A Member of AHAM Capital

QUARTERLY REPORT
31 January 2024

Aiiman **Income Extra** Fund

MANAGER
AIIMAN Asset Management Sdn. Bhd.
199301001937 (256674-T)

TRUSTEE
TMF Trustees Malaysia Berhad
200301008392 (610812-W)

Built On Trust

aiiman.com

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Aiiman Income Extra Fund
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide investors with a steady income stream by investing in Sukuk, Islamic money market instruments and/or Islamic deposits.
Benchmark	Maybank 1-month General Investment Account-i (GIA-i) rate
Distribution Policy	Subject to the availability of income, the Fund will make distribute to the Unit Holders on quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.

FUND PERFORMANCE DATA

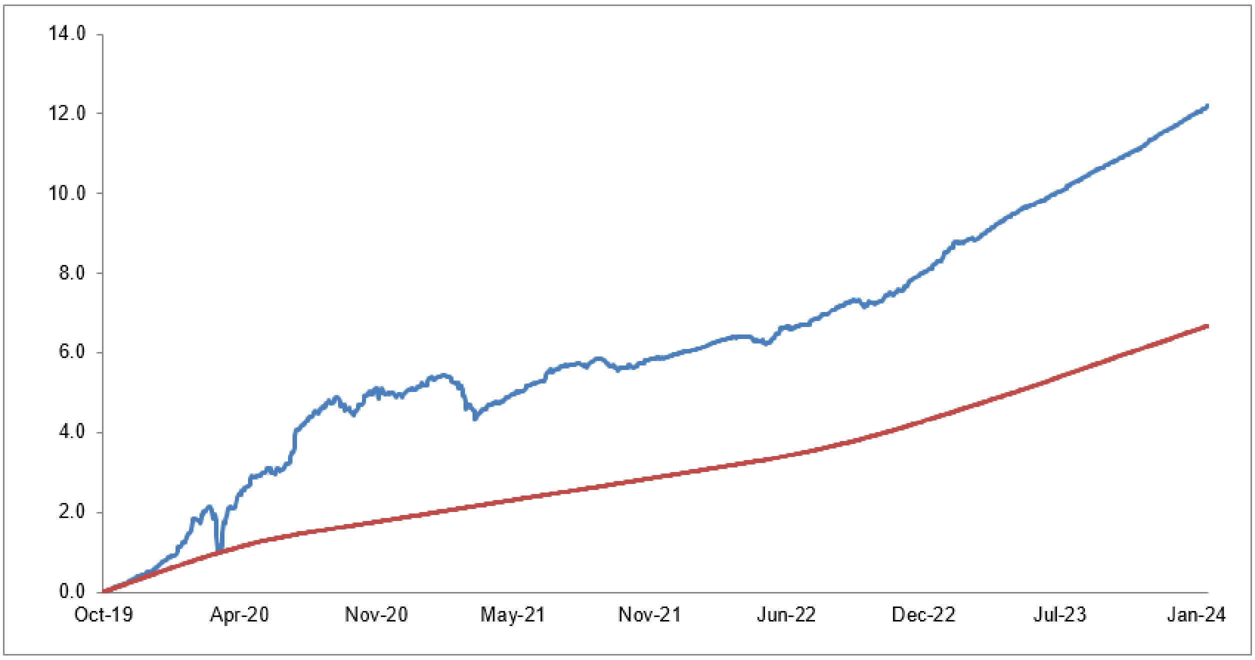
Category	As at 31 January 2024	As at 31 October 2023
Total NAV (RM'million)	4,092.005	3,795.250
NAV per Unit (RM)	1.0483	1.0471
Unit in Circulation (million)	3,903.423	3,624.489

Table 1: Performance as at 31 January 2024

	3 Months (1/11/23 - 31/1/24)	6 Months (1/8/23 - 31/1/24)	1 Year (1/2/23 - 31/1/24)	Since Commencement (11/11/19 - 31/1/24)
Fund	0.90%	1.69%	3.27%	12.20%
Benchmark	0.53%	1.05%	2.07%	6.69%
Outperformance	0.38%	0.63%	1.20%	5.51%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



"This information is prepared by AIIMAN Asset Management Sdn Bhd (AIIMAN) 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."

