



QUARTERLY REPORT
31 March 2024

AHAM Absolute Return Fund III

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

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

Built On Trust

aham.com.my

AHAM ABOSLUTE RETURN FUND III

Quarterly Report and Financial Statements As at 31 March 2024

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8

QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Absolute Return Fund III
Fund Type	Growth
Fund Category	Mixed Assets (Wholesale)
Investment Objective	The Fund seeks to provide Unit Holders with long-term capital appreciation
Benchmark	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

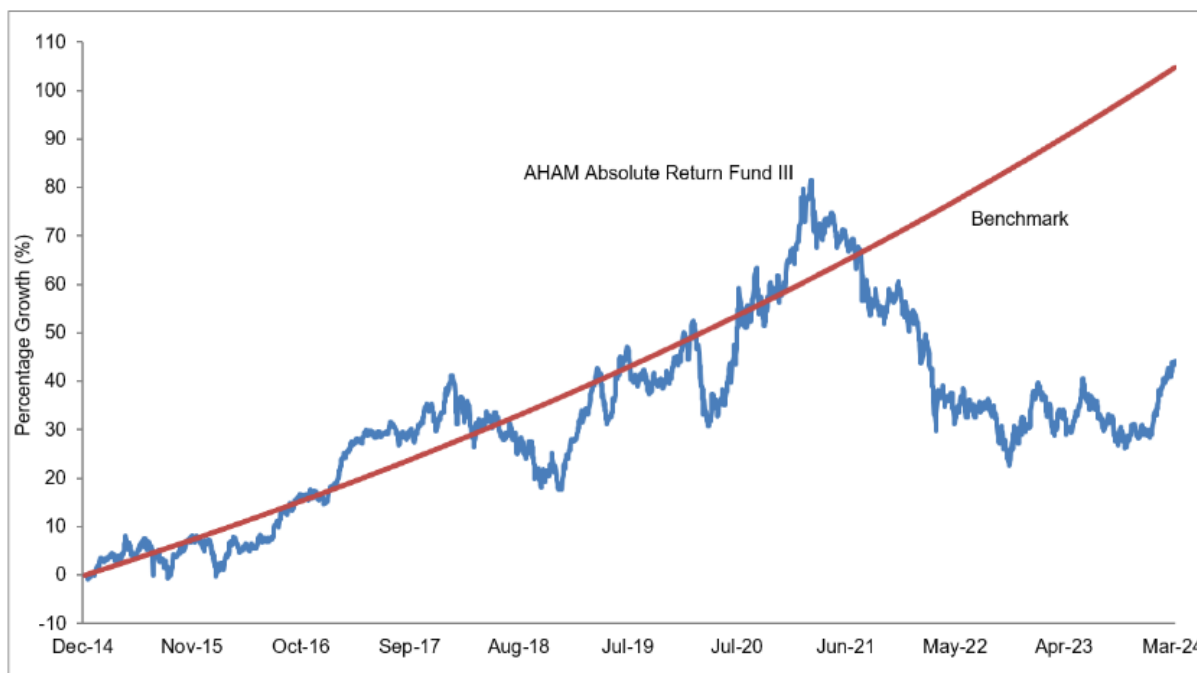
Category	As at	As at
	31 Mar 24	31 Dec 23
Total NAV (RM'million)	63.966	63.107
NAV per Unit (RM)	0.7201	0.6482
Unit in Circulation (million)	88.831	97.354

Fund Performance

Performance as at 31 March 2024

	3 Months (1/1/24 - 31/3/24)	6 Months (1/10/23 - 31/3/24)	1 Year (1/4/23 - 31/3/24)	3 Years (1/4/21 - 31/3/24)	5 Years (1/4/19 - 31/3/24)	Since Commencement (9/12/14 - 31/3/24)
Fund	11.09%	12.27%	7.62%	(15.60%)	6.67%	44.02%
Benchmark	1.94%	3.93%	8.02%	26.00%	46.99%	104.85%
Outperformance	9.15%	8.34%	(0.40%)	(41.60%)	(40.32%)	(60.83%)

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:

	31 March 2024
	(%)
Equity	79.66
Unit Trust	15.81
Derivative	0.20
Cash & money market	4.33
Total	100.00

Income Distribution Breakdown

No distribution was declared by the Fund over the financial period under review.

