AHAM CAPITAL
ASSET MANAGEMENT

QUARTERLY REPORT
31 August 2023

Affin Hwang **Flexible Maturity Income Fund 20**

MANAGER
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AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 20

Quarterly Report and Financial Statements
As at 31 August 2023

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Flexible Maturity Income Fund 20
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	Five (5) years
Termination Date	26 November 2025
Benchmark	5-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

FUND PERFORMANCE DATA

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (RM'million)	53.340	53.039
NAV per Unit (RM)	0.7601	0.7525
Unit in Circulation (million)	70.173	70.484

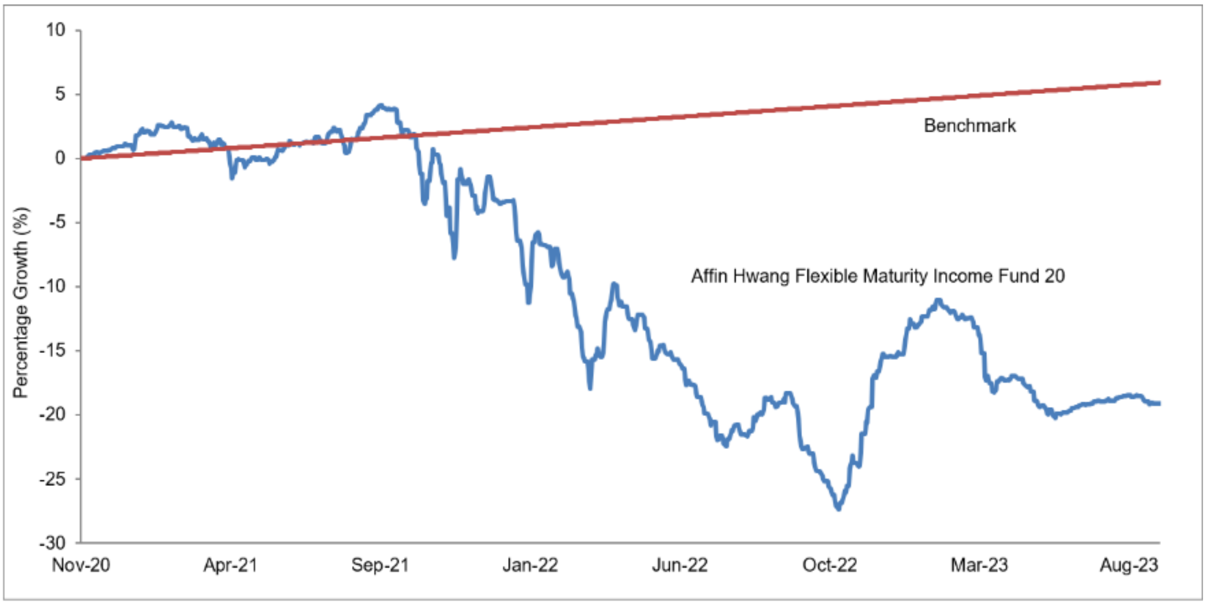
Fund Performance

Performance as at 31 August 2023

	3 Months (1/6/23 - 31/8/23)	6 Months (1/3/23 - 31/8/23)	1 Year (1/9/22 - 31/8/23)	Since Commencement (26/11/20 - 31/8/23)
Fund	1.02%	(7.64%)	(0.35%)	(19.06%)
Benchmark	0.53%	1.05%	2.10%	5.91%
Outperformance	0.49%	(8.69%)	(2.45%)	(24.97%)

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: 5-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 August 2023
	(%)
Fixed Income	99.73
Derivative	-3.12
Cash & money market	3.39
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 across the global economy as macro events and policy rate hikes over the past quarter affected stock and bond markets. The economic fallout from the Covid-19 pandemic coupled with the Russia-Ukraine conflict has disrupted supply chains and commodity markets, weighing heavily on global economic growth. Central banks continue to rein in inflation contributed by supply-demand imbalances and volatility in energy prices among other factors through monetary policy, which inadvertently played a role in destabilising the banking sector March this year.

