



**QUARTERLY REPORT**  
31 August 2024

# **AHAM World Series - Asian High Yield Fund**

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**Built On Trust**

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# AHAM WORLD SERIES – ASIAN HIGH YIELD FUND

## Quarterly Report and Financial Statements As at 31 August 2024

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## QUARTERLY REPORT

### FUND INFORMATION

Fund Name	AHAM World Series – Asian High Yield Fund
Fund Type	Income
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income on a monthly basis, after the end of its first financial year

### FUND PERFORMANCE DATA

#### USD Class

Category	As at 31 Aug 2024	As at 31 May 2024
Total NAV (million)	0.209	0.357
NAV per Unit (USD)	0.3270	0.3237
Unit in Circulation (million)	0.638	1.104

#### MYR-Hedged class

Category	As at 31 Aug 2024	As at 31 May 2024
Total NAV (million)	8.922	10.156
NAV per Unit (RM)	0.3144	0.3134
Unit in Circulation (million)	28.371	32.409

#### SGD-Hedged class

Category	As at 31 Aug 2024	As at 31 May 2024
Total NAV (million)	0.239	0.233
NAV per Unit (SGD)	0.3146	0.3123
Unit in Circulation (million)	0.760	0.745

#### AUD-Hedged class

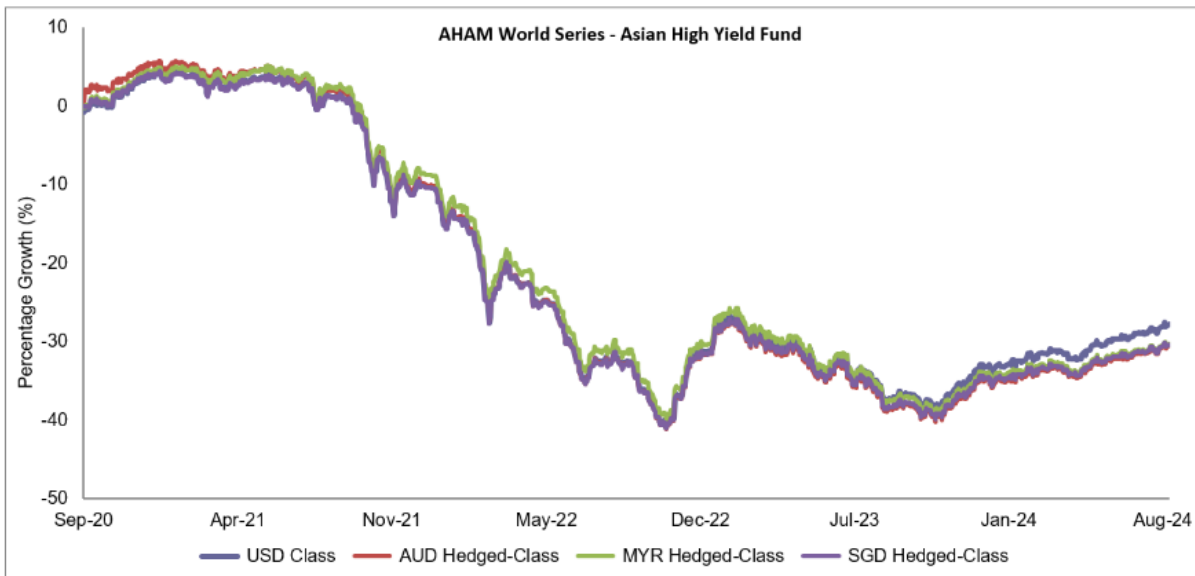
Category	As at 31 Aug 2024	As at 31 May 2024
Total NAV (million)	0.306	0.378
NAV per Unit (AUD)	0.3132	0.3104
Unit in Circulation (million)	0.977	1.219