Strategies Employed

With the return of volatility in markets, the Manager maintained some level of cash holdings and will redeploy into the market with a focus on quality should market opportunity arises.

Market Review

To provide a broad overview of the markets over the period under review, the Standard and Poor's ("S&P") 500 Index returned 10.43% with the Morgan Stanley Capital International ("MSCI") World index slightly behind at 8.92% on a total return basis. Specific to the Asian region, MSCI AC Asia ex Japan Index saw a relatively weaker return of 1.79% while locally, the Financial Times Stock Exchange ("FTSE") Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") fared better at 7.03% in Ringgit terms. Within bond markets, Bloomberg Barclays Global Aggregate Index returned -2.07% while domestically, the bond markets' benchmark 10-year Malaysian Government Securities ("MGS") yield closed at 3.85%.

The first quarter of 2024 unfolded amidst a dynamic and eventful global economic landscape, where a mix of robust economic indicators, policy decisions, and geopolitical events shaped market sentiments and investor behaviour across various regions.

The United States ("US") witnessed a strong start for equities, with the S&P 500 index surging to new all-time highs in January. This bullish momentum was underpinned by better-than-expected Gross Domestic Product ("GDP") growth of 3.30% in the fourth quarter of 2023, signaling a potential soft landing for the economy. However, the US Federal Reserve's cautious stance at its January Federal Open Market Meeting Committee ("FOMC") meeting, opting to keep benchmark rates unchanged amidst recalibrated expectations of aggressive rate cuts, tempered market optimism and led to a slight uptick in US Treasury yields.

Across Asia, markets experienced mixed performances amid US-China tensions and concerns over economic growth. China faced economic headwinds, as disappointing fourth quarter of 2023 GDP data and sluggish retail sales raised concerns about the pace of recovery despite efforts by the People's Bank of China to stimulate growth. The month of January also saw the People's Bank of China ("PBoC") taking a significant policy step by announcing a 50 basis point ("bps") cut in the reserve ratio requirements ("RRR") for banks. Despite the initial boost from the stimulus, market gains quickly petered out later in January due to a lack of more forceful stimulus measures to revitalised economic growth. Challenges also persisted, particularly in markets like Indonesia, where political developments influenced investor confidence. By March 2024, China saw an expansion in manufacturing activity, marking the first increase in 6 months.

In Malaysia, the equity market showed resilience amidst global uncertainties, with the benchmark KLCI demonstrating positive momentum with Johor names taking the spotlight in January following the installation of the new Yang Di-Pertuan Agong. However, advanced GDP figures for the fourth quarter of 2023 fell short of estimates by 60 bps, highlighting challenges in key sectors such as mining and construction. The full-year 2023 GDP growth settled at 3.80%, below the government's initial projection of 4.00% to 4.50%. Policy measures, including the approval of the Penang LRT project and the signing of the MOU for the Johor-Singapore Special Economic Zone, aimed to stimulate economic growth and infrastructure development, providing potential catalysts for future market performance.

Monetary policy dynamics played a crucial role during the quarter, with global central banks adopting varying approaches. While the US Federal Reserve maintained a cautious stance, the Bank of Japan announced its exit from negative interest rates, raising interest rates to the range of 0 to 0.1% and dismantling its yield curve control mechanism. Bond markets reacted to shifting rate expectations, with yields fluctuating in response to central bank communications and economic data releases, reflecting adjustments in yield forecasts amid expectations of rate cuts in the US.

Geopolitical developments, including election outcomes in Taiwan and Indonesia, and ongoing US-China relations, remained focal points for investors. While Taiwan saw a status quo outcome, Indonesia's new administration outlined pro-growth policies aimed at economic expansion. US-China relations continued to be monitored closely for potential implications on trade, investment, and geopolitical stability.

Investment Outlook

Global economic indicators continue to show signs of improvement, with manufacturing sectors across the globe experiencing a gradual recovery. In terms of positioning, there is an overweight stance on Taiwanese and Korean tech names, driven by expectations of higher earnings growth fueled by cyclical rebound and exposure to the AI theme. Additionally, the 'Value up' theme in Korea is expected to trigger rerating in other sectors such as banks and auto industries. Moreover, overweight positions are also allocated to India and

Indonesia, driven by their promising growth potential, with a focus on banks, industrials, and consumer sectors within these countries. Conversely, a cautious positioning is adopted for China and Hong Kong, pending stronger policies to address the ongoing decline in the property sector. Singapore is held at a neutral position, given its heavy weighting by banks, which are currently priced attractively but are sensitive to interest rate cycles. Lastly, Thailand remains underweight due to its low growth prospects and relatively high valuations.

