



QUARTERLY REPORT
30 April 2024

AHAM Strategic Opportunity Fund 4

MANAGER
AHAM Asset Management Berhad
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Built On Trust

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AHAM STRATEGIC OPPORTUNITY FUND 4

Quarterly Report and Financial Statements As at 30 April 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

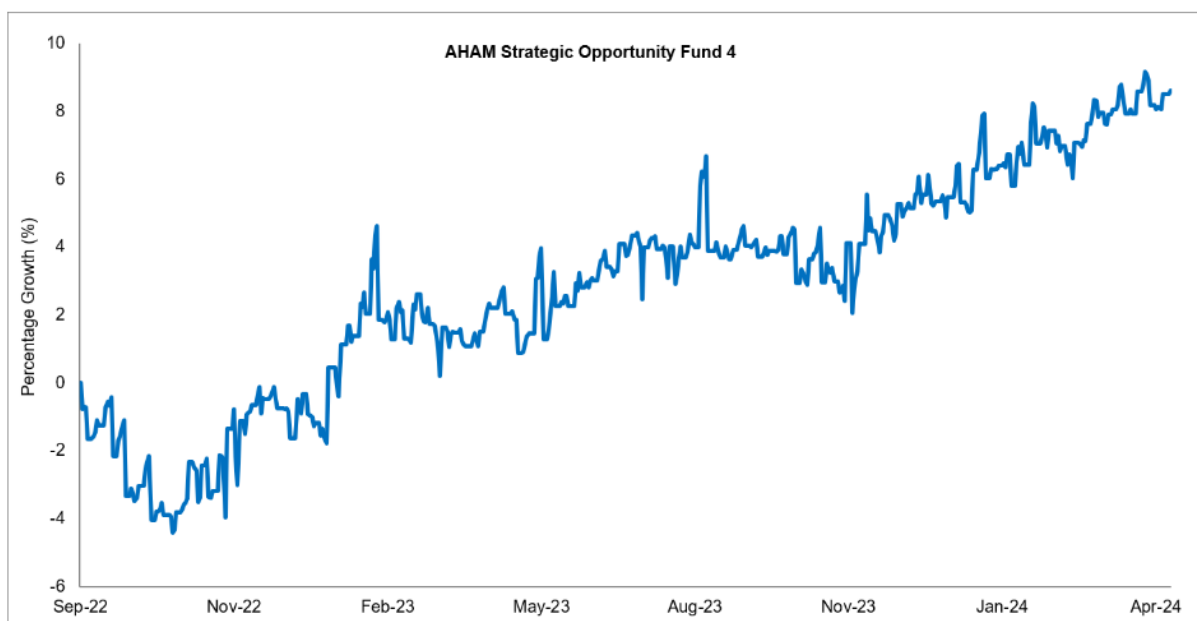
Category	As at 30 Apr 2024	As at 31 Jan 2024
Total NAV (RM'million)	35.33	35.12
NAV per Unit (RM)	1.0186	1.0125
Unit in Circulation (million)	34.68	34.68

Fund Performance

Table 1: Performance as at 30 April 2024

	3 Months (1/2/24 - 30/4/24)	6 Months (1/11/23 - 30/4/24)	1 Year (1/5/23 - 30/4/24)	Since Commencement (18/8/22 - 30/4/24)
Fund	1.77%	5.78%	6.45%	8.62%

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:

	30 April 2024
	(%)
Fixed Income	87.90
Derivative	11.94
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	2024-02-16	1.1600	100	-	-

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

The global sentiment has seen an improvement especially in the 4th quarter of 2023. Credit spreads of corporate bonds have tightened over the past 6 months which contributed well to the performances of bonds. As a recap, the global fixed income market have been presented with unprecedented challenges over the past 3 years. The aftermath of the Covid-19 pandemic, coupled with supply chain disruptions and geopolitical events, sparked a period of high inflation and robust global growth. In response, central banks globally adopted an aggressive stance, leading to one of the most severe interest rate hike cycles in history. The US Federal Reserve, for instance, raised interest rates by over 500 basis points (bps) from March 2022 till July 2023. Moreover, central banks started Quantitative Tightening, reining in their balance sheets. These measures triggered market adjustments, causing bond prices to decline. On a positive note, the Fed has stopped raising interest rates since the mid of 2023. Some notable key economic developments contributing to this was the gradual softening in the US labour market coupled with lower inflationary data. Over the period under review, US treasury yields rose from 3.58%, peaked at 5% in October and ended April at 4.68% and meanwhile JPM Asia Credit Index delivered 5.4% returns (USD).

The year 2024 kickstarted with the US government bond market pricing in high expectations of 6-7 interest rate cuts for full year 2024 which were then eventually repriced to 1-2 cuts. Economic data in the US that even though showed signs of gradual softening, overall proved to be more resilient than markets have expected. As a result, there have been a dial back of market expectations of interest rate cuts. US treasury yields rose from 3.91% and ended April at 4.68%. The rise in global bond yields during this period were offset by the tightening in credit spreads as demand for corporate bonds have been strong.

In the Asian credit landscape, the default crisis among China's property developers proved especially impactful. Over late 2021 to 2023, majority of China private developers defaulted on their bonds obligations, including offshore bonds. What initially began with Evergrande's default spread rapidly, affecting even high-quality developers. This situation led to a significant risk-off sentiment and widespread credit spread widening, not only in the High Yield sector but also among Investment Grade names in the same industry. Over the reporting period, overall home sales data in China had remained soft as policy easing measures in the China property space were insufficient to lift home-buyer sentiment. Outside of this segment in China, bonds from other sectors such as the State Owned Enterprises and Tech sector have been well demanded. Overall, secondary and primary bond issuances in the broader Asia-pacific region have continued to be well supported amid resilient credit profile and improving demand/supply dynamics.