**Fund Performance**

Performance as at 31 August 2024

	3 Months (1/6/24 - 31/8/24)	6 Months (1/3/24 - 31/8/24)	1 Year (1/9/23 - 31/8/24)	3 Years (1/9/21 - 31/8/24)	Since Commencement (28/9/20 - 31/8/24)
USD Class	3.29%	6.25%	13.97%	(29.26%)	(28.19%)
AUD Hedged-Class	2.88%	5.38%	11.83%	(32.65%)	(30.99%)
MYR Hedged-Class	2.37%	4.55%	10.41%	(32.69%)	(30.77%)
SGD Hedged-Class	2.72%	5.22%	11.61%	(31.81%)	(30.81%)

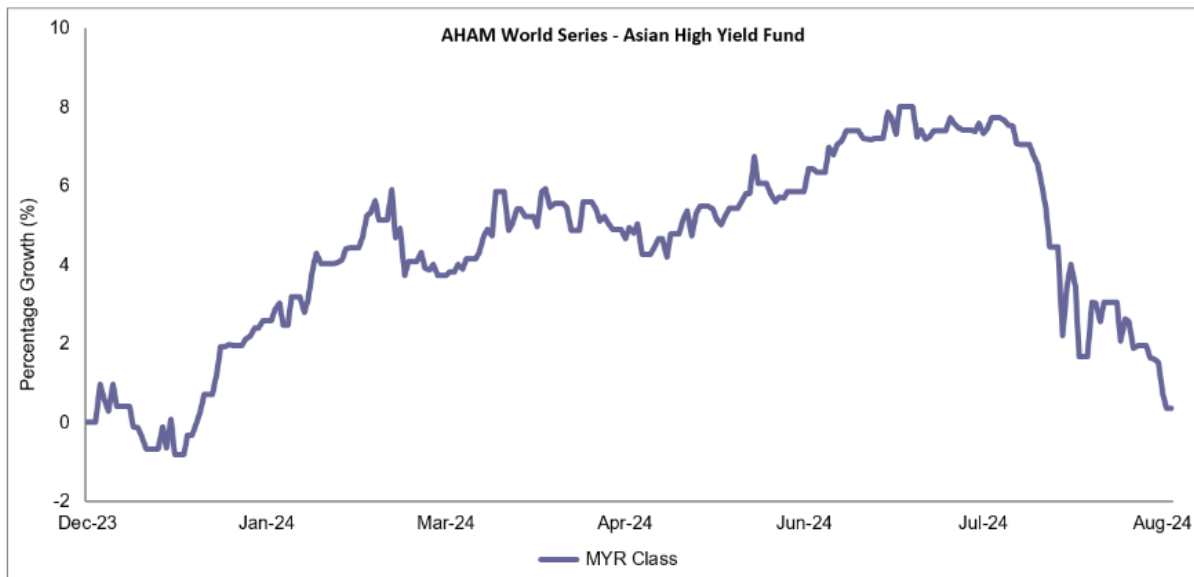
Movement of the Fund since commencement



Performance as at 31 August 2024

	3 Months (1/6/24 - 31/8/24)	6 Months (1/3/24 - 31/8/24)	Since Commencement (16/12/23 - 31/8/24)
MYR -Class	(5.20%)	(3.24%)	0.36%

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:

	31 August 2024
	(%)
Unit Trust	91.46
Derivative	1.12
Cash & money market	7.42
Total	100.00

## **Income Distribution Breakdown**

<b>Class</b>	<b>Ex-Date</b>	<b>Income (per unit) (sens / cents)</b>	<b>Income (%)</b>	<b>Capital (per unit) (sens / cents)</b>	<b>Capital (%)</b>
MYR	2024-06-24	1.9000	100	-	-
AUD Hedged	2024-06-24	0.2200	100	-	-
	2024-07-22	0.1600	100	-	-
	2024-08-22	0.2300	100	-	-
MYR Hedged	2024-06-24	0.2400	100	-	-
	2024-07-22	0.1700	100	-	-
	2024-08-22	0.2300	100	-	-
SGD Hedged	2024-06-24	0.2200	100	-	-
	2024-07-22	0.1650	100	-	-
	2024-08-22	0.2300	100	-	-
USD	2024-06-24	0.2400	100	-	-
	2024-07-22	0.2500	100	-	-
	2024-08-22	0.2400	100	-	-

