Precious Metals Securities

February 2024

3-year Fund Volatility
24.8
Very High
Lipper Analytics
31 Jan 2024

Precious Metals Securities (the "Fund") aims to achieve capital appreciation by investing in a portfolio of global Shariah-compliant equity and Shariah-compliant equity-related securities (including, without limitation, Islamic depository receipts, but excluding Shariah-compliant preferred shares and sukuk), of companies engaged in activities (exploration, mining and processing) related to gold, silver, platinum or other precious metals or minerals.

The Fund is suitable for investors :

- seeking global investment strategy that conforms to Shariah principles.
- seeking potential medium to long-term* capital appreciation.
- willing to invest in gold, silver, platinum and other precious metals equities, and their related equities.

Note: *Medium to long-term refers to a period of at least three (3) years.
Any material change to the investment objective of the Fund would require Unit Holders' approval.

Investment Strategy

- A minimum of 95% of the Fund's NAV will be invested in the share class denominated in USD of the DWS Noor Precious Metals Securities Fund (Target Fund).

Asset Allocation

• DWS Noor Precious Metals Securities Fund	96.47%
• Money market deposits and cash equivalents	3.53%

Source: AmFunds Management Berhad

Fund Details

Fund Category / Type	Feeder (Global Islamic equity) / Growth
Fund Launch Date	15 November 2007
Offer Price at Launch	MYR 1.0000
NAV Per Unit (31 Jan 2024)	MYR 0.4381
1-year NAV High (31 Jan 2024)	MYR 0.5457 (10 May 2023)
1-year NAV Low (31 Jan 2024)	MYR 0.4105 (06 Oct 2023)
Total Units (31 Jan 2024)	407.30 million
Fund Size (31 Jan 2024)	MYR 178.43 million
Annual Management Fee	Up to 1.80% p.a. of the NAV of the Fund
Annual Trustee Fee	Up to 0.08% p.a. of the NAV of the Fund
Entry Charge	Up to 5.00% of the NAV per unit for cash sales
Exit Fee	Nil
Redemption Payment Period	Within ten (10) Business Days of receiving the redemption request.
Investment Manager	AmIslamic Funds Management Sdn Bhd
Income Distribution	Income distribution (if any) will be reinvested.

Source: AmFunds Management Berhad

Target Fund Manager's Commentary (as at 31 January 2024)

During the month of January, Palladium, Platinum, Silver, and Gold each had negative returns of -10.75%, -7.02%, -3.52%, and -1.14%, respectively. Gold and precious metals equities, as measured by the S&P BMI Gold and Precious Metals Index (non-Sharia compliant), lost -10.04% during the period. Gold ETFs had net outflows of -1.63mm oz, or about -1.9% of total known gold ETFs.

Gold's price pulled back slightly in January. Other Precious Metals fell more.
Gold traded in a narrow range during January, staying above the $2,000/oz level for the duration of the month and closing the month out at ~$2,040/oz. This small dip ended the streak of three straight months of positive price performance as Gold dipped in sympathy with a small rise in U.S. 10-year Treasury yields and a U.S. dollar that strengthened against most major currencies. We would also suspect an element of profit-taking to start the new year, with Gold closing out 2023 near its all-time high. Nonetheless, Gold retains its appeal as a safe haven asset, especially given the escalating conflict in the Middle East.

Silver, which typically exhibits more volatility than Gold, fared slightly worse. We would attribute the decline to the rise in interest rates and the stronger U.S. dollar, while short-term technical charts might also indicate some profit-taking or a corrective movement for Silver. Still Silver did recover heading into the end of the month, as it was noted that inventories in Shanghai were dwindling and as sentiment indicated that another short squeeze could be set up in the near-term as the market is expected to remain in a structural deficit for a fourth consecutive year.

Meanwhile, Platinum and Palladium, which are closely tied to automobile manufacturing, saw more pronounced selling in January. They witnessed the same interest rate and currency concerns as Gold and Silver, along with the rising belief that the U.S. Fed may hold off cutting rates until much later than investors initially expected. Furthermore, the market expects continued destocking efforts at automobile manufacturers, driven by macro-bearishness and concerns around accelerated electric vehicle (EV) demand and a faster pace of transition. On the positive side, while Russian supply has remained available in the markets, lower production volumes from Russian producers are expected in 2024.

