



QUARTERLY REPORT
30 November 2023

Affin Hwang **Absolute** **Return Fund II**

MANAGER
AHAM Asset Management Berhad
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CUSTODIAN
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Built On Trust

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AFFIN HWANG ABSOLUTE RETURN FUND II

Quarterly Report and Financial Statements
As at 30 November 2023

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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 2023	As at 31 Aug 2023
Total NAV (million)	302.578	330.267
NAV per Unit (RM)	1.2721	1.2935
Unit in Circulation (million)	237.865	255.328

AUD Class

Category	As at 30 Nov 2023	As at 31 Aug 2023
Total NAV (million)	1.993	2.084
NAV per Unit (AUD)	0.5005	0.5234
Unit in Circulation (million)	3.982	3.982

GBP Class

Category	As at 30 Nov 2023	As at 31 Aug 2023
Total NAV (million)	0.231	0.214
NAV per Unit (GBP)	0.4817	0.4921
Unit in Circulation (million)	0.480	0.434

SGD Class

Category	As at 30 Nov 2023	As at 31 Aug 2023
Total NAV (million)	3.470	3.596
NAV per Unit (SGD)	0.4353	0.4507
Unit in Circulation (million)	7.970	7.980

USD Class

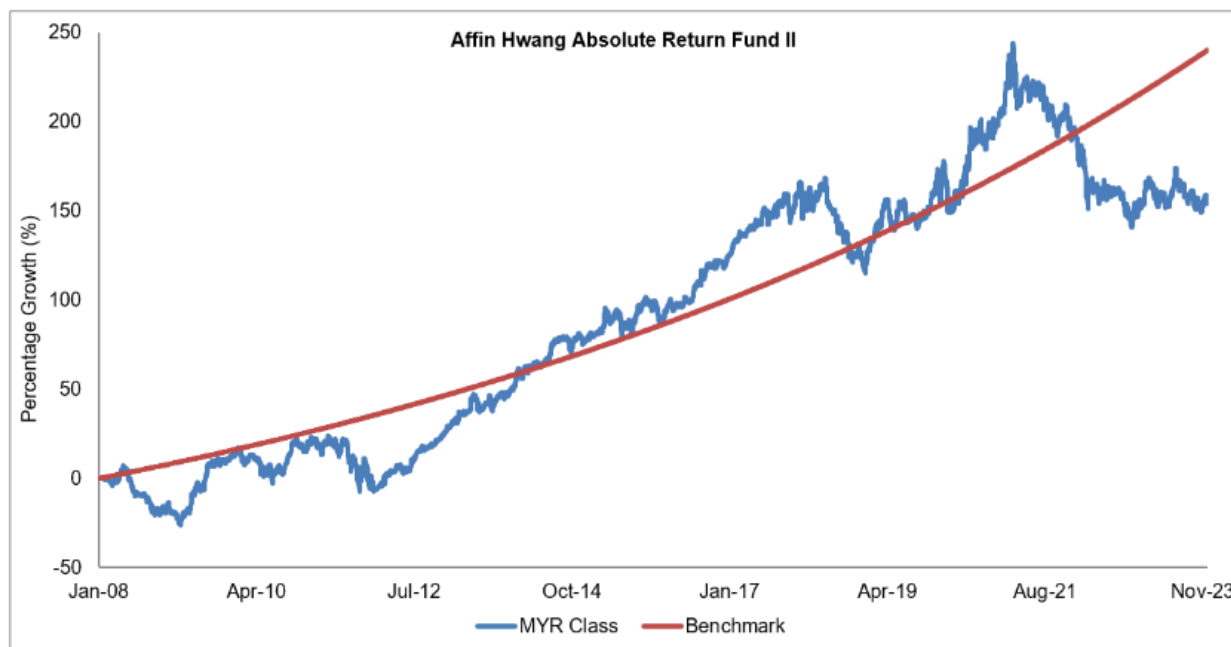
Category	As at 30 Nov 2023	As at 31 Aug 2023
Total NAV (million)	8.092	9.265
NAV per Unit (USD)	0.4265	0.4358
Unit in Circulation (million)	18.973	21.258

Fund Performance

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)	5 Years (1/12/18 - 30/11/23)	Since Commencement (8/1/08 - 30/11/23)
MYR Class	(1.58%)	(1.49%)	0.78%	(14.65%)	11.17%	154.42%
Benchmark	1.94%	3.93%	8.00%	25.97%	46.96%	240.15%
Outperformance	(3.52%)	(5.42%)	(7.22%)	(40.62%)	(35.80%)	(85.73%)