## **Strategies Employed**

The target fund registered a positive return while slightly underperforming the benchmark in August as the US Treasury yields moved lower over the month. On a relative basis, the fund benefited from its long duration positioning with lower US Treasury yields due to increasing rate cut expectations after some weak economic data. On the other hand, the fund's credit exposure detracted, mainly from our overweight in China HY industrials, Sri Lanka sovereigns, and the strongest China POE developers. Elsewhere, yield carry was a key positive contributor as the fund maintained a higher portfolio yield against the benchmark.

In terms of positioning, we remained small overweight the China property sector as the government's property policy focus has now shifted to "digesting inventory" from "demand-stimulus". We considered this as the right direction as the central government has to address the oversupply problem in the China property space before buyers' confidence comes back. We remain selectively overweight strongest quality private developers with better visibility in repaying their near-term maturities, and those that are the best beneficiaries from the property destocking policy by the central government. Meanwhile, we remained overweight in Macau gaming in view of continual sector recovery from rising visitor number and strong gross gaming revenue. In addition, we are overweight in the China consumer and industrial sectors, given selective attractive opportunities. Also, we maintain our overweight in India and Indonesia corporates, particularly those we expect to benefit from the economic growth. Of note, we favour the commodity sector in India and Indonesia. We expect the strong demand for commodities and energy will keep prices well supported and will in turn, benefit these companies. In India, we also favour the renewable energy sector which we expect to remain well supported by global sustainable investors. In Indonesia, we favour the property sector on a selective basis, given strong marketing sales and gradual recovery of housing prices in Indonesia supported by record low mortgage rates and macro tailwind. On the other hand, we are underweight sectors which we find valuations unattractive. For instance, we are underweight Indonesia, Philippines, and China. Similarly, we are also underweight sovereign, quasi sovereign bonds, and bank subordinated debt. During the month, we remained slight overweight duration for the fund in view of the downward trend of US Treasury yields. We have also used interest rate futures to help manage our duration exposure actively.

## **Market Review**

The Asia credit market posted positive returns over the quarter from June to August 2024. The US Treasury yield curve shifted lower, driven by increased expectations of a rate cut. Market sentiment turned as weaker-

than-expected employment data and dovish signals from Federal Reserve Chair Jerome Powell's Jackson Hole speech and the FOMC minutes highlighted a potential shift in the policy rate cycle. Powell indicated that the labor market had cooled, with conditions now less tight than pre-pandemic, and some unemployment metrics returning to pre-pandemic levels. The July nonfarm payroll data, while positive, fell short of market expectations, and the unemployment rate hit a new cycle high, signaling a slowing labor market. Meanwhile, headline CPI and core CPI saw slight month-on-month increases in July, with food and energy prices stable. As a result, the 2-year Treasury yield dropped by 34 basis points, while the 10-year yield fell by 13 basis points over the period.

In credit markets, investment grade (IG) bonds outperformed high yield (HY) bonds, with spreads tightening across both categories. Malaysia TMT led the IG space following a \$200 million bond tender announcement by a leading telecommunications conglomerate. Indonesia's sovereign credit experienced spread compression, supported by a favorable macroeconomic environment and currency recovery. The metals and mining sector in India also saw strong performance, buoyed by a credit rating upgrade for a major steel producer. However, Indonesia's financial sector underperformed, with spreads widening, and China's financial sector also struggled due to persistent concerns over property market challenges. In India, the telecommunications sector saw spreads widen, despite stable quarterly results from a major player.

