



QUARTERLY REPORT
31 July 2024

AHAM Strategic Opportunity Fund 3

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Built On Trust

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AHAM STRATEGIC OPPORTUNITY FUND 3

Quarterly Report and Financial Statements As at 31 July 2024

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	AHAM Strategic Opportunity Fund 3
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide income return whilst maintaining capital preservation ¹
Duration of the Fund	Two (2) years
Termination Date	17 February 2025
Distribution Policy	Depending on the level of income the Fund generates, the Fund aims to distribute income on an annual basis.

FUND PERFORMANCE DATA

Category	As at 31 Jul 2024	As at 30 Apr 2024
Total NAV (RM'million)	65.055	65.646
NAV per Unit (RM)	1.0091	1.0182
Unit in Circulation (million)	64.470	64.470

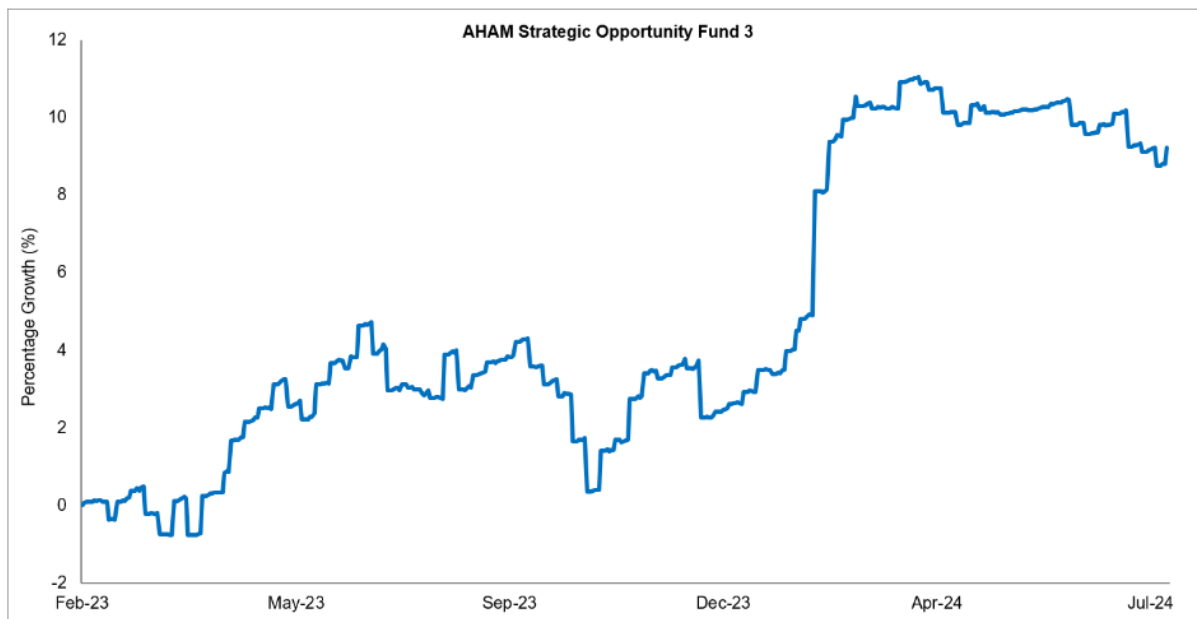
Fund Performance

Table 1: Performance as at 31 July 2024

	3 Months (1/5/24 - 31/7/24)	6 Months (1/2/24 - 31/7/24)	1 Year (1/8/23 - 31/7/24)	Since Commencement (15/2/23 - 31/7/24)
Fund	(0.89%)	4.53%	6.18%	9.23%

¹ The Fund is not a capital guaranteed nor a capital protected fund.

Figure 1: 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 July 2024
	(%)
Unit Trust	1.05
Cash & money market	98.95
Total	100.00

Income Distribution Breakdown

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

Strategies Employed

Over the period under review, the Fund maintained its strategy of employing a buy and hold strategy, remaining invested until the maturity date of the Fund.

Market Review

To recap, the US Federal Reserve (Fed) has aggressively raised interest rates by around 500 basis points (bps) from March 2022 until July 2023. Moreover, central banks started Quantitative Tightening, reining in their balance sheets. These measures previously triggered market adjustments in the global bond market.

Global bond markets have been better behaved for the past year while risk sentiment were more positive as compared to the previous period. The US treasury yields ranged from 3.8% to 5% but were broadly flat from point-to-point at around 4%. Within the period, we have seen markets pricing in multiple rate cuts but at times were quick to reverse that expectation as well. Some notable key economic developments contributing to this was the better-than-expected economic data in the US. That said, we overall saw gradual softening in the developed economies' labour market coupled with lower inflationary data. This has eased pressure on central banks to further normalize interest rates. The Fed has stopped raising interest rates since the middle of 2023, which has translated to mostly unchanged US Fed Fund Rate over the period under review.

In the regional corporate bond space, we have continued to see good performance since the 4th quarter of 2023. Overall, secondary and primary bond issuances in the broader Asia-pacific region have been well supported amid resilient credit profile and improving demand/supply dynamics.