Benchmark: Maybank 1-month General Investment Account-I (GIA-i) rate

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 January 2024
	(%)
Fixed Income (Sukuk)	50.7
Cash & Cash Equivalents	49.3
Total	**100.0**

Strategies Employed

Over the period under review, the Manager invested in a mix government-related sukuk, namely Government Investment Issue (GII), Government guaranteed papers (GG sukuk), Malaysia Islamic Treasury Bills (MITB) as well as other Islamic money market placements. During the period, the Manager has progressively moderated its allocation in MITB and GII.

The fund duration was maintained below one (1) year and the Manager readjusted the portfolio mainly by rolling over Sukuk maturities while extending duration of fixed deposits. This is on the back of expectations of a stable interest rate environment.

Market Review

Over the financial year under review, the Standard and Poor's ("S&P") 500 Index returned 18.42% with the Morgan Stanley Capital International ("MSCI") World index slightly behind at 14.66%. Specific to the Asian region, MSCI AC Asia ex Japan Index saw a return of -5.71% while locally, the Financial Times Stock Exchange ("FTSE") Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") fared better returning 5.45% in Ringgit terms. Within bond markets, Bloomberg Barclays Global Aggregate Index gained 0.75% while domestically, the bond markets' benchmark 10-year Malaysian Government Securities ("MGS") yield closed at 3.79%.

Over the year, market volatility continued to affect economies globally as macro events and policy rate hikes at the start of the financial year influenced both stock and bond markets. The US Federal Reserve ("Fed") have been engaging in a tightening monetary policy stance to address inflationary pressures driven by the economic fallout from the pandemic alongside the various conflicts in 2023 such as geopolitical instability arising from strained ties between US and China, Russia's invasion of Ukraine and the more recent conflict between Israel and Hamas which weighed heavily on global economic growth. In a notable shift in tone towards the end of 2023, however, Fed Chair Jerome Powell struck a dovish chord and acknowledged that tighter US monetary policy was slowing down the economy with market consensus expecting a rate cut in 2024. At its January Federal Open Market Committee ("FOMC") meeting, the Fed opted to keep benchmark rates unchanged, but pushed back the timing of potential rat cuts until more concrete evidence of easing inflation.

While the sharp pace of policy tightening by the Fed during the earlier part of 2023 has not caused the economic downturn market participants anticipated, it inadvertently played a role in destabilising the banking sector. Signs of tension in the banking sector from the accelerated increase in policy rates were visible in March 2023 through the fallout of Silicon Valley Bank ("SVB") and several other regional US banks. With an abundant of deposits over loans, SVB had placed them into available-for-sale and held-to-maturity securities like Treasuries and mortgage-backed securities when yields were at all-time lows. However, as interest rates began to rise rapidly, it recorded massive outflows in deposits alongside the rest of the banking sector. SVB sold substantially all of its available-for-sale securities to accommodate the outflows, incurring a massive loss which eventually led to a bank run. Smaller US banks were caught also caught in the turmoil as concerns spread.

Looking back on 2023, many predicted at the start of the year that 2023 would be lackluster for US stocks on the back of expectations of economic weakening but to the surprise of investors, the S&P 500 gained 26.3% on a total-return basis over the year. US equities started 2024 on a strong note underpinned by robust economic indicators that fortified the case for a soft landing, surging by 1.60% and reaching a new all-time high in January over the financial year under review. Despite smaller U.S stocks lagging relative to their larger counterparts, the mid-cap S&P 400 and small-cap Russell 2000 recorded solid gains of 16.4% and 16.9% respectively. Growth stocks also performed, in contrast to 2022 where value stocks outperformed. Notably, US Gross Domestic Product ("GDP") surpassed expectations, expanding by 3.30% in the last quarter of 2023, exceeding the forecast of 2.00%.