Within the HY space, Indonesia's transport sector outperformed, with Hong Kong's transport sector following closely, benefiting from shipbuilding contracts signed by a leading containership owner to expand its fleet. China's real estate sector also performed well, driven by news that authorities were considering issuing special local government bonds to fund the purchase of unsold properties. On the downside, Sri Lanka's sovereign credit was a significant detractor as investors worried about potential delays in debt restructuring and IMF support amid upcoming presidential elections. Maldives' sovereign credit also saw spreads widen due to concerns over declining reserves and external liquidity. Sri Lanka's quasi-sovereign credits underperformed as well, with a state-backed airline facing business restructuring challenges.

## **Investment Outlook**

In the quarter from June to August 2024, US Treasuries rallied, largely driven by weaker US employment data and a dovish tone from Federal Reserve Chair Jerome Powell at the Jackson Hole symposium. This strengthened market expectations for a rate cut in September, although the magnitude of the cut remains data-dependent. Amid this volatility in US Treasuries, Asia credit markets demonstrated resilience. Asian economies continue to grow at a rapid pace, outperforming many developed markets due to favorable demographics, robust domestic consumption, strategic policy initiatives, and a focus on technological innovation.

Asia investment grade (IG) bonds have remained attractive throughout the quarter, offering higher yields than their US and European counterparts, while also displaying lower sensitivity to interest rate changes due to their shorter duration profiles. This combination has provided a cushion against market volatility. Credit fundamentals among bond issuers in Asia remain strong, with solid liquidity buffers and healthy leverage ratios, leading to stable credit spreads. The positive outlook for Asia IG bonds is supported by the confluence of high yields, solid credit quality, and favorable cyclical dynamics in the region.

Asia high yield (HY) bonds have continued to perform exceptionally well, delivering strong returns and emerging as one of the best-performing fixed-income asset classes so far in 2024. This performance was driven by the recovery of some of the weakest bonds, including China property bonds. Despite the rally, valuations remain attractive, with Asia HY bonds offering higher yields compared to their US and global HY peers. Default rates have significantly declined from a peak of over 18% in 2022 to below 5%, and we expect default rates to remain low due to the region's strong economic fundamentals and improving credit metrics among companies.

Additionally, Asian bond issuers' access to cheaper local funding has made refinancing easier, contributing to low default rates and providing strong technical support for Asia credit as net issuance is expected to stay negative for the rest of 2024. While China's economic growth momentum has weakened based on recent data, increasing policy support from both monetary and fiscal sides should help stabilize growth. Furthermore, the shrinking China property bond market has lessened the sector's impact on the broader Asia HY market, with other growing economies like India and Indonesia now playing a larger role. The overall market is becoming more diversified, and improved corporate governance and credit fundamentals among issuers are enhancing market stability.





## AHAM WORLD SERIES - ASIAN HIGH YIELD FUND

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

	Financial period ended <u>31.8.2024</u> USD	Financial period ended <u>31.8.2023</u> USD
<b>INVESTMENT INCOME/(LOSS)</b>		
Dividend income	124,993	-
Net gain on foreign currency exchange	580	666
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss	99,569	(232,163)
Net gain/(loss) on financial assets at fair value through profit or loss	222,086	(114,808)
	<u>447,228</u>	<u>(346,305)</u>
<b>EXPENSES</b>		
Management fee	(33,883)	(50,322)
Trustee fee	(678)	(1,007)
Auditors' remuneration	(1,281)	(1,406)
Tax agent's fee	(561)	(614)
Other expenses	(500)	(538)
	<u>(36,903)</u>	<u>(53,887)</u>
<b>NET PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION</b>	410,325	(400,192)
<b>FINANCE COST (EXCLUDING INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		
Distributions	(94,109)	-
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>	316,216	(400,192)
Taxation	-	-
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>316,216</u>	<u>(400,192)</u>
Increase/(decrease) in net asset attributable to unitholders is made up of the following:		
Realised amount	(808,856)	(432,461)
Unrealised amount	1,125,072	32,269
	<u>316,216</u>	<u>(400,192)</u>

