AHAM CAPITAL
ASSET MANAGEMENT

QUARTERLY REPORT
31 October 2023

AHAM World Series - **China Allocation Opportunity** Fund (formerly known as Affin Hwang World Series – China Allocation Opportunity Fund)

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

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

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aham.com.my

AFFIN HWANG WORLD SERIES – CHINA ALLOCATION OPPORTUNITY FUND

Quarterly Report and Financial Statements
As at 31 October 2023

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – China Allocation Opportunity Fund
Fund Type	Growth & Income
Fund Category	Feeder Wholesale
Investment Objective	The Fund seeks to achieve capital appreciation and regular income over medium to long term period
Benchmark	There is no performance benchmark for this Fund
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income for the respective Classes in the following manner, after the end of its first financial year:

Class(es)	Distribution Policy
USD Class	Monthly basis
MYR Class	
MYR Hedged-class	Quarterly basis
SGD Hedged-class	
AUD Hedged-class	

FUND PERFORMANCE DATA

USD Class

Category	As at 31 Oct 2023	As at 31 Jul 2023
Total NAV (USD'million)	3.069	3.708
NAV per Unit (USD)	0.2720	0.3054
Unit in Circulation (million)	11.284	12.141

MYR Class

Category	As at 31 Oct 2023	As at 31 Jul 2023
Total NAV (RM'million)	15.293	17.416
NAV per Unit (RM)	0.3114	0.3308
Unit in Circulation (million)	49.111	52.652

MYR Hedged-class

Category	As at 31 Oct 2023	As at 31 Jul 2023
Total NAV (RM'million)	62.316	76.736
NAV per Unit (RM)	0.2522	0.2856
Unit in Circulation (million)	247.110	268.652

SGD Hedged-class

Category	As at 31 Oct 2023	As at 31 Jul 2023
Total NAV (SGD'million)	2.764	3.115
NAV per Unit (SGD)	0.2561	0.2891
Unit in Circulation (million)	10.791	10.774

AUD Hedged-class

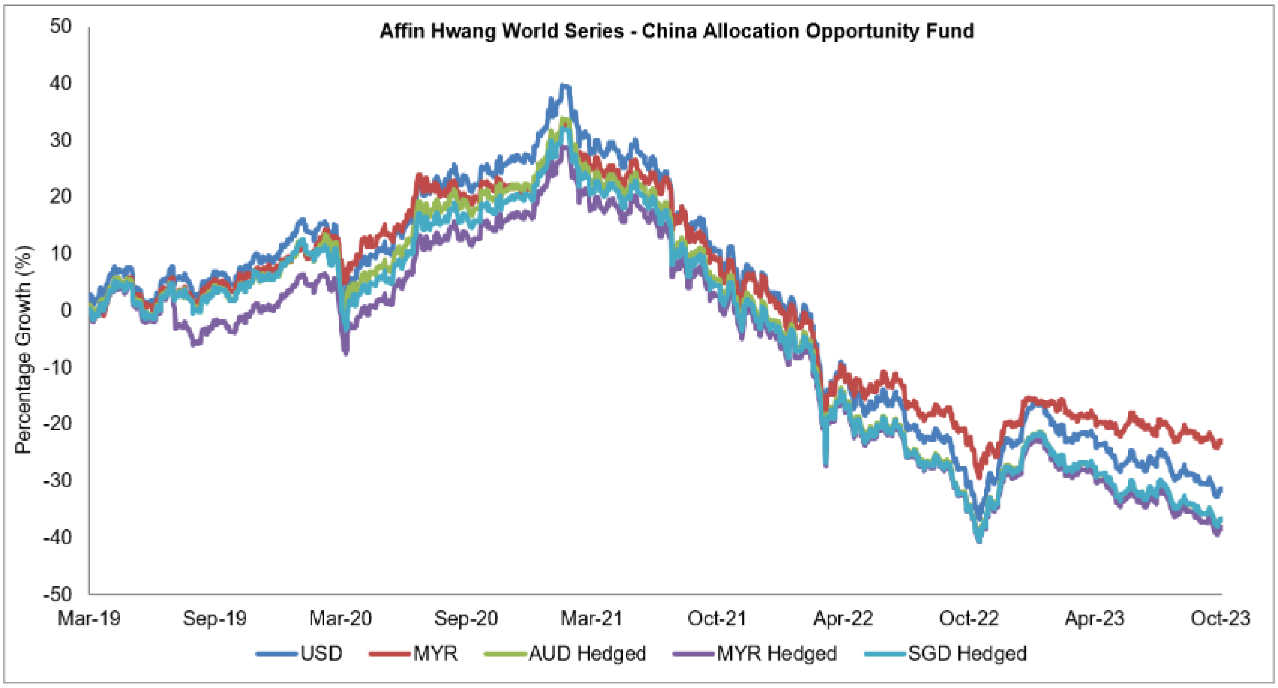
Category	As at 31 Oct 2023	As at 31 Jul 2023
Total NAV (AUD'million)	5.729	7.107
NAV per Unit (AUD)	0.2583	0.2913
Unit in Circulation (million)	22.184	24.394