The higher for longer narrative remains amidst mixed economic data. Nevertheless, market still factors in 3 interest rate cuts with first rate cut of 25bps expected in June 2024. Hence, with developed markets approaching peak cycle, risk appetite is expected to return to the Emerging Market space.

AHAM ABSOLUTE RETURN FUND III

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

	Financial period ended <u>31.3.2024</u> RM	Financial period ended <u>31.3.2023</u> RM
INVESTMENT INCOME		
Dividend income	718,946	861,893
Interest income from financial asset at amortised cost	19,558	3,823
Interest income from financial assets at fair value through profit or loss	-	23,997
Net (loss)/gain on foreign currency exchange	(171,162)	260,138
Net gain on forward foreign currency contracts at fair value through profit or loss	-	239,916
Net gain/(loss) on financial assets at fair value through profit or loss	3,688,850	(1,332,700)
	<u>4,256,192</u>	<u>57,067</u>
EXPENSES		
Management fee	(512,695)	(643,545)
Trustee fee	(28,249)	(35,426)
Fund accounting fee	(9,000)	(10,000)
Auditors' remuneration	(6,933)	(7,025)
Tax agent's fee	(7,624)	(6,603)
Transaction costs	(244,909)	(185,637)
Other expenses	(117,740)	(72,405)
	<u>(927,150)</u>	<u>(960,641)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	3,329,042	(903,574)
Taxation	(107,779)	(135,021)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u>3,221,263</u>	<u>(1,038,595)</u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	(3,165,083)	(4,748,455)
Unrealised amount	6,386,346	3,709,860
	<u>3,221,263</u>	<u>(1,038,595)</u>

AHAM ABSOLUTE RETURN FUND III

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	2,406,022	8,091,048
Amount due from brokers	408,623	1,318,211
Amount due to from Manager		
- management fee rebate receivable	8,202	8,738
Dividend receivable	137,857	151,725
Financial assets at fair value through profit or loss	61,197,298	71,706,225
Tax recoverable	83,527	-
TOTAL ASSETS	<u>64,241,529</u>	<u>81,275,947</u>
LIABILITIES		
Amount due to Manager		
- management fee	53,954	67,902
- cancellation of units	192,358	-
Amount due to Trustee	2,967	3,735
Fund accounting fee	1,000	1,000
Auditors' remuneration	6,933	7,025
Tax agent's fee	6,211	6,467
Tax provision	-	117,238
Other payables and accruals	11,897	11,992
TOTAL LIABILITIES	<u>275,320</u>	<u>215,359</u>
NET ASSET VALUE OF THE FUND	<u>63,966,209</u>	<u>81,060,588</u>
EQUITY		
Unitholders' capital	46,692,378	68,042,350
Retained earnings	17,273,831	13,018,238
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>63,966,209</u>	<u>81,060,588</u>
NUMBER OF UNITS IN CIRCULATION	<u>88,831,000</u>	<u>121,142,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.7201</u>	<u>0.6691</u>

AHAM ABSOLUTE RETURN FUND III

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

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2023	64,974,275	14,052,568	79,026,843
Total comprehensive income for the financial period	-	3,221,263	3,221,263
Movement in unitholders' capital:			
Cancellation of units	(18,281,897)	-	(18,281,897)
Balance as at 31 March 2024	<u>46,692,378</u>	<u>17,273,831</u>	<u>63,966,209</u>
Balance as at 1 July 2022	81,610,793	14,056,833	95,667,626
Total comprehensive loss for the financial period	-	(1,038,595)	(1,038,595)
Movement in unitholders' capital:			
Creation of units arising from applications	148,888	-	148,888
Cancellation of units	(13,717,331)	-	(13,717,331)
Balance as at 31 March 2023	<u>68,042,350</u>	<u>13,018,238</u>	<u>81,060,588</u>

AHAM Asset Management Berhad

Registration No: 199701014290 (429786-T)

Ground Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

Toll Free Number: 1800 88 7080 T: +603 2116 6000

aham.com.my