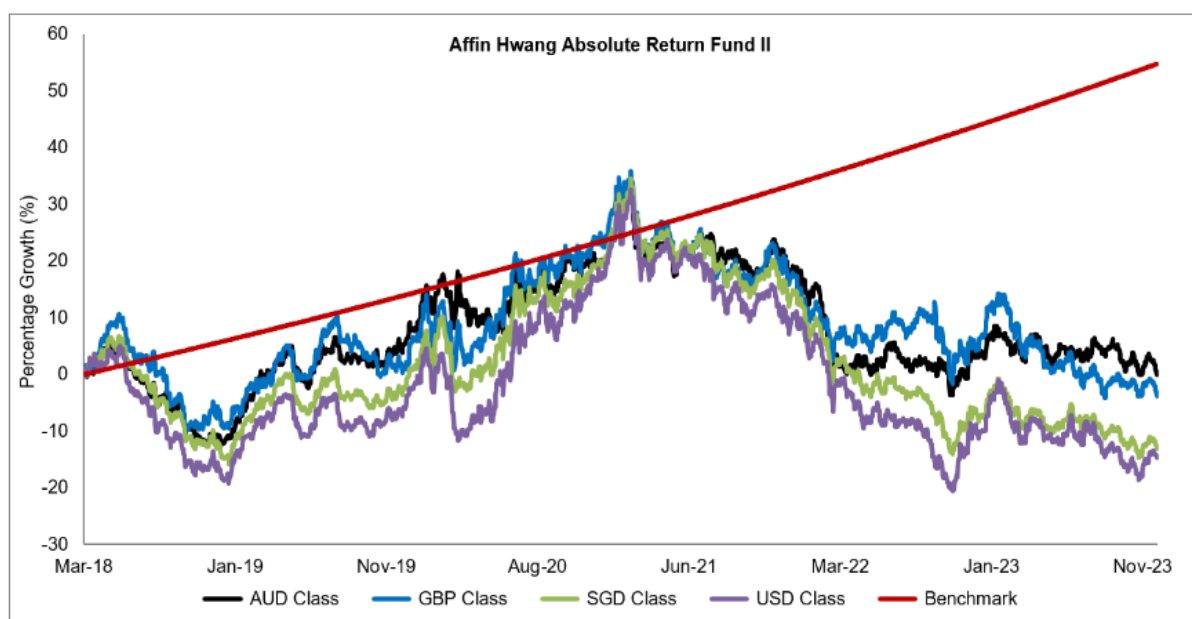
Movement of the Fund versus the Benchmark



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)	5 Years (1/12/18 - 30/11/23)	Since Commencement (30/3/18 - 30/11/23)
Benchmark	1.94%	3.93%	8.00%	25.97%	46.96%	54.79%
AUD Class	(4.30%)	(4.50%)	(2.36%)	(15.70%)	12.65%	0.10%
Outperformance	(6.24%)	(8.43%)	(10.36%)	(41.67%)	(34.31%)	(54.69%)
GBP Class	(2.03%)	(4.80%)	(8.82%)	(20.18%)	2.93%	(3.66%)
Outperformance	(3.97%)	(8.73%)	(16.82%)	(46.15%)	(44.03%)	(58.45%)
SGD Class	(3.33%)	(3.97%)	(6.21%)	(25.22%)	(1.98%)	(12.94%)
Outperformance	(5.27%)	(7.90%)	(14.21%)	(51.19%)	(48.94%)	(67.73%)
USD Class	(2.07%)	(2.51%)	(3.92%)	(25.28%)	0.40%	(14.70%)
Outperformance	(4.01%)	(6.44%)	(11.92%)	(51.25%)	(46.56%)	(69.49%)

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."

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:

	<u>30 November 2023</u>
	(%)
Equity	56.63
Unit Trust	33.66
Cash & money market	9.71
Total	<u>100.00</u>

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

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.