As for global banking segment, in March 2023, financial markets grappled with the collapse of US regional banks such as Silicon Valley bank and also the unprecedented write-off of Credit Suisse AT1, a global systematically important bank (G-SIB). Since then, investor sentiment was quick to reverse as bond prices of banks has substantially recovered. Market participants perceive these events to be isolated. The financial results of global banks continued to show resilience, suggesting healthy fundamentals.

In Malaysia, Bank Negara Malaysia has continuously kept the Overnight Policy Rate unchanged at 3% since the last hike seen in May 2023, supported by the relatively moderate inflation and the central bank's stance to support growth. This together with strong demand for MYR denominated bonds translated to relatively resilient local bond market yields over the period under review.

Investment Outlook

The current global economic landscape presents both challenges and opportunities. Despite the turbulence in the bond market and the unexpected sluggishness in China's recovery, several potential positive catalysts are in sight over the few quarters.

Firstly, the Federal Reserve is nearing or at the peak of its current rate hike cycle: As inflation trends move in a favorable direction and signs of a cooling labour market emerge, there is potential for stabilization in interest rates. There have been more central banks "pausing" in recent months notably Federal Reserve has paused since September. This stability could provide a more predictable environment for bond investments in the medium term. In addition, there is anticipation that central banks, including the Fed, might reduce interest rates if inflation and economic growth decelerates further in 2024, thus supporting bond valuations. This could be driven by geopolitical events or a sharp deterioration in economic and labour market conditions.

Secondly, valuations of bonds have turned more attractive. After the sharp rise of interest rates in the last 2-3 years, bonds are offering an attractive yield carry and may benefit from rate cuts in 2024-2025. The Fed

Fund Rate today is at 5.5%. The Manager expects the short to medium part of yield curve to be more defensive against any potential yield curve steepening.

The main composition of its fixed income investments are corporate bonds, diversified regionally and across sectors. We also note that there has been overall strong demand for corporate bonds as compared to the bond supply since the 4th quarter of 2023. These have been supportive of corporate bond credit spreads.

On the flipside, it is worth cautioning on some possible scenarios that may have adverse implications on bond investments. For example, one of the risks is reacceleration of inflation in 2024. This could be anchored by consumer spending if the labour market remains tight. Commodity prices on the other hand could be volatile, having mixed demand and supply dynamics amid a moderating global economic growth. Besides that, the Bank of Japan has exited negative interest rates and yield curve control policy but there will be further speculation on whether the central bank will further normalise its monetary policy such as on JGB buying. Such event could translate to pressure on bond yields globally. On the geopolitical front, there are various conflicts that are unfolding and may have mixed implications for bonds. All these warrants closer monitoring and may require nimble adjustments to bond positioning.

AHAM STRATEGIC OPPORTUNITY FUND 4

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2024

	Financial period ended <u>30.4.2024</u> RM	Financial period ended <u>30.4.2023</u> RM
INVESTMENT INCOME		
Interest income from financial assets at fair value through profit or loss	344,297	298,885
Net gain on foreign currency exchange	688	48
Net gain/(loss) on currency swap at fair value through profit or loss	674,109	(1,079,354)
Net loss/(gain) on financial assets at fair value through profit or loss	(403,057)	1,137,777
	<u>616,037</u>	<u>357,356</u>
EXPENSES		
Trustee fee	(1,725)	(1,699)
Other expenses	(54)	(9)
	<u>(1,779)</u>	<u>(1,708)</u>
NET PROFIT BEFORE TAXATION	614,258	355,648
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>614,258</u>	<u>355,648</u>
Net profit after taxation is made up of the following:		
Realised amount	673,018	362,896
Unrealised amount	(58,760)	(7,248)
	<u>614,258</u>	<u>355,648</u>

AHAM STRATEGIC OPPORTUNITY FUND 4

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	56,042	54,751
Financial assets at fair value through profit or loss	31,052,399	28,254,620
Derivative at fair value through profit or loss	5,095,177	6,441,422
TOTAL ASSETS	<u>36,203,618</u>	<u>34,750,793</u>
LIABILITIES		
Derivative at fair value through profit or loss	875,385	-
Amount due to Trustee	578	573
TOTAL LIABILITIES	<u>875,963</u>	<u>573</u>
NET ASSET VALUE OF THE FUND	<u>35,327,655</u>	<u>34,750,220</u>
EQUITY		
Unitholders' capital	34,682,000	34,682,000
Retained earnings	645,655	68,220
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>35,327,655</u>	<u>34,750,220</u>
NUMBER OF UNITS IN CIRCULATION	<u>34,682,000</u>	<u>34,682,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0186</u>	<u>1.0020</u>

AHAM STRATEGIC OPPORTUNITY FUND 4

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2024

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2024	34,682,000	433,708	35,115,708
Total comprehensive income for the financial period	-	614,258	614,258
Distribution	-	(402,311)	(402,311)
Balance as at 30 April 2024	<u>34,682,000</u>	<u>645,655</u>	<u>35,327,655</u>
Balance as at 1 February 2023	34,682,000	69,450	34,751,450
Total comprehensive income for the financial period	-	355,648	355,648
Distribution	-	(356,878)	(356,878)
Balance as at 30 April 2023	<u>34,682,000</u>	<u>68,220</u>	<u>34,750,220</u>

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