. Notably, the government took the first step in addressing its hefty subsidy bill by taking a more targeted approach. Our take is that Budget 2024 is market-neutral. It refrained from introducing punitive tax measures like windfall taxes, gaming levies, or excise duties which were areas of concern in previous years. Potential sector winners include healthcare, construction, consumer and renewables which are expected to benefit from the budget's initiatives. While the removal of specific subsidies may induce upward pressure on inflation, this potential impact can be mitigated by the injection of cash handouts. Budget 2024 has seen a 25% increase in cash handouts, representing one of the most substantial financial support packages since the onset of the COVID-19 pandemic.

On additional policy news locally, the Ministry of Investment, Trade, and Industry (MITI) unveiled plans to enforce a 2-year moratorium on new manufacturing licenses for the iron and steel industry. This development could act as a catalyst for existing steel players with reduced competition and lower supply. The government also announced plans to grant a 30-day visa-free travel period for citizens of China and India. The move could provide tailwinds to tourism-related sectors as arrivals ramp-up.

The wrap up of 3Q'2023 results season yielded mixed results with domestic-driven sectors such as banks, consumer, property and construction outperforming expectations. Conversely, export-oriented sectors like technology and manufacturing delivered softer results.

Investment Outlook

Reviewing the year thus far, 2023 took investors by surprise in many ways. The much-heralded recession in the US did not materialize as its economy held up remarkably well. Conversely, China's post-COVID recovery sputtered and fell short of expectations. However, inflection points could mark a new shift for market conditions as we enter a new economic cycle.

US inflation has eased amid aggressive monetary tightening by the Fed, but levels still remain above the Fed's target of 2%. Resiliency in the US economy has afforded the Fed to maintain the current policy rate of 5.25%-5.50% for longer, but with the option to go higher if necessary.

Global economies have held up well despite tighter financial conditions this year, but also keeping in mind that monetary policy often works with a lag. We may see US and global GDP growth soften in 2024 as demand subsides.

While the risk of a hard landing cannot be ruled out, it is tempered by the return of the 'Fed put' as inflation continues to ease. Since its peak at 9.00% in 2022, headline inflation as measured by the consumer price index (CPI) has retreated to 3.10% as of November 2023. While inflation is expected to continue trending downwards, it may take some time to reach the Fed's inflation target rate of 2%. Projections suggest that US inflation will likely ease to 2% by the end of 2024.

With the focal point of markets shifting away from rate hikes to a rate pause, we see conditions turning more conducive for equities through a more stable interest rate outlook. Historical patterns show that markets have generally shown positive performance in the periods after the last Fed hike.

Domestically, moderating growth and subdued inflation continued to support the fixed income market, while external pressure in the form of widening interest differential and ensuing Ringgit weakness kept short-end rates elevated. Persistent demand from domestic investors were unabated by the flatness in MGS yield curve and have continued to keep long-tenured bond yields anchored during choppy sessions. Mindful of potential liquidity withdrawal as the year end approaches, we remain neutral in portfolio duration for rates, and to tactically add duration for range-bound trading.

AHAM HARD CURRENCIES FIXED INCOME FUND
(FORMERLY KNOWN AS AFFIN HWANG HARD CURRENCIES FIXED INCOME FUND)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