Fund Performance

Table 1: Performance as at 31 October 2023

Class	3 Months (1/8/23 - 31/10/23)	6 Months (1/5/23 - 31/10/23)	1 Year (1/11/22 - 31/10/23)	3 Years (1/11/20 - 31/10/23)	Since Commencement (4/3/19 - 31/10/23)
USD	(9.61%)	(10.55%)	7.89%	(44.74%)	(31.65%)
MYR	(4.46%)	(4.49%)	8.69%	(36.65%)	(23.20%)
AUD Hedged	(9.99%)	(11.37%)	5.41%	(47.20%)	(36.96%)
MYR Hedged	(10.36%)	(12.01%)	3.97%	(45.98%)	(38.36%)
SGD Hedged	(10.08%)	(11.42%)	6.09%	(46.15%)	(36.88%)

Figure 1: Movement of the Fund since commencement.



"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."

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 October 2023
	(%)
Unit Trust	98.76
Derivative	-2.93
Cash & money market	4.17
Total	**100.00**

Strategies Employed

The Target Fund is a multi-asset portfolio that invests primarily in Chinese shares and bonds and employs an active asset allocation. Active asset allocation improves portfolio diversification and can provide better risk-adjusted returns over a cycle with smoother drawdowns in tail-events. They seek to add value by actively managing the fund's asset allocation, i.e. the allocation to various asset classes is not static. They believe that active asset allocation can serve as an additional diversifier to help deliver a strong risk-adjusted return, as well as dynamic de-risking.

Market Review

Market volatility continue to persist and affect economies globally as macro events and policy rate hikes affected stock and bond markets. The economic fallout from the Covid-19 pandemic alongside with the Russia-Ukraine conflict has disrupted supply chains and commodity markets, weighing heavily on global economic growth. Central banks continue to attempt 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 of 2022, to of 5.50% in July 2023. Although, at time of writing, holding interest rates at the most recent October/November 2023 Federal Open Market Committee Meeting ("FOMC"). Fed Chair Jerome Powell said that the committee was still "determining the extent of additional policy firming" it would need to bring down inflation sustainably. The sharp pace of policy tightening over the past months 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 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 was volatile throughout 2023. The financial sector disruption troubled markets in the first quarter of 2023, however this was corrected by the second quarter of the year as the market saw gains which was mostly driven by fervour and enthusiasm over new developments in artificial intelligence ("AI"). However, after the strong gains, markets took a tumble by October this year as interest rate jitters coupled with the widening conflict between Israel and Hamas gave rise to fear and uneasiness. Investors entered the second half of 2023 optimistic that the era of policy tightening rates would be over soon. This enthusiasm however withered over August and September as the possibility of higher rates for a sustained period sank in.

On other news, new data in October pointed towards strong economic momentum in the US. Retail sales rose 0.70%, defying consensus expectations that spending would slow due to the resumption of student loan repayments and tighter monetary conditions. Additionally, US third quarter 2023 GDP increased 4.90%

above consensus estimates of 4.00% supported by strong consumption. Similarly, purchasing managers' index (PMI) indicators displayed similar strength pointing to a reacceleration in economic activity.

In Asia, 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. Bright spots were seen in China's economy as newly released GDP data came in stronger than expected. In the third quarter of 2023, China's GDP grew by 4.90% as the volley of stimulus measures start to take effect. Retail sales and industrial production data also surpassed forecasts, instilling further confidence that its economy has bottomed out, boosting optimism that recovery in the world's second-largest economy is starting to gain traction.