A Fed cutting cycle is coming, but when?
Adding another layer of complexity to the precious metals outlook is the evolving dance between the U.S. Federal Reserve and the economy. While it is largely believed by investors (and supported by some Fed commentary) that rate hikes are finished this cycle, it remains an open debate as to when rate cuts may start to occur. At the start of the month, Fed Funds futures indicated that the first cut was likely to happen at the March meeting, but as the U.S. economy has remained resilient to date and as inflation has not retreated as quickly as the Fed would like, expectations for the first-rate cut had been pushed back to May by the end of January. This shift weighed on Precious Metals, as traditionally they perform poorly when interest rates rise (and vice versa), as their non-yielding nature becomes less attractive compared to interest-bearing assets. Nonetheless, the Fed's own forecast expects three rate cuts over the course of 2024 indicating that the cuts are coming: it's just a matter of when. While the consensus view largely believes that a soft landing is the most likely outcome in the current cycle, if economic conditions deteriorate at a faster pace, rate cuts could exceed the three forecast by the Fed.

Therefore, navigating the precious metals landscape in 2024 will require careful attention to the Fed's intricate balancing act. On one hand, falling rates and easing monetary policy bode well for Silver and Gold's ascent. On the other hand, lingering inflation, job market strength, and the shadow of a hard landing could throw a wrench in the works. While both scenarios present compelling arguments for or against precious metals investment, it's likely that 2024 will be a year of twists and turns for the Fed and the markets it influences.

What does the future hold for Gold?
2024 looks bright for gold and precious metals, buoyed by central bank buying, potential Fed rate cuts, and a de-dollarization wave. Central bank gold buying remains strong, with the World Gold Council recently reporting that 2023 was "another year of blistering central bank buying." The net purchases by central banks in 2023 of 1,037 tonnes fell just short of the record set in 2022, with China, Poland, and Singapore being the largest buyers last year. A weaker dollar, often a consequence of easing monetary policy, historically acts as a tailwind for gold, boosting its haven appeal and attracting capital away from the greenback. This dollar depreciation, coupled with anticipated Fed cuts in the second half of the year, could propel Gold towards $2,300, with Silver also likely to benefit from its industrial applications. Platinum and Palladium may see slower growth due to ongoing supply chain issues but remain attractive long-term holdings due to their limited supply and role in green technologies. Overall, Gold and precious metals equities are poised for a potentially stellar year, offering investors a safe haven and the potential for significant capital appreciation in a volatile market.

Consolidation Fever: Why M&A Could Be Mid-Cap Gold in 2024
The gold and precious metals equities landscape offers intriguing opportunities alongside the broader sector's bullish outlook. Despite historical concerns about high debt levels among gold miners, many boast exceptionally strong margins thanks to soaring metal prices. However, a crucial question lies in exploration: many haven't invested adequately in finding new gold deposits, potentially jeopardizing future production growth. This opens the door for potential consolidation in 2024. With valuations, particularly in mid- and small-cap equities, remaining depressed compared to their larger counterparts and a valuation premium already baked into large-cap stocks, the stage is set for potential mergers and acquisitions. Larger miners, flush with cash and facing limited organic growth opportunities, may look to acquire exploration-focused mid-cap companies or consolidate existing assets, propelling a wave of deals across the sector. This presents savvy investors with the chance to unlock significant value, especially in undervalued mid-cap equities poised to be absorbed by bigger players. While exploration needs addressing, the current market dynamics present a potentially lucrative landscape for both gold and its equities in 2024.

Golden Alpha: Our Recipe for Triumph in a Consolidating Gold Market
In a gold market poised for both growth and consolidation, our investment process shines. We meticulously select established producers who, unlike many peers, have already invested in securing future production. They now enjoy falling capital expenditures as cash flow and production steadily climb, all while demonstrating exemplary cost control and consistent target-beating. But here's the golden nugget: these companies, boasting ample reserves and long mine lives, are prime targets in the predicted mid-cap M&A wave. As larger players seek established growth, these producers stand to be acquired at a premium, unlocking significant value for our investors. While the market might bask in the general upward trend, our focus on proven winners, operational efficiency, and future-proofed reserves positions us to deliver alpha as the gold story unfolds.

Sector Performance and Positioning
•During the month of January, the fund lost -8.67% in USD.
•The top 3 individual contributors to the fund were OceanaGold Corporation, Gold Fields Limited, and K92 Mining, Inc.
•The top 3 detractors were Newmont Corporation, Agnico Eagle Mines Limited, and B2Gold Corp.