The US Federal Reserve ("Fed") raised their policy rates in monetary policy committee meetings since March last year, to of 5.50% in July 2023, although pausing for the first time in 15 months in June 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. In addition to fractures in the banking sector, other notable events that affected markets 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. Despite narrowly avoiding a default, the U.S did not escape unscathed as Fitch Ratings downgraded its rating on U.S. debt, quoting in a press release "The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management,".

US equities has been volatile as the financial sector disruption troubled markets in the first quarter of 2023, while gains in the second quarter of the year was mostly driven by the fervour and enthusiasm over new developments in artificial intelligence ("AI"). Zooming in closer on a monthly basis, although US equities ended July 2023 upbeat, gains were pared back, falling 1.77% over the month of August as stronger than expected economic data spurred bond yields which hit new highs, soaring 15 basis points ("bps") to close at 4.11%. This bolstered bets that the Fed would hold interest rates higher for longer to keep a lid on inflation.

Despite starting off 2023 strong, Chinese equity trended downwards following the country's reopening after the pandemic started to cool before lifting in July, driven by stimulus optimism in China, evident as the MSCI China Index vaulted 9.30% in July as top party leaders unveiled measures at its Politburo meeting to reinvigorate growth in the country. Among the measures include a pledge by Beijing to provide stimulus support for its beleaguered property sector. Top party leaders also emphasised the need for measures to tackle youth unemployment as well as accelerate the issuance of local government special bonds to spur government investment. While there were no explicit announcements of blockbuster stimulus, the overall policy tone from the Politburo meeting did exceed expectations. There was an acknowledgement of pressing issues on-the-ground that could result in targeted easing measures to bolster growth and lift sentiment. However, this quickly cooled as investors remain doubtful whether the stimulus measure would be enough to arrest the decline in growth, with the gains made in July this year quickly neutralised by the end of August.

Back in Malaysia, several policy announcements by the government in June caught the attention of investors. These positive sentiments lifted foreign investors' confidence as they poured into local equities. These included 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. By the end of August 2023, there was also greater political clarity following the conclusion of state elections. As widely expected, the Pakatan Harapan-Barisan Nasional coalition retained Selangor, Penang and Negeri Sembilan, while Perikatan Nasional held on to their strongholds in Kedah, Kelantan and Terengganu.

On economic data, headline inflation decelerated for an 11th straight month to 2.00% year on year ("y-o-y") in July, marking the lowest level since Aug 2021. Similarly, core consumer price index ("CPI") inflation, which excludes volatile fresh food prices and price-administered goods, decelerated to 2.80% y-o-y. This may provide more room for Bank Negara Malaysia ("BNM") to pause its overnight policy rate ("OPR") hike with inflationary pressures easing.

Meanwhile, Malaysia's second quarter 2023 (2Q23) Gross Domestic Product ("GDP") growth at 2.9% y-o-y (1Q23: +5.6% y-o-y), the slowest pace of expansion since 3Q21. GDP growth remained supported by labour market improvements, sustained increase in domestic demand, and higher tourism activities. Key drags were weaker external demand, global tech down cycle, and lower commodity production. Malaysia's gross exports maintained a double-digit contraction of 13.1% y-o-y (June: -14.1%) and imports declined by -15.9% y-o-y in July 2023 (June: -18.7% y-o-y) YTD as of July, exports shrank by 5.9% (Jan-July 2022: +27.5%). The slowdown in demand was evident in major trading partners such as Singapore, China, and the US, which together account for 40% of total exports

U.S. Treasury ("UST") was seen rebounding post the Federal Open Market Committee (FOMC) meeting, but the advance U.S. second quarter GDP print surprised on the upside while news on discussion on a potential tweak to Bank of Japan's yield curve control unnerved the markets. The 2-year, 5-year and 10-year yields ended the month at 4.88%, 4.25% and 4.11% respectively. The 30-year UST closed at 4.21%. As a result, the inversion between the 2-year and 10-year US. Treasury narrowed to -75bps.

