



QUARTERLY REPORT
31 January 2024

AHAM Income Extra Fund

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
TMF Trustees Malaysia Berhad
(200301008392 [610812-W])

Built On Trust

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AHAM INCOME EXTRA FUND

Quarterly Report and Financial Statements As at 31 January 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Income Extra Fund
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide investors with a steady income stream by investing in debentures, money market instruments and/or deposits
Benchmark	Maybank 1-month fixed deposit rate
Distribution Policy	<p>Subject to the availability of income, the Fund will make distribution to the Unit Holders on quarterly basis. However, the amount of income available for distribution may fluctuate from year to year. All income distribution will be made in the form of Units or cash.</p> <p>At our discretion, the Fund may distribute (1) realised income, (2) realised capital gains, (3) unrealised income, (4) unrealised capital gains, (5) capital or (6) a combination of any of the above.</p>

FUND PERFORMANCE DATA

Category	As at 31 Jan 2024	As at 31 Oct 2023
Total NAV (RM'million)	656.633	689.177
NAV per Unit (RM)	1.0411	1.0379
Unit in Circulation (million)	630.726	664.041

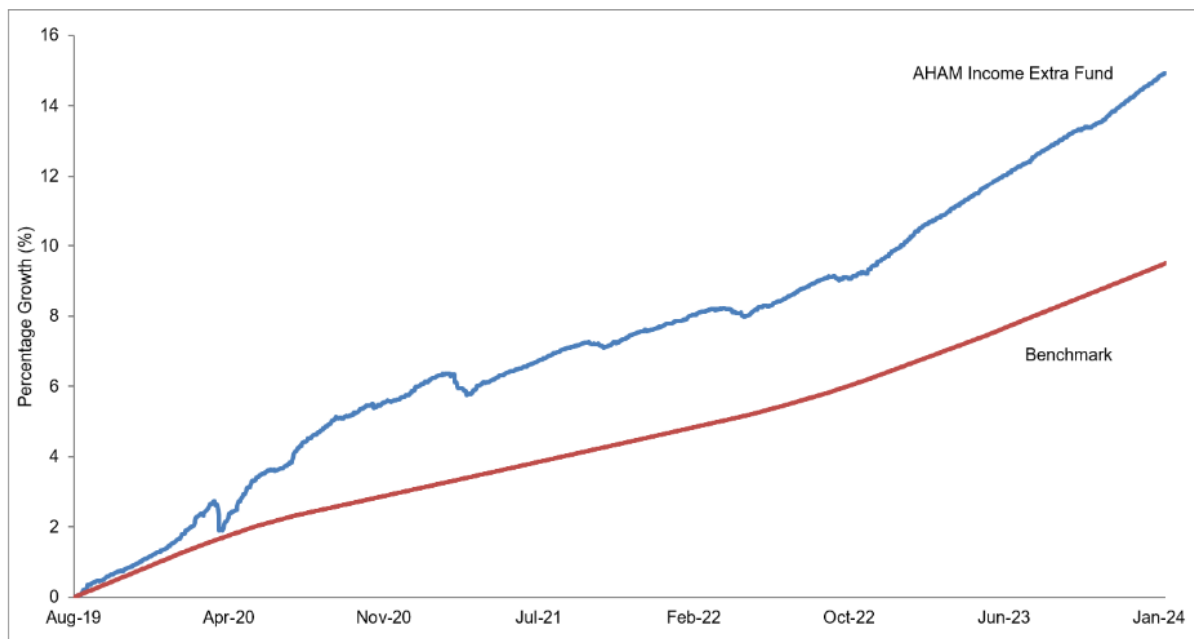
Fund Performance

Table 1: Performance as at 31 January 2024

	3 Months (1/11/23 - 31/1/24)	6 Months (1/8/23 - 31/1/24)	1 Year (1/2/23 - 31/1/24)	3 Years (1/2/21 - 31/1/24)	Since Commencement (16/8/19 - 31/1/24)
Fund	1.17%	1.99%	4.01%	8.24%	14.99%
Benchmark	0.65%	1.30%	2.57%	6.14%	9.53%
Outperformance	0.52%	0.69%	1.44%	2.10%	5.46%

Source of Benchmark: Bloomberg

Figure 1: 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: Maybank 1-month fixed deposit rate*

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 January 2024
	(%)
Fixed Income	68.49
Cash & money market	31.51
Total	100.00

Strategies Employed

Over the period under review, the Manager maintained a focus on high conviction credit names across both the domestic and regional space. The average duration of the portfolio was not more than three years.