## AHAM WORLD SERIES - ASIAN HIGH YIELD FUND

### UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024

	<u>2024</u> USD	<u>2023</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	174,005	157,043
Amount due from broker	116,864	206,096
Amount due from Manager		
- creation of units	1	-
- management fee rebate receivable	9,712	14,867
Dividend receivable	17,662	-
Financial assets at fair value through profit or loss	2,439,837	3,549,232
Forward foreign currency contracts at fair value through profit or loss	29,955	-
<b>TOTAL ASSETS</b>	<u>2,788,036</u>	<u>3,927,238</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	192	25,654
Amount due to broker	56,690	1,628
Amount due to Manager		
- management fee	3,402	5,006
- cancellation of units	57,081	271,293
Amount due to Trustee	68	100
Auditors' remuneration	1,425	1,410
Tax agent's fee	1,472	731
Other payables and accruals	102	157
<b>TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>120,432</u>	<u>305,979</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>2,667,604</u>	<u>3,621,259</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>2,667,604</u>	<u>3,621,259</u>

## AHAM WORLD SERIES - ASIAN HIGH YIELD FUND

### UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024 (CONTINUED)

	<u>2024</u> USD	<u>2023</u> USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- AUD Hedged-class	208,297	361,069
- MYR Class	1,162	-
- MYR Hedged-class	2,065,955	2,716,671
- SGD Hedged-class	183,540	176,771
- USD Class	208,650	366,748
	<u>2,667,604</u>	<u>3,621,259</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- AUD Hedged-class	977,000	1,930,000
- MYR Class	10,000	-
- MYR Hedged-class	28,371,000	42,761,000
- SGD Hedged-class	760,000	821,000
- USD Class	638,000	1,233,000
	<u>30,756,000</u>	<u>46,745,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- AUD Hedged-class	0.2132	0.1871
- MYR Class	0.1162	-
- MYR Hedged-class	0.0728	0.0635
- SGD Hedged-class	0.2415	0.2153
- USD Class	0.3270	0.2974
	<u>0.2132</u>	<u>0.1871</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- AUD Hedged-class	AUD0.3132	AUD0.2894
- MYR Class	RM0.5018	-
- MYR Hedged-class	RM0.3144	RM0.2944
- SGD Hedged-class	SGD0.3146	SGD0.2912
- USD Class	USD0.3270	USD0.2974
	<u>AUD0.3132</u>	<u>AUD0.2894</u>

## AHAM WORLD SERIES - ASIAN HIGH YIELD FUND

### UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2024

	Financial period ended <u>31.8.2024</u> USD	Financial period ended <u>31.8.2023</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE PERIOD</b>	3,308,464	4,582,229
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	28,990	218,765
- AUD Hedged-class	112	-
- MYR Class	1,071	-
- MYR Hedged-class	27,347	213,471
- SGD Hedged-class	145	-
- USD Class	315	5,294
Creation of units arising from distributions	92,164	-
- AUD Hedged-class	8,278	-
- MYR Hedged-class	67,767	-
- SGD Hedged-class	5,690	-
- USD Class	10,429	-
Cancellation of units	(1,078,230)	(779,543)
- AUD Hedged-class	(124,104)	(22,497)
- MYR Hedged-class	(769,174)	(665,444)
- SGD Hedged-class	(224)	(70,113)
- USD Class	(184,728)	(21,489)
Increase/(decrease) in net assets attributable to unitholders during the financial period	316,216	(400,192)
- AUD Hedged-class	23,629	(37,575)
- MYR Class	92	-
- MYR Hedged-class	255,202	(343,844)
- SGD Hedged-class	13,615	(4,129)
- USD Class	23,678	(14,644)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>2,667,604</u>	<u>3,621,259</u>

**AHAM Asset Management Berhad**

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