Back in Malaysia, several policy announcements by the government 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. 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. The recent by-elections for the Pulai parliamentary seat and Simpang Jeram state seat in Johor concluded with the Pakatan Harapan-Barisan Nasional (PH-BN) coalition defending both seats.

The unveiling of Budget 2024 in October this year also helped shed light on the government's policies and helped lay 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.

On fixed income, the series of recent economic data releases mentioned were supportive of the US economic outlook but disappointed fixed income investors as markets came to terms with the Fed's 'higher for longer' narrative. On the fiscal front, the US debt funding programme fell under the spotlight as concerns on US Treasuries supply glut intensified. In absence of an anchor from monetary policy and expectations of a demand-supply imbalance, 10-year US Treasury yield inched higher to test its high several times during October but kept in check by the 5% handle. As a result, US Treasury yield curve bear steepened, with 2-year, 10-year and 30-year Treasury ending the month at 5.09% (+4 basis points) ("bps"), 4.93% (+36 bps), and 5.09% (+39 bps) respectively.

Domestically, market reaction towards tabling of Budget 2024 mid-October were muted, as headline numbers were mainly in line of market expectations, with a fiscal consolidation path towards the government's medium target of 3% fiscal deficit-to-GDP ratio, from 2023 estimate of 5.0% and 2024 estimate of 4.3%. A well telegraphed subsidy rationalisation (for chicken, eggs, diesel, and electricity) ahead of Budget 2024 kept the lid on inflation expectations.

Investment Outlook

Target Fund Manager believe China is likely to meet its 5% GDP target since it only needs to grow by 4.4% in Q4 to reach its objective. While bottoming out appears to be the base case, the question is how much acceleration can we get from here to the challenge of the next year without any low base. Target Fund Manager base scenario remains to be a slow recovery.

Local debt resolution is gradually taking shape, with 19 provinces having announced the issuance of >Rmb900bn in special refinancing bonds. We think such policy is key to leave more fiscal impulse for local governments.

China announced it will issue an additional RMB 1 trillion in special central government bonds (CGB) in Q4 2023 to support natural disaster prevention and related infrastructure investment. This is the biggest stimulus this year in terms of money spent and signaling effect to the market as the government has only become more proactive following the data stabilization. Target Fund Manager think this will post upside risk to GDP in 2023 and 2024, and expects such stimulus to have a better multiplier effect than the fiscal stimulus in last year but not as strong as pre-covid cycles.

Despite stronger data and the news that China state fund Huijin Investment was buying ETFs to defend the market, Chinese stocks continued to show severe capitulation. A-share touched YTD low in October, fully paring the reopening rally. Northbound flow pointed to a -2 std deviation, a level comparable to last October prior to reopening.

While Target Fund Manager are encouraged by the recent macro data stabilization, they are still cautious on poor sentiments towards Asia amid the higher dollar and higher yield environment. In terms of cross-asset positioning, Target Fund Manager are more risk on now as compared to earlier in the year, and continue to favour equity over fixed income, acknowledging that the road to recovery remains bumpy. Within fixed income, they maintain our preference for investment grade over high yield bonds. In portfolios, they also continue to maintain their barbell strategy, with exposure to defensive SOE as well as offshore cyclical Internet. They continue to partially hedge our RMB exposure from Chinese rates.