Income Distribution Breakdown

Class	Ex-Date	Income (per unit) (sens / cents)	Income (%)	Capital (per unit) (sens / cents)	Capital (%)
MYR	2024-01-17	0.3300	100	-	-
	2023-12-20	0.2800	100	-	-
	2023-11-15	0.2800	100	-	-
	2023-01-25	0.0900	100	-	-
	2022-12-21	0.2500	100	-	-
	2022-11-16	0.2300	100	-	-
	2022-01-19	0.2000	100	-	-
	2021-12-15	0.2000	100	-	-
	2021-11-17	0.2000	100	-	-

Market Review

Over the year, market volatility continued to affect economies globally as macro events and policy rate hikes at the start of the financial year influenced both stock and bond markets. The US Federal Reserve (“Fed”) have been engaging in a tightening monetary policy stance to address inflationary pressures driven by the economic fallout from the pandemic alongside the various conflicts in 2023 such as geopolitical instability arising from strained ties between US and China, Russia’s invasion of Ukraine and the more recent conflict between Israel and Hamas which weighed heavily on global economic growth. In a notable shift in tone towards the end of 2023, however, Fed Chair Jerome Powell struck a dovish chord and acknowledged that tighter US monetary policy was slowing down the economy with market consensus expecting a rate cut in 2024. At its January Federal Open Market Committee (“FOMC”) meeting, the Fed opted to keep benchmark rates unchanged, but pushed back the timing of potential rate cuts until more concrete evidence of easing inflation.

Looking back on 2023, many predicted at the start of the year that 2023 would be lackluster for US stocks on the back of expectations of economic weakening but to the surprise of investors, the S&P 500 gained 26.3% on a total-return basis over the year. US equities started 2024 on a strong note underpinned by robust economic indicators that fortified the case for a soft landing, surging by 1.60% and reaching a new all-time high in January over the financial year under review. Despite smaller U.S stocks lagging relative to their larger counterparts, the mid-cap S&P 400 and small-cap Russell 2000 recorded solid gains of 16.4% and 16.9% respectively. Growth stocks also performed, in contrast to 2022 where value stocks outperformed. Notably, US Gross Domestic Product (“GDP”) surpassed expectations, expanding by 3.30% in the last quarter of 2023, exceeding the forecast of 2.00%.

Domestically, the benchmark KLCI saw a muted start to the year. With several policy announcements made by the government in July 2023 catching the attention of investors, markets started to gain. These positive sentiments lifted foreign investors’ confidence as they poured into local equities. They include the Ekonomi Madani Plan which outlined several key economic targets, Part 1 of the National Energy Transition Roadmap which intends to achieve 70% renewable energy capacity mix by 2050 and Part 2 of the National Energy Transition Roadmap as well as the New Industrial Masterplan. The unveiling of Budget 2024 in October 2023 also helped shed light on the government’s policies and laid down the groundwork for the government’s path to fiscal consolidation. According to the Budget, the government aims to narrow the fiscal deficit from 5.0% to 4.3% in 2024 in line with its broader policy objective to bring it down to 3.10% by 2026. Key measures announced to broaden the government’s revenue include the increase of Sales and Service tax (“SST”) from 6% to 8% as well as the introduction of a 10% capital gains tax for unlisted shares. To further bolster revenue, a luxury goods tax will also be applied to high-value items including jewellery and watches based on predefined thresholds.

US headline Consumer Price Index (“CPI”) rose by 3.4% year-on-year (November: 3.1%) in December while core CPI eased to 3.9% (November: 4.0%), signifying a long road for the Fed to achieve its price stability target of 2.0%, especially with geopolitical tension elevating commodity prices. Unemployment rate was held low at 3.7% (November: 3.7%), pointing towards a robust US economy. Nonetheless, market participants drew

comfort that most developed economies have approached their terminal rates, and monetary policies should ease as we enter 2024.

Bank Negara Malaysia (“BNM”) kept Overnight Policy Rate (“OPR”) unchanged at 3.00% with a neutral statement during the January 2024 Monetary Policy Meeting (“MPC”). Malaysian Government Securities (“MGS”) yield curve shifted lower at the start of 2024 on the back of ample domestic liquidity. Principal dealers were seen building positions at the 3 to 5-year space, while real money continued to cap any rise in long-term bond yields. One notable exception was the 10-year MGS which was re-priced higher (in yield terms) to trade in line with the curve, following its aggressive auction in December 2023. For the month of January 3-year, 10-year, and 30-year MGS yield closed at 3.45% (-8 bps), 3.81% (+8 bps), and 4.22% (-4 bps) respectively.