Investment Outlook

The US economic data continue to send mixed signals, leading to an increased market conviction that the US may avoid a recession in 2023 and move towards a soft landing. Economic data has been stronger than expected and earnings have been resilient. The larger cap stocks in particular have outperformed driven by various factors. There is a risk that the Fed will hike rates by another 25bps in 2023; however, we believe that there is higher possibility that Fed's may pause its hiking cycle in 2023. With developed markets peak cycle in the horizon, risk appetite is seen returning to the Emerging Markets ("EM") space given that EM has better shielded economics against inflation.

Locally, the economy could be supported by lower government bond supply in September and the fourth quarter of 2023. Easing inflationary pressure and resilient demand from domestic investors could also provide support. The state election results affirmed the current political status quo. We expect that Bank Negara Malaysia will hold OPR for the remainder of 2023 amidst decelerating inflation level and softer GDP growth outlook.

As such, we expect a range bound yield movement in the near term as market reacts to headline risks. Foreign inflows are steady and may continue as global investors seek stability and carry trade opportunities.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 20

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

	Financial period ended 31.8.2023 RM	Financial period ended 31.8.2022 RM
INVESTMENT INCOME/(LOSS)		
Interest income from financial assets at amortised cost	13,272	9,480
Interest income from financial assets at fair value through profit or loss	2,233,868	2,490,038
Net (loss)/gain on foreign currency exchange	(296,383)	102,214
Net loss on forward foreign currency contracts at fair value through profit or loss	(1,773,631)	(643,551)
Net gain/(loss) on financial assets at fair value through profit or loss	1,413,752	(12,193,307)
	1,590,878	(10,235,126)
EXPENSES		
Management fee	(83,047)	(91,104)
Trustee fee	(16,610)	(18,221)
Fund accounting fee	(10,833)	(9,750)
Auditors' remuneration	(6,244)	(6,244)
Tax agent's fee	(2,732)	(2,732)
Other expenses	(16,538)	(18,876)
	(136,004)	(146,927)
NET PROFIT/(LOSS) BEFORE TAXATION	1,454,874	(10,382,053)
Taxation	(377,284)	(146,077)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	1,077,590	(10,528,130)
Net profit/(loss) after taxation is made up of the following:		
Realised amount	(13,879,756)	1,798,715
Unrealised amount	14,957,346	(12,326,845)
	1,077,590	(10,528,130)

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 20

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	2023	2022
	RM	RM
ASSETS		
Cash and cash equivalents	1,112,942	1,079,546
Financial assets at fair value through profit or loss	53,890,058	57,197,560
Forward foreign currency contracts at fair value through profit or loss	37,518	70,265
Tax recoverable	37,018	-
TOTAL ASSETS	55,077,536	58,347,371
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	1,702,872	1,539,767
Amount due to Manager		
- management fee	9,099	9,432
- cancellation of units	7,599	-
Amount due to Trustee	1,820	1,886
Fund accounting fee	1,083	-
Auditors’ remuneration	6,244	6,244
Tax agent’s fee	2,732	2,732
Tax payable	-	146,077
Other payables and accruals	1,939	1,784
TOTAL LIABILITIES	1,733,388	1,707,922
NET ASSET VALUE OF THE FUND	53,344,148	56,639,449
EQUITY		
Unitholders’ capital	70,590,407	71,914,891
Accumulated losses	(17,246,259)	(15,275,442)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	53,344,148	56,639,449
NUMBER OF UNITS IN CIRCULATION	70,173,000	71,869,000
NET ASSET VALUE PER UNIT (RM)	0.7602	0.7881

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 20

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

	Unitholders' capital RM	Accumulated losses RM	Total RM
Balance as at 1 December 2022	71,480,842	(18,323,849)	53,156,993
Total comprehensive income for the financial period	-	1,077,590	1,077,590
Movement in unitholders' capital:			
Cancellation of units	(890,435)	-	(890,435)
Balance as at 31 August 2023	70,590,407	(17,246,259)	53,344,148
Balance as at 1 December 2021	72,112,410	(4,747,312)	67,365,098
Total comprehensive loss for the financial period	-	(10,528,130)	(10,528,130)
Movement in unitholders' capital:			
Cancellation of units	(197,519)	-	(197,519)
Balance as at 31 August 2022	71,914,891	(15,275,442)	56,639,449

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