Source: DWS

Target Fund's Top 5 Holdings (as at 31 January 2024)

Barrick Gold Corp.	9.62%
Agnico Eagle Mines Ltd.	9.55%
Newmont Corp.	9.34%
Franco-Nevada Corp.	8.57%
Northern Star Resources Ltd.	5.06%

Source: DWS

Target Fund's Sector Allocation* (as at 31 January 2024)

Gold	87.41%
Precious Metals & Minerals	5.83%
Silver	4.83%
Cash & Other Assets	1.94%

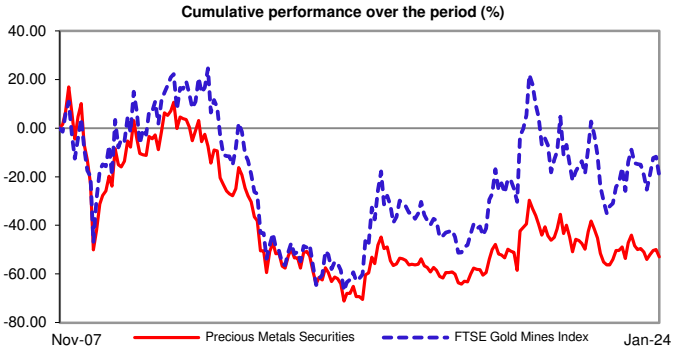
* As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.
Source: DWS

Target Fund's Country Allocation* (as at 31 January 2024)

Canada	49.54%
United States	14.04%
South Africa	12.03%
Australia	9.93%
United Kingdom	6.73%
Mexico	2.92%
Jersey	2.87%
Cash & Other Assets	1.94%

* As percentage of NAV. Please note that asset exposure for the Target Fund is subject to frequent change on a daily basis.
Source: DWS

Fund Performance (as at 31 January 2024)



The value of units may go down as well as up. Past performance is not indicative of future performance.
Source: AmFunds Management Berhad

Performance Data (as at 31 January 2024)

	YTD	1 m	6 m	1 yr	3 yrs	5 yrs
Fund (%)	-5.93	-5.93	-6.71	-7.96	-15.60	11.08
*Benchmark (%)	-8.88	-8.88	-5.36	-3.97	-13.51	33.01

*FTSE Gold Mines Index
Source Benchmark: *AmFunds Management Berhad
Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.
The Fund Performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method

Calendar Year Return

	2023	2022	2021	2020	2019
Fund (%)	0.63	-5.45	-11.45	18.45	25.22
*Benchmark (%)	13.97	-10.46	-9.73	21.11	39.73

*FTSE Gold Mines Index
Source Benchmark: *AmFunds Management Berhad
Source Fund Return : Novagni Analytics and Advisory Sdn. Bhd.
The Fund Performance is calculated based on NAV-to-NAV using Time Weighted Rate of Return ("TWRR") method

Most Recent Income Distribution History

Year	2023	2022	2021	2020	2019
Total Payout per unit (Sen)	N/A	N/A	N/A	N/A	N/A

Source: AmFunds Management Berhad

Disclaimer

Based on the Fund’s portfolio returns as at 31 January 2024, the Volatility Factor ("VF") for this Fund is 24.8 and is classified as "Very High" (Source: Lipper). "Very High" includes funds with VF that are more than 14.455 (Source: Lipper).The VF means there is a possibility for the Fund in generating an upside return or downside return around this VF. The Volatility Class ("VC") is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The Fund’s portfolio may have changed since this date and there is no guarantee that the Fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

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The Fund’s units will only be issued upon receipt of the complete application form accompanying the Prospectus(es). Past performance of the Fund is not an indication of its future performance. The Fund’s unit prices and income distribution payable, if any, may rise or fall. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the Net Asset Value (“NAV”) per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV. Please be advised that where a unit split is declared, the value of investor’s investment in Malaysian Ringgit will remain unchanged after the distribution of the additional units.

Investments in the Fund are exposed to industry specific risk, currency risk, risk of a passive strategy, risk of not meeting the Fund's investment objective, Shariah non-compliance risk and counterparty credit risk. Please refer to the Prospectus(es) for detailed information on the specific risks of the fund(s). Investors are advised to consider these risks and other general risk elaborated, as well as the fees, charges and expenses involved. While our Shariah-compliant fund(s) have been structured to conform to Shariah principles, investors should seek their own independent Shariah advice prior to investing in any of our Shariah-compliant fund(s).

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