Chinese equities started 2023 strong as markets anticipated the release of pent-up demand from the lockdown but this was short lived as the market trended downwards with weak consumer confidence, growing local debts and slowing global growth which weighed on jobs and investment activities and China equities remained subdued at the end of 2023 as economic data presented mixed signals in terms of recovery. Data released showed industrial output grew but retail sales missed estimates as analysts had expected a more robust recovery following a low base in 2022 when the economy was still hampered by COVID lockdowns. There was a slight uptick in July 2023, however. The MSCI China Index vaulted 9.30% during the month, driven by stimulus optimism before eventually trending downwards and ending 2023 down by 31.56%. The brief bright spot in July came 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. In November, additional stimulus measures were announced to support its property sector. Regulators have drafted whitelist of 50 developers that would be eligible for a range of financing. Shenzhen also lowered the minimum downpayment requirement for second homes as well as loosened the definition of luxury homes. These adjustments are anticipated to lower transaction costs in the sector. Markets however are still apprehensive that the introduced measures are sufficient to stem the sector's decline.

Within the broader Asian regions, the Japan market reached its highest level in 33 years in June 2023, which was partly driven by continuous foreign inflows and finished the year with a 29.15% gain. The gains also come amid expectations of corporate governance reforms, structural shifts and optimism that the Fed has reached peak rates towards the end of the year. South Korea and Taiwan also achieved strong gains over the year due to sentiments over global economic growth. The waning US dollar coupled with improvement in risk appetite also helped the economy. Despite a weak start to the year, India achieved strong gains over the year. Optimism about the nation's growth prospect, greater domestic participation and increased liquidity have all contributed to the strong performance.
Domestically, the benchmark KLCI saw a muted start to the year. With several policy announcements made by the government in July 2023 catching the attention of investors, markets started to gain. These positive sentiments lifted foreign investors' confidence as they poured into local equities. They include 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. The unveiling of Budget 2024 in October 2023 also helped shed light on the government's policies and laid 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.

US headline Consumer Price Index ("CPI") rose by 3.4% year-on-year (November: 3.1%) in December while core CPI eased to 3.9% (November: 4.0%), signifying a long road for the Fed to achieve it's price stability target of 2.0%, especially with geopolitical tension elevating commodity prices. Unemployment rate was held low at 3.7% (November: 3.7%), pointing towards a robust US economy. Nonetheless, market participants drew comfort that most developed economies have approached their terminal rates, and monetary policies should ease as we enter 2024.
Domestically, Bank Negara Malaysia ("BNM") kept Overnight Policy Rate ("OPR") unchanged at 3.00% with a neutral statement during the January 2024 Monetary Policy Meeting ("MPC"). Malaysian Government Securities ("MGS") yield curve shifted lower at the start of 2024 on the back of ample domestic liquidity. Principal dealers were seen building positions at the 3 to 5-year space, while real money continued to cap any rise in long-term bond yields. One notable exception was the 10-year MGS which was re-priced higher (in yield terms) to trade in line with the curve, following its aggressive auction in December 2023. For the month of January 3-year, 10-year, and 30-year MGS yield closed at 3.45% (-8 bps), 3.81% (+8 bps), and 4.22% (-4 bps) respectively.

<u>Investment Outlook</u>

Within equities**,** we anticipate overweighting Taiwan and Korea tech sectors due to their strong earnings growth potential, driven by the cyclical rebound and their significant exposure to the AI theme. Both countries have established themselves as key players in the global technology supply chain, and could be well-positioned to capitalize on the increasing demand for advanced technological solutions. In India and Indonesia, the focus will be on banks, industrials, and consumer sectors, recognizing their growth potential within the respective economies. These sectors are poised to benefit from favorable demographic trends, rising consumer spending, and infrastructure development initiatives. Additionally, we see opportunities for value creation and market outperformance in these areas. Conversely, we are adopting an underweight stance on China and Hong Kong until there is clarity on policies aimed at stabilizing the property sector, which is currently experiencing a decline. Uncertainty surrounding regulatory measures and the potential impact on property developers and related industries necessitates a cautious approach in these markets.
On fixed income, we maintain our positive outlook in 2024 as global growth is expected to moderate on the back of restrictive monetary policies and rising geopolitical tension. Volatility is expected to persist but at a tighter range compared to 2023. Although inflation expectations have peaked, inflationary environment may persist driven by elevated commodity prices. The first half of 2024 appeared to be a smoother runway relative to the second half amid dovish sentiment and less political/policy uncertainties.

