AHAM CAPITAL
ASSET MANAGEMENT

QUARTERLY REPORT
31 May 2023

Affin Hwang **Target Maturity Income** Fund

MANAGER
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AFFIN HWANG TARGET MATURITY INCOME FUND

Quarterly Report and Financial Statements
As at 31 May 2023

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Target Maturity Income Fund
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	Three and a half (3.5) years
Termination Date	19 December 2023
Benchmark	3-years 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 and the first income distribution will be made on the eighteen (18) months from the Investment Date.

FUND PERFORMANCE DATA

Category	**As at 31 May 2023**	**As at 28 Feb 2023**
Total NAV (RM'million)	89.236	95.361
NAV per Unit (RM)	0.7960	0.8507
Unit in Circulation (million)	112.103	112.103

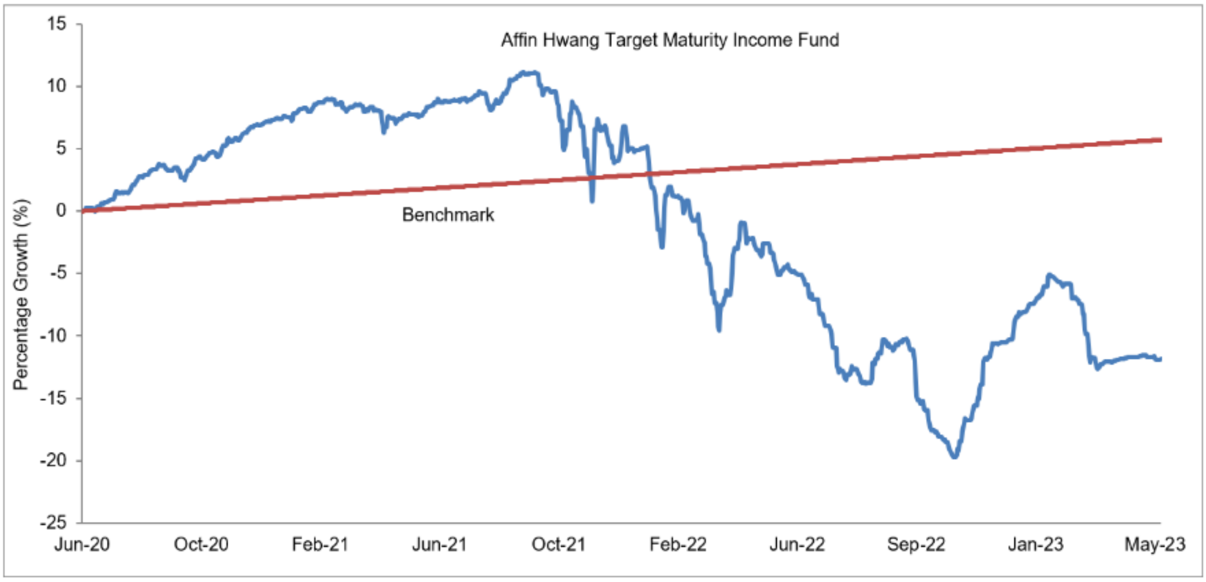
Fund Performance

Performance as at 31 May 2023

	3 Months (1/3/23 - 31/5/23)	6 Months (1/12/22 - 31/5/23)	1 Year (1/6/22 - 31/5/23)	Since Commencement (19/6/20 - 31/5/23)
Fund	(6.43%)	3.77%	(7.29%)	(11.85%)
Benchmark	0.48%	0.94%	1.90%	5.71%
Outperformance	(6.91%)	2.83%	(9.19%)	(17.56%)

Source of Benchmark: Bloomberg

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. Source of Benchmark is from Bloomberg."
Benchmark: 3-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 May 2023
	(%)
Fixed Income	87.58
Derivative	-3.07
Cash & money market	15.49
Total	**100.00**

Strategies Employed

Over the period under review, the Manager maintained a focus on credit securities across both domestic and regional space. The Fund's performance was affected by investor's negative sentiment towards the Chinese property sector. The Manager continues to stick to high-quality papers and monitor closely on the policy development within China.

