AHAM CAPITAL
ASSET MANAGEMENT

AHAM **Shariah Gold Tracker** Fund

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Built On Trust

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Gold

A Puzzle Piece for Diversification

With the exception of death and taxes, it is often mentioned that nothing else in this world offers permanency – and the same can be said for the investment realm. The rise and fall of markets have been very much evident throughout the decades, and we've seen bulls turn into bears without the slightest hint. Hence the reason why market movements are referred to as cycles – it doesn't stay the same!

Most markets typically have similar cyclical traits; they move up, peak, move down and eventually bottom. When one cycle ends, the next one begins. As simple as it may sound, timing the market is still a herculean task. So do we just accept the losses when the next economic downturn hits? That's an obvious no. We can however look towards diversification and the correlation of our assets for answers.

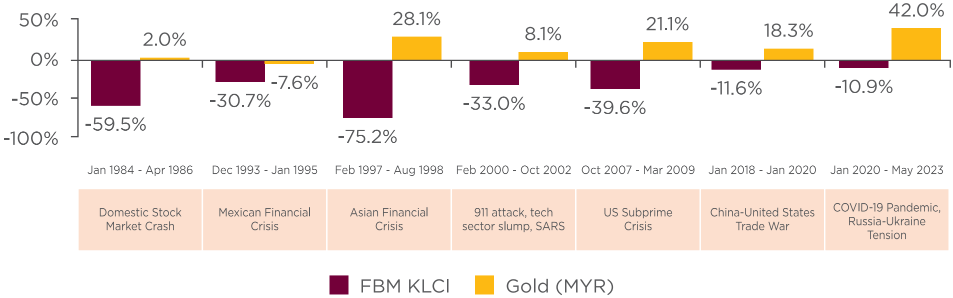
Gold shines brightest in the dark

When economies slide be it due to slowing growth or geopolitical rifts, investments are likely to be impacted. However, the way to soften – or potentially eliminate – such downsides to one's portfolio is to diversify into asset classes that are inversely, or less, correlated. This means that you would want to own assets that tend to move opposite of most other investments. And one of the best examples out there would be gold.

The royal metal marches to the beat of its own drums – its price doesn't usually follow other asset classes during normal times of growths. Nonetheless, gold's correlation with stocks and other asset decreases significantly in times of market turbulence. In other words, gold is likely to move upwards when the economy contracts.

To provide some perspective, let us examine a particular chart to see how gold has fared against domestic equities throughout some of the bearish periods experienced by the Malaysian market.

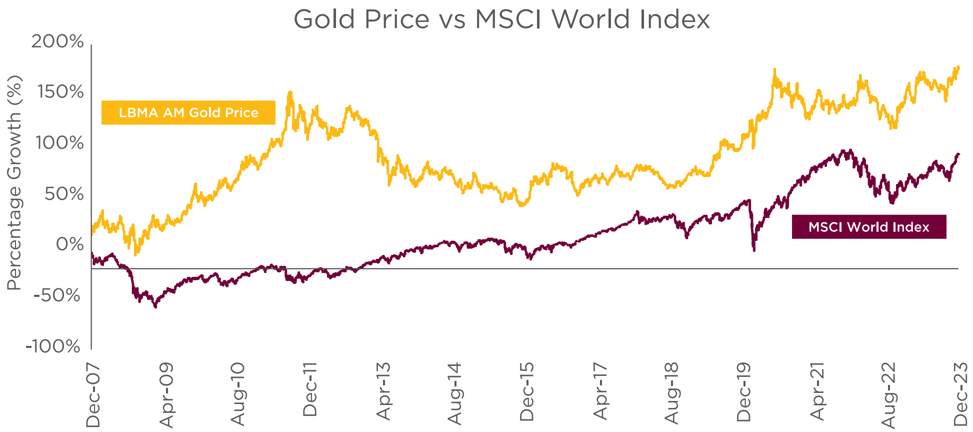
FBM KLCI vs Gold Returns in Bear Market



Source: Bloomberg as at December 2023.
Note: Past performance is not indicative of future performance.

In four out of the five bearish occasions, gold were in the green. And two out of those times it surged more than 20.0%. This evidently depicts an almost opposite movement between the performance of gold and domestic stocks – with the FBM KLCI being on the uninspiring end.