| | Financial period ended <u>30.11.2023</u> USD | Financial period ended <u>30.11.2022</u> USD |
|--|---|---|
| INVESTMENT INCOME/(LOSS) | | |
| Interest income from financial assets at amortised cost | 49 | 167 |
| Interest income from financial assets at fair value through profit or loss | 163,609 | 400,068 |
| Net gain on foreign currency exchange | 1,154 | 14,220 |
| Net loss on futures at fair value through profit and loss | - | (15,586) |
| Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss | (6,991) | 14,930 |
| Net gain/(loss) on financial assets at fair value through profit or loss | 59 | (1,489,114) |
| | <u>157,880</u> | <u>(1,075,315)</u> |
| EXPENSES | | |
| Management fee | (5,727) | (15,429) |
| Trustee fee | (1,145) | (3,086) |
| Fund accounting fee | (1,286) | (1,330) |
| Auditors' remuneration | (884) | (889) |
| Tax agent's fee | (386) | (389) |
| Other expenses | (3,387) | (5,839) |
| | <u>(12,815)</u> | <u>(26,962)</u> |
| NET PROFIT/(LOSS) BEFORE TAXATION | 145,065 | (1,102,277) |
| Taxation | (30,713) | - |
| NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD | <u>114,352</u> | <u>(1,102,277)</u> |
| Net profit/(loss) after taxation is made up of the following: | | |
| Realised amount | (79,582) | (1,410,391) |
| Unrealised amount | 193,934 | 308,114 |
| | <u>114,352</u> | <u>(1,102,277)</u> |

AHAM HARD CURRENCIES FIXED INCOME FUND
(FORMERLY KNOWN AS AFFIN HWANG HARD CURRENCIES FIXED INCOME FUND)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023

| | <u>2023</u> USD | <u>2022</u> USD |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash and cash equivalents | 88,881 | 126,844 |
| Amount due from Manager | | |
| - management fee rebate receivable | - | 22 |
| Financial assets at fair value through profit or loss | 5,647,584 | 11,985,811 |
| Forward foreign currency contracts at fair value through profit or loss | 11,630 | 36,440 |
| Tax recoverable | 52,066 | - |
| TOTAL ASSETS | <u>5,800,161</u> | <u>12,149,117</u> |
| LIABILITIES | | |
| Forward foreign currency contracts at fair value through profit or loss | 12,267 | 56,108 |
| Amount due to Manager | | |
| - management fee | 940 | 2,055 |
| Amount due to Trustee | 188 | 411 |
| Fund accounting fee | 214 | - |
| Auditors' remuneration | 841 | 1,037 |
| Tax agent's fee | 1,149 | 1,194 |
| Other payables and accruals | 1,070 | 1,091 |
| TOTAL LIABILITIES | <u>16,669</u> | <u>61,896</u> |
| NET ASSET VALUE OF THE FUND | <u>5,783,492</u> | <u>12,087,221</u> |
| EQUITY | | |
| Unitholders' capital | 8,259,105 | 14,905,699 |
| Accumulated losses | (2,475,613) | (2,818,478) |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | <u>5,783,492</u> | <u>12,087,221</u> |
| NUMBER OF UNITS IN CIRCULATION | <u>5,783,492</u> | <u>13,583,461</u> |
| NET ASSET VALUE PER UNIT (USD) | <u>0.9066</u> | <u>0.8898</u> |

AHAM HARD CURRENCIES FIXED INCOME FUND
(FORMERLY KNOWN AS AFFIN HWANG HARD CURRENCIES FIXED INCOME FUND)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

| | Unitholders' <u>capital</u> USD | Accumulated <u>losses</u> USD | <u>Total</u> USD |
|---|---------------------------------------|-------------------------------------|---------------------|
| Balance as at 1 June 2023 | 8,275,002 | (2,589,965) | 5,685,037 |
| Total comprehensive income for the financial period | - | 114,352 | 114,352 |
| Movement in unitholders' capital: | | | |
| Creation of units arising from applications | 791,564 | - | 791,564 |
| Cancellation of units | (807,461) | - | (807,461) |
| Balance as at 30 November 2023 | <u>8,259,105</u> | <u>(2,475,613)</u> | <u>5,783,492</u> |
| | | | |
| Balance as at 1 June 2022 | 16,750,054 | (1,716,201) | 15,033,853 |
| Total comprehensive loss for the financial period | - | (1,102,277) | (1,102,277) |
| Movement in unitholders' capital: | | | |
| Creation of units arising from applications | 4,091,754 | - | 4,091,754 |
| Cancellation of units | (5,936,109) | - | (5,936,109) |
| Balance as at 30 November 2022 | <u>14,905,699</u> | <u>(2,818,478)</u> | <u>12,087,221</u> |

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