Market Review

Market volatility persisted as macro events and policy rate increases across the global economy affected stock and bond markets. Over the past year, the S&P500 returned 2.89%, Morgan Stanley Capital International ("MSCI") AC World index returned 2.64%, MSCI AC Asia ex Japan Index 1.40%, and the Financial Times Stock Exchange ("FTSE") Bursa Malaysia -7.94%. Bond markets were similarly impacted with the Bloomberg Barclays Global Aggregate Index down -4.48%, while local bond markets saw edge higher with the benchmark 10-year MGS yield closing at 3.85%.

The US Federal Reserve raised their policy rates in each monetary policy committee meetings since March last year, to of 5.25% in May 2023.The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even a potential recession. Further signs of tension in the economy were also visible in March this year as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggered concerns of contagion to other vulnerable banks. However, despite the Fed's effort in policy tightening, economic indicators continue to remain positive. In addition to fractures in the banking sector, other notable events over the year included the concern over the US approaching its debt ceiling in January, failing which to reach a consensus to suspend or raise the limit could result in a catastrophic default. However, investors heaved a sigh of relief after lawmakers passed a bill to raise the debt ceiling, in a deal that included concessions on spending expected to have limited effect on economic growth.

In China, lockdowns measures had been eased lending some positivity to markets for a recovery in growth, though at the expense of further contributing to sticky inflation seen globally. The Chinese government was also seen providing policy support to the property sector which aims to facilitate project completion and ease liquidity conditions. China's National People's Congress (NPC) took place in February 2023 where a Gross Domestic Product ("GDP") target of around 5% for 2023 was set. Trade tensions with the US also continues to simmer, with the US seen putting in place measures to prevent exports of advanced technology to China.

Major macro events over the past a year had a notable effect on the domestic market. While Bank Negara similarly raised policy rates to tame domestic inflation, the pace of increase was more measured compared to other major central banks. Due to Malaysia's close trade relation to China, the Ringgit has weakened considerably year to date. In a statement, Bank Negara Malaysia (BNM) believes that the depreciation of the Ringgit is not fundamentally driven and that global headwinds are driving investors to seek safe haven assets like the US dollar. On local fixed income, the 10-year MGS yield closed unchanged at 3.71%. Malaysia's GDP for the first quarter of 2023 came relatively strong at 5.60% compared to market expectations of 5.10% driven by an expansion of household spending and strong employment growth. The strong GDP showing may have been a factor that weighed on BNM's decision to hike the overnight policy rate (OPR) earlier in May.

Investment Outlook

Global markets still remain susceptible to shifting sentiment towards geopolitical tensions, inflation, economic growth and ultimately corporate earnings. Valuations have already significantly adjusted to reflect a change in the market environment, and we believe reflect realistic expectations for inflation, rates and risk premia. Consequently, the source of risk has now shifted from valuation to earnings in light of the softer growth and prospects for a recession, which appears increasingly likely.

China is expected to be a strong source of growth and returns for Asia. The Chinese equities as well as credit market took a breather from February onwards after strong rally in the prior months. Market sentiment was dampened by the re-intensifying geopolitical tensions between US-China which arose from the balloon controversies and the plan to expand US troops in Taiwan for military training. On the other hand, macro and economic front continued to deliver encouraging data. Consumption to recover in February, stronger and at a faster pace than expected, albeit with more encouraging signs in the services sector over consumer goods.

Signs of the rebound were evident over the Chinese New Year holiday, and domestic tourism recorded the strongest visitor and revenue levels since the pandemic. China's official manufacturing PMI rose to 52.6 in February from 50.1 in January, however has dipped slightly to 51.9 in March. Non-manufacturing PMI on the other hand rose to 58.2 in March, the highest since May 2011. The supportive stance continued into 2023 and was recently validated by the 2 sessions that took place in early March. The general positive tone on economic recovery and consumption stimulus remains, alongside with the announcement of the new cabinet and securing of President Xi's third term.