Still not convinced? Let us expand further onto a global scale. Here's another chart to consider – the LBMA PM Gold Price versus the MSCI World Index.



Source: Bloomberg as at 31 December 2023.
Note: Past performance is not indicative of future performance.

As we know it, the Great Recession during the late 2000s and early 2010s was also an especially stressful period for stocks. But noticed how gold moved inversely as compared to the MSCI World Index? The same period, again, reflected a tailwind for the precious metal – in which prices soared significantly even in the midst of a very financially nervous environment.

Of course, the contrarian trait of gold as compared to other assets is also due to the fact that it is not at risk of becoming worthless, unlike fiat currencies or other assets bearing credit risk. More importantly, the precious metal has weathered through more than a couple of recessions and has successfully preserved its value; thus earning its place as a natural refuge and an asset of choice for investors to combat economic stress.

Old but gold

Some may argue that the value of gold is very much conceptual – only reflected in its noble history and name as the world's unofficial currency for investors fleeing from risks. But its low correlation with most of the other asset classes out there is undeniable, which makes it an essential component of a diversified portfolio.

Bear in mind, this doesn't mean that the royal metal should be favoured over the likes of stocks and bonds. As changing market conditions are part and parcel of the investment realm, the idea is to have meaningful allocation into gold to shield the rest of your portfolio in the case of an unexpected market correction.

Consider this. Your investment in stocks aid in capital appreciation, while bonds for a consistent income stream. Gold on the other hand acts as an insurance for your portfolio – you don't buy them when an accident occurs, you buy them in case things turn south. It complements well, don't you think?

Fund Facts

Fund Category / Type	Feeder Fund / Growth
Investment Objective	The Fund aims to provide investors with investment results that closely track the performance of Gold price.
Investment Strategy	The Fund will be investing a minimum of 85% of the Fund's NAV in the Target Fund and a maximum of 15% of the Fund's NAV in Islamic money market instruments and/or Islamic deposits. The Manager holds the option to take temporary defensive positions that may be inconsistent with the Fund's principal strategy and asset allocation to protect the Fund against adverse market conditions that may impact the financial markets. To manage the risk of the Fund, the Manager may shift the Fund's asset to be temporarily invested in money market instruments or Islamic deposits.
Asset Allocation	• A minimum of 85% of the Fund's NAV will be invested in the Target Fund; and • A maximum of 15% of the Fund's NAV will be invested in Islamic money market instruments and/or Islamic deposits.
Distribution Policy	The Fund is not expected to make a distribution. However, incidental distribution may be declared whenever is appropriate.
Minimum Investment	Initial: MYR1,000 Additional: MYR100
Trustee	TMF Trustees Malaysia Berhad

WARNING STATEMENT

A copy of the Prospectus, Supplemental Prospectus (if any), and Product Highlights Sheet ("PHS") can be obtained at aham.com.my. Investors are advised to read and understand the contents of AHAM Shariah Gold Tracker Fund (formerly known as Affin Hwang Shariah Gold Tracker Fund) (or the "Fund") Prospectus dated 28 April 2023, and the corresponding PHS before investing. There are fees and charges involved when investing in the Fund. Investors are advised to consider and compare the fees and charges as well as the risks carefully before investing. Investors should make their own assessment of the risks involved in investing and should seek professional advice, where necessary. The price of units and distribution payable, if any, may go down as well as up and the past performance of the Fund should not be taken as indicative of its future performance. The Securities Commission Malaysia has not reviewed this material and takes no responsibilities for the contents of this material and expressly disclaims all liability, however arising from this material.

RISK FACTORS

An investment in the Units involves risk. Prospective investors should rely on their own evaluation and carefully consider the risk factors in addition to other information contained elsewhere in the Prospectus, before investing in the Fund. Unless specified or quantified in the relevant risk factors set out in the Prospectus, the Manager is not in a position to quantify the financial or other implications of any of the risks described in the Prospectus. The risk factors may not be exhaustive, and additional risks and uncertainties not presently known to the Fund or the Manager, or which are currently deemed to be immaterial may become material in the future, which could have a material adverse effect on the Fund or the price of the Units. Unitholders should be aware that the price of the Units may fluctuate. Investors should also note that they may not recoup their original investment fully or at all.

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