AFFIN HWANG ABSOLUTE RETURN FUND II

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

	Financial period ended <u>30.11.2023</u> RM	Financial period ended <u>30.11.2022</u> RM
INVESTMENT LOSS		
Dividend income	2,048,344	2,081,819
Interest income from financial assets at amortised cost	56,227	1,194
Interest income from financial assets at at fair value through profit or loss	-	15,669
Net (loss)/gain on foreign currency exchange	(656,645)	4,008,173
Net loss on financial assets at fair value through profit or loss	(3,977,849)	(22,418,673)
	<u>(2,529,923)</u>	<u>(16,311,818)</u>
EXPENSES		
Management fee	(1,947,027)	(2,200,236)
Custodian fee	(37,019)	(28,170)
Fund accounting fee	(18,000)	(18,000)
Auditors' remuneration	(5,750)	(5,766)
Tax agent's fee	(1,900)	(2,005)
Transaction costs	(575,331)	(568,667)
Other expenses	(259,409)	(143,131)
	<u>(2,844,436)</u>	<u>(2,965,975)</u>
NET LOSS BEFORE TAXATION	(5,374,359)	(19,277,793)
Taxation	(231,420)	(241,111)
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>(5,605,779)</u>	<u>(19,518,904)</u>
Decrease of net asset attributable to unitholders is made up of the following		
Realised amount	(22,276,871)	(7,903,793)
Unrealised amount	16,671,092	(11,615,111)
	<u>(5,605,779)</u>	<u>(19,518,904)</u>

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023

	<u>2023</u> RM	<u>2022</u> RM
ASSETS		
Cash and cash equivalents	30,856,458	100,938,623
Dividend receivables	23,320	203,204
Amount due from brokers	8,209,933	-
Amount due from Manager		
- creation of units	131,592	-
- management fee rebate receivable	43,851	40,039
Financial assets at fair value through profit or loss	324,947,077	314,408,800
TOTAL ASSETS	<u>364,212,231</u>	<u>415,590,666</u>
LIABILITIES		
Amount due to brokers	2,473,983	-
Amount due to Manager		
- management fee	300,412	338,849
- cancellation of units	1,387,243	-
Fund accounting fee	9,000	3,000
Auditors' remuneration	5,750	5,766
Tax agent's fee	5,794	5,800
Tax payables	123,078	274,631
Other payables and accruals	11,974	12,512
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>4,317,234</u>	<u>640,558</u>
NET ASSET VALUE OF THE FUND	<u>359,894,997</u>	<u>414,950,108</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>359,894,997</u>	<u>414,950,108</u>

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023 (CONTINUED)

REPRESENTED BY:	<u>2023</u> RM	<u>2022</u> RM
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Class	6,143,543	6,377,776
- GBP Class	1,363,178	1,222,992
- MYR Class	302,577,622	344,412,678
- SGD Class	12,107,985	12,353,619
- USD Class	37,702,669	50,583,043
	<u>359,894,997</u>	<u>414,950,108</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Class	3,982,000	4,166,000
- GBP Class	480,000	434,000
- MYR Class	237,865,000	272,861,000
- SGD Class	7,970,000	8,195,000
- USD Class	18,973,000	25,653,000
	<u>269,270,000</u>	<u>311,309,000</u>
NET ASSET VALUE PER UNIT (RM)		
- AUD Class	1.5428	1.5309
- GBP Class	2.8400	2.8180
- MYR Class	1.2721	1.2622
- SGD Class	1.5192	1.5075
- USD Class	1.9872	1.9718
	<u>1.5428</u>	<u>1.5309</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Class	AUD0.5005	AUD0.5126
- GBP Class	GBP0.4817	GBP0.5283
- MYR Class	RM1.2721	RM1.2622
- SGD Class	SGD0.4353	SGD0.4641
- USD Class	USD0.4265	USD0.4439
	<u>AUD0.5005</u>	<u>AUD0.5126</u>

AFFIN HWANG ABSOLUTE RETURN FUND II

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2023

	Financial period ended <u>30.11.2023</u> RM	Financial period ended <u>30.11.2022</u> RM
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	402,691,303	469,374,201
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	493,261	2,675,088
- AUD Class	15,652	-
- GBP Class	131,607	-
- MYR Class	346,002	2,675,088
Cancellation of units	(37,683,788)	(37,580,277)
- AUD Class	(305,285)	-
- GBP Class	-	(474,046)
- MYR Class	(32,592,144)	(33,737,649)
- SGD Class	(15,414)	(368,247)
- USD Class	(4,770,945)	(3,000,335)
Net decrease in net assets attributable to unitholders during the financial period	(5,605,779)	(19,518,904)
- AUD Class	(91,575)	(276,635)
- GBP Class	(19,644)	(75,829)
- MYR Class	(4,691,843)	(16,348,897)
- SGD Class	(183,356)	(541,946)
- USD Class	(619,361)	(2,275,597)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>359,894,997</u>	<u>414,950,108</u>

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