Investment Outlook

We maintain our positive outlook in 2024 as global growth is expected to moderate on the back of restrictive monetary policies and rising geopolitical tension. Volatility is expected to persist but at a tighter range compared to 2023. Although inflation expectations have peaked, inflationary environment may persist driven by elevated commodity prices. The first half of 2024 appeared to be a smoother runway relative to the second half amid dovish sentiment and less political/policy uncertainties.

With that in mind, we expect yields to be range-bound with a downward skew in the near-term, but cautious on front-loaded rate cut expectations at the global space. The short-end of the curve looks more vulnerable to external shocks such as short-term Treasury yields foreign exchange fluctuations, while the long-end of the curve looks unattractive due to the flatness of the curve. Hence the 6 to 10-year Malaysia Government Securities (“MGS”)/Government Investment Issue (“GII”) offer better risk-adjusted return in our opinion.

AHAM INCOME EXTRA FUND
(FORMERLY KNOWN AS AFFIN HWANG INCOME EXTRA FUND)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

	Financial period ended <u>31.1.2024</u> RM	Financial period ended <u>31.1.2023</u> RM
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	8,600,575	7,001,290
Interest income from financial assets at fair value through profit or loss	11,800,915	14,078,670
Net loss on financial assets at fair value through profit or loss	2,269,178	505,160
	<u>22,670,668</u>	<u>21,585,120</u>
EXPENSES		
Management fee	(1,827,069)	(2,272,118)
Trustee fee	(210,689)	(262,466)
Fund accounting fee	(9,000)	(9,000)
Auditors' remuneration	(6,169)	(6,273)
Tax agent's fee	(2,699)	(2,743)
Other expenses	(4,201)	(4,227)
	<u>(2,059,827)</u>	<u>(2,556,827)</u>
NET PROFIT BEFORE TAXATION	20,610,841	19,028,293
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>20,610,841</u>	<u>19,028,293</u>
Net profit after taxation is made up of the following:		
Realised amount	17,880,202	18,661,259
Unrealised amount	2,730,639	367,034
	<u>20,610,841</u>	<u>19,028,293</u>

AHAM INCOME EXTRA FUND
(FORMERLY KNOWN AS AFFIN HWANG INCOME EXTRA FUND)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	212,780,112	292,336,849
Financial assets at fair value through profit or loss	454,304,581	470,471,597
TOTAL ASSETS	<u>667,084,693</u>	<u>762,808,446</u>
LIABILITIES		
Amount due to dealer	10,217,918	5,079,322
Amount due to Manager		
- management fee	194,085	225,159
- cancellation of units	-	999,134
Amount due to Trustee	22,181	25,733
Fund accounting fee	1,000	-
Auditors' remuneration	6,169	6,273
Tax agent's fee	6,199	6,243
Other payables and accruals	3,870	3,402
TOTAL LIABILITIES	<u>10,451,422</u>	<u>6,345,266</u>
NET ASSET VALUE OF THE FUND	<u>656,633,271</u>	<u>756,463,180</u>
EQUITY		
Unitholders' capital	644,448,800	748,794,326
Retained earnings	12,184,471	7,668,854
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>656,633,271</u>	<u>756,463,180</u>
NUMBER OF UNITS IN CIRCULATION	<u>630,726,000</u>	<u>731,325,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0411</u>	<u>1.0344</u>

AHAM INCOME EXTRA FUND
(FORMERLY KNOWN AS AFFIN HWANG INCOME EXTRA FUND)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 May 2023	724,952,769	8,867,801	733,820,570
Total comprehensive income for the financial period	-	20,610,841	20,610,841
Distributions	-	(17,294,171)	(17,294,171)
Movement in unitholders' capital:			
Creation of units arising from applications	208,654,410	-	208,654,410
Creation of units arising from distributions	12,316,634	-	12,316,634
Cancellation of units	(301,475,013)	-	(301,475,013)
Balance as at 31 January 2024	<u>644,448,800</u>	<u>12,184,471</u>	<u>656,633,271</u>
Balance as at 1 May 2022	951,283,980	1,758,047	953,042,027
Total comprehensive income for the financial period	-	19,028,293	19,028,293
Distributions	-	(13,117,486)	(13,117,486)
Movement in unitholders' capital:			
Creation of units arising from applications	171,564,295	-	171,564,295
Creation of units arising from distributions	12,316,634	-	12,316,634
Cancellation of units	(386,370,583)	-	(386,370,583)
Balance as at 31 January 2023	<u>748,794,326</u>	<u>7,668,854</u>	<u>756,463,180</u>

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