AFFIN HWANG WORLD SERIES – CHINA ALLOCATION OPPORTUNITY FUND

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

	Financial period ended 31.10.2023 USD	Financial period ended 31.10.2022 USD
INVESTMENT LOSS		
Dividend income	873,508	1,196,605
Interest income from financial assets at amortised cost	653	502
Net gain on foreign currency exchange	2,670	906
Net loss on forward foreign currency contracts at fair value through profit or loss	(1,561,638)	(2,492,863)
Net loss on financial assets at fair value through profit or loss	(3,880,837)	(11,756,869)
	(4,565,644)	(13,051,719)
EXPENSES		
Management fee	(267,355)	(362,870)
Trustee fee	(8,916)	(12,099)
Fund accounting fee	(1,502)	(1,555)
Auditors' remuneration	(889)	(933)
Tax agent's fee	(389)	(408)
Other expenses	(3,893)	(3,814)
	(282,944)	(381,679)
NET LOSS BEFORE FINANCE COST AND TAXATION	(4,848,588)	(13,433,398)
FINANCE COST (EXCLUDING DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		
Distributions	(861,122)	(1,189,927)
NET LOSS BEFORE TAXATION	(5,709,710)	(14,623,325)
Taxation	-	(13,109)
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	(5,709,710)	(14,636,434)
Decrease in net asset attributable to unitholders is made up of the following:		
Realised amount	(6,438,444)	(7,728,715)
Unrealised amount	728,734	(6,907,719)
	(5,709,710)	(14,636,434)

AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2023

	2023 USD	2022 USD
ASSETS		
Cash and cash equivalents	1,233,392	1,835,522
Amount due from broker	-	400,000
Amount due from Manager		
- management fee rebate receivable	31,102	38,579
Financial assets at fair value through profit or loss	24,731,977	27,985,017
Forward foreign currency contracts at fair value through profit or loss	1,802	-
Tax recoverable	14,769	3,583
TOTAL ASSETS	26,013,042	30,262,701
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	735,361	1,234,829
Amount due to Manager		
- management fee	39,291	49,126
- cancellation of units	192,483	37,970
Amount due to Trustee	1,310	1,637
Fund accounting fee	245	-
Auditors' remuneration	758	779
Tax agent's fee	1,113	1,128
Other payables and accruals	222	81
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	970,783	1,325,550
NET ASSET VALUE OF THE FUND	25,042,259	28,937,151
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	25,042,259	28,937,151

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2023 (CONTINUED)

	2023 USD	2022 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	3,648,869	4,062,607
- MYR class	3,211,892	3,692,215
- MYR Hedged-class	13,087,454	15,668,762
- SGD Hedged-class	2,024,700	2,159,328
- USD class	3,069,344	3,354,239
	25,042,259	28,937,151
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	22,184,000	24,451,000
- MYR class	49,111,000	57,514,000
- MYR Hedged-class	247,110,000	288,164,000
- SGD Hedged-class	10,791,000	11,949,000
- USD class	11,284,000	12,561,000
	340,480,000	394,639,000
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.1645	0.1662
- MYR class	0.0654	0.0642
- MYR Hedged-class	0.0530	0.0544
- SGD Hedged-class	0.1876	0.1807
- USD class	0.2720	0.2670
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.2583	AUD0.2595
- MYR class	RM0.3114	RM0.3034
- MYR Hedged-class	RM0.2522	RM0.2570
- SGD Hedged-class	SGD0.2561	SGD0.2556
- USD class	USD0.2720	USD0.2670

AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2023

	Financial period ended 31.10.2023 USD	Financial period ended 31.10.2022 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	33,831,705	45,758,945
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	164,734	434,557
- AUD Hedged-class	69,872	11,071
- MYR Class	43,457	54,262
- MYR Hedged-class	27,150	369,134
- SGD Hedged-class	19,040	70
- USD Class	5,215	20
Creation of units arising from distributions	855,185	1,156,125
- AUD Hedged-class	127,280	176,725
- MYR Class	102,492	123,567
- MYR Hedged-class	459,406	640,999
- SGD Hedged-class	63,875	83,417
- USD Class	102,132	131,417
Cancellation of units	(4,099,655)	(3,776,042)
- AUD Hedged-class	(536,432)	(627,342)
- MYR Class	(392,399)	(298,572)
- MYR Hedged-class	(2,730,639)	(2,100,362)
- SGD Hedged-class	(53,113)	(196,673)
- USD Class	(387,072)	(553,093)
Decrease in net assets attributable to unitholders during the financial period	(5,709,710)	(14,636,434)
- AUD Hedged-class	(784,138)	(2,460,641)
- MYR Class	(509,625)	(1,490,541)
- MYR Hedged-class	(3,547,468)	(8,357,348)
- SGD Hedged-class	(374,005)	(945,456)
- USD Class	(494,474)	(1,382,448)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	25,042,259	28,937,151

AHAM Asset Management Berhad
(Formerly known as Affin Hwang 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   F: +603 2116 6100
www.aham.com.my