In contrast to the expected slowdown in the developed market economy, Malaysia's economic fundamentals continues to remain strong. Within the financial period under review, the government unveiled its revised budget, focusing on sustainable economic growth, institutional reforms and reducing social inequality. The benchmark KLCI edged lower as market reaction to Budget 2023 was neutral. Our view is that newly tabled budget is a pragmatic one that should restore confidence and shore up support in the long run. The absence of any prosperity tax is a huge relief to the market that should augur well for corporate earnings. Notwithstanding macro noises, Malaysia economy is primarily domestic driven and therefore more insulated against external shocks.

Bond investors may see some relief this year after enduring a painful 2022 which saw rates volatility reaching unprecedented highs. In 2023, volatility in rates is expected to temper down as we see a slower pace of adjustment in rates. In addition, a slower growth outlook is beneficial for rates. On local fixed income, credit rating agencies are likely to maintain the sovereign ratings of Malaysia bonds. Rates volatility will be driven by external development.

AFFIN HWANG TARGET MATURITY INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MAY 2023

	Financial period ended 31.5.2023 RM	Financial period ended 31.5.2022 RM
INVESTMENT LOSS		
Interest income from financial assets at amortised cost	33,969	18,262
Interest income from financial assets at fair value through profit or loss	4,071,156	4,461,492
Net gain on foreign currency exchange	84,502	245,911
Net loss on forward foreign currency contracts at fair value through profit or loss	(3,365,056)	(1,883,491)
Net loss on financial assets at fair value through profit or loss	(1,555,277)	(20,190,032)
	(730,706)	(17,347,858)
EXPENSES		
Trustee fee	(27,374)	(33,366)
Fund accounting fee	(10,833)	(9,750)
Auditors' remuneration	(6,222)	(6,134)
Tax agent's fee	(2,722)	(2,684)
Other expenses	(21,696)	(28,796)
	(68,847)	(80,730)
NET LOSS BEFORE TAXATION	(799,553)	(17,428,588)
Taxation	(255,499)	(32,348)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD	(1,055,052)	(17,460,936)
Net loss after taxation is made up of the following:		
Realised amount	(22,647,759)	1,522,711
Unrealised amount	21,592,707	(18,983,647)
	(1,055,052)	(17,460,936)

AFFIN HWANG TARGET MATURITY INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023

	2023 RM	2022 RM
ASSETS		
Cash and cash equivalents	8,906,428	1,947,505
Financial assets at fair value through profit or loss	83,161,462	99,682,042
Forward foreign currency contracts at fair value through profit or loss	10,278	688,502
TOTAL ASSETS	92,078,168	102,318,049
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	2,754,095	353,774
Amount due to broker	162	162
Amount due to Trustee	3,036	3,489
Fund accounting fee	1,083	-
Auditors' remuneration	6,222	6,134
Tax agent's fee	6,222	2,684
Other payables and accruals	2,091	1,828
Tax payable	69,241	32,348
TOTAL LIABILITIES	2,842,152	400,419
NET ASSET VALUE OF THE FUND	89,236,016	101,917,630
EQUITY		
Unitholders' capital	112,172,992	112,436,363
Accumulated loss	(22,936,976)	(10,518,733)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	89,236,016	101,917,630
NUMBER OF UNITS IN CIRCULATION	112,103,000	112,429,000
NET ASSET VALUE PER UNIT (RM)	0.7960	0.9065

AFFIN HWANG TARGET MATURITY INCOME FUND

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MAY 2023

	Unitholders' capital RM	Accumulated losses RM	Total RM
Balance as at 1 September 2022	112,436,363	(16,832,924)	95,603,439
Total comprehensive loss for the financial period	-	(1,055,052)	(1,055,052)
Distributions	-	(5,049,000)	(5,049,000)
Movement in unitholders' capital:			
Cancellation of units	(263,371)	-	(263,371)
Balance as at 31 May 2023	112,172,992	(22,936,976)	89,236,016
Balance as at 1 September 2021	112,561,000	12,449,250	125,010,250
Total comprehensive loss for the financial period	-	(17,460,936)	(17,460,936)
Distributions	-	(5,507,047)	(5,507,047)
Movement in unitholders' capital:			
Cancellation of units	(124,637)	-	(124,637)
Balance as at 31 May 2022	112,436,363	(10,518,733)	101,917,630

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