With that in mind, we expect yields to be range-bound with a downward skew in the near-term, but cautious on front-loaded rate cut expectations at the global space. The short-end of the curve looks more vulnerable to external shocks such as short-term Treasury yields foreign exchange fluctuations, while the long-end of the curve looks unattractive due to the flatness of the curve. Hence the 6 to 10-year Malaysia Government Securities ("MGS")/Government Investment Issue ("GII") offer better risk-adjusted return in our opinion.

SHARIAH ADVISER'S REPORT

To the Unit Holders of Aiiman Income Extra Fund ("Fund")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AIIMAN Asset Management Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and

2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For **Amanie Advisors Sdn. Bhd.**

Tan Sri Dr. Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
15 March 2024

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2024

	Financial Period ended 31.01.2024 RM	Financial period ended 31.01.2023 RM
INVESTMENT INCOME		
Profit income from financial assets at amortised cost	45,520,990	23,561,453
Profit income from financial assets at fair value through profit or loss	26,433,652	27,998,107
Net gain/(loss) on financial assets at fair value through profit or loss	15,531,116	(544,006)
Other income	65,704	13,372
	87,551,462	51,028,926
EXPENSES		
Management fee	7,327,317	4,783,001
Trustee fee	854,854	558,017
Auditors' remuneration	5,656	5,671
Tax agent's fee	3,394	3,403
Other expenses	4,041	3,693
	8,195,262	5,353,785
NET PROFIT BEFORE FINANCE COST TAXATION AND TAXATION	79,356,200	45,675,141
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	79,356,200	45,675,141

Net profit after taxation is made up of the following:

Realised amount	78,242,130	40,449,630
Unrealised amount	1,114,070	5,225,511
	79,356,200	45,675,141

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024

	31.01.2024	31.01.2023
	RM	RM
ASSETS		
Cash and cash equivalents	81,040,386	268,803,407
Terms Deposit	1,914,502,443	796,378,538
Financial assets at fair value through profit or loss	2,097,615,567	1,142,029,230
Amount due from broker	-	8,163,962
TOTAL ASSETS	4,093,158,396	2,215,375,137
LIABILITIES		
Amount due to Manager		
- management fee	1,020,111	488,039
- cancellation	-	2,000,000
Amount due to broker	-	260,386,126
Amount due to Trustee	119,013	56,938
Auditors' remuneration	5,656	9,074
Tax agent's fee	7,894	12,175
TOTAL LIABILITIES	1,152,674	262,952,352
NET ASSET VALUE OF THE FUND	4,092,005,722	1,952,422,785
EQUITY		
Unitholders' capital	4,069,258,955	1,936,599,090
Retained earnings	22,746,767	15,823,695
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	4,092,005,722	1,952,422,785
NUMBER OF UNITS IN CIRCULATION	3,903,486,259	1,865,680,321
NET ASSET VALUE PER UNIT (RM)	1.0483	1.0465

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

	Unitholders' capital RM	Retained earnings RM	Total RM
Balance as at 30 April 2023	1,938,219,705	15,830,933	1,954,050,638
Total comprehensive income for the financial period	-	79,356,200	79,356,200
Distributions	-	(72,440,366)	(72,440,366)
Movement in unitholders' capital:			
- Creation of units arising from applications	2,732,620,396	-	2,732,620,396
- Distribution	55,876,371	-	55,876,371
- Cancellation of units	(657,457,517)	-	(657,457,517)
Balance as at 31 January 2024	4,069,258,955	22,746,767	4,092,005,722

	capital RM	Unitholders' earnings RM	Retained Total RM
Balance as at 30 April 2022	1,935,035,095	6,267,995	1,941,303,090
Total comprehensive income for the financial period	-	45,675,141	45,675,141
Distributions	-	(36,119,441)	(36,119,441)
Movement in unitholders' capital:			
- Creation of units arising from applications	792,999,070	-	792,999,070
- Distribution	32,143,515	-	32,143,515
- Cancellation of units	(823,578,590)	-	(823,578,590)
Balance as at 31 January 2023	1,936,599,090	15,823,695	1,952,422,785

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