In Malaysia, Bank Negara Malaysia has continuously kept the Overnight Policy Rate unchanged at 3% since the last hike seen in May 2023, supported by the relatively moderate inflation and the central bank's stance to support growth. This together with strong demand for MYR denominated bonds translated to lower local bond market yields in both the government bonds and private debt securities space.

Investment Outlook

The current global economic landscape presents both challenges and opportunities. We remain upbeat on quality bonds (such as government or investment grade corporates) as we view US interest rates have likely peaked and is expected to begin cutting interest rates as early as in the second half of 2024. The case is supported by slowing inflation and cooling of the tight labour market. We are also seeing encouraging signs of disinflation in the Shelter component of the US inflationary data. There have been more central banks cutting interest rates in recent months such as European Central Bank and Bank of England. Lower interest rates will be supportive of bond valuations.

In addition, valuations of bonds have turned more attractive. After the sharp rise of interest rates in the last 2-3 years, bonds are offering an attractive yield carry and may benefit from rate cuts in 2024-2025. The Fed Fund Rate today is at 5.5%. The main composition of the Fund's fixed income investments are corporate bonds, diversified regionally and across sectors. We also note that there has been overall strong demand for corporate bonds as compared to the bond supply since the 4th quarter of 2023. These alongside resilient fundamentals have been very supportive of corporate bond credit spreads.

On the flipside, it is worth cautioning on some possible scenarios that may have adverse implications on investments. For example, one of the risks is reacceleration of inflation in 2025. This could be anchored by consumer spending if the labour market remains tight. Additionally, the Bank of Japan has exited negative interest rates and yield curve control policy but there will be further speculation on whether the central bank will further normalise its monetary policy, leading to concerns of the unwinding of carry trades. Such events could introduce volatility to markets. On the geopolitical front, there are various conflicts that are unfolding and may have mixed implications. All these warrants closer monitoring and may require nimble adjustments to the portfolio.

AHAM STRATEGIC OPPORTUNITY FUND 3

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

	Financial period ended <u>31.7.2024</u> RM	Financial period ended <u>31.7.2023</u> RM
INVESTMENT INCOME		
Interest income from financial assets at fair value through profit or loss	1,214,543	1,154,194
Net loss on foreign currency exchange	(25,572)	(30,297)
Net gain on derivatives at fair value through profit or loss	1,900,015	746,662
	<u>3,088,986</u>	<u>1,870,559</u>
EXPENSES		
Trustee fee	(6,562)	(7,028)
Fund accounting fee	(6,000)	(5,493)
Auditors' remuneration	(5,343)	(5,088)
Tax agent's fee	(1,784)	(1,874)
Other expenses	(2,174)	(1,045)
	<u>(21,863)</u>	<u>(20,528)</u>
NET PROFIT BEFORE TAXATION	3,067,123	1,850,031
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>3,067,123</u>	<u>1,850,031</u>
Net profit after taxation is made up of the following:		
Realised amount	4,977,645	1,009,740
Unrealised amount	(1,910,522)	840,291
	<u>3,067,123</u>	<u>1,850,031</u>

AHAM STRATEGIC OPPORTUNITY FUND 3

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2024

	<u>2024</u> RM	<u>2023</u> RM
ASSETS		
Cash and cash equivalents	23,923	123,137
Financial assets at fair value through profit or loss	64,450,839	62,008,407
Derivatives at fair value through profit or loss	684,449	4,197,709
TOTAL ASSETS	<u>65,159,211</u>	<u>66,329,253</u>
LIABILITIES		
Amount due to Manager - other	91,000	-
Amount due to Trustee	1,104	1,134
Fund accounting fee	1,000	1,000
Auditors' remuneration	4,843	5,088
Tax agent's fee	5,284	1,874
Other payables and accruals	800	126
TOTAL LIABILITIES	<u>104,031</u>	<u>9,222</u>
NET ASSET VALUE OF THE FUND	<u>65,055,180</u>	<u>66,320,031</u>
EQUITY		
Unitholders' capital	64,470,000	64,470,000
Retained earnings	585,180	1,850,031
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>65,055,180</u>	<u>66,320,031</u>
NUMBER OF UNITS IN CIRCULATION	<u>64,470,000</u>	<u>64,470,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0091</u>	<u>1.0287</u>

AHAM STRATEGIC OPPORTUNITY FUND 3

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

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2024	64,470,000	2,894,855	67,364,855
Total comprehensive income for the financial period	-	3,067,123	3,067,123
Distribution	-	(5,376,798)	(5,376,798)
Balance as at 31 July 2024	<u>64,470,000</u>	<u>585,180</u>	<u>65,055,180</u>
Balance as at 17 January 2023 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	1,850,031	1,850,031
Movement in unitholders' capital:			
Creation of units arising from applications	<u>64,470,000</u>	-	<u>64,470,000</u>
Balance as at 31 July 2023	<u>64,470,000</u>	<u>1,850,031</u>	<u>66,320,031</u>

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