

ASTUTE DIVIDEND MAXIMISER FUND

Quarterly Report For Financial Period Ended 31 March 2024

ASTUTE DIVIDEND MAXIMISER FUND

MARKET REVIEW

The Fund entered the first quarter of 2024 with expectations of low recession risk, interest rate cuts, and looser monetary conditions in the year ahead. The expectations were based on falling United States (US) inflation rates, the US interest rate futures market indicated cuts in interest rates later in 2024 and 2025. We expect Malaysia to follow the global rate-cut cycle if this materialises.

We had expected the rate cuts in the US to be more pronounced compared to the rest of the world. As such, we expect this will eventually lead to sharper US Dollar (“USD”) declines against Asian currencies. Relatively stronger Asian currencies which will bring foreign fund flows into the region and Malaysia.

The above materialised, when the US kept its policy rate at 5.25% at the March 2024 meeting and indicated three quarter-percentage point cuts by the end of 2024. The last time the US cut rates was four years ago, when the COVID-19 pandemic hit.

We also expected further upside catalysts for equities, driven by the uptick in the global semiconductor cycle, falling bond yields, and domestic policies that favour the power (e.g. New Energy Transmission), property (e.g. Iskandar Special Economic Zone), and infrastructure (e.g. Mass Rail Transit 3) sectors. Rallies were relatively broad-based, with eleven out of 13 key Bursa Malaysia sectors gaining. The utilities (+77%), property (+57%), and construction (+46%) generated the highest returns compared to the first three months of 2023. Foreign fund inflows were positive for two out of three months.

The Fund’s positioning benefitted from the above and outperformed the benchmark during the quarter.

MARKET OUTLOOK

Our market outlook for the second quarter is unchanged from the first quarter. We maintain the view that the end of the US rate hike cycle will be positive for Asian currencies, as the USD weakens. This view is positive for gold mining, jeweller, and technology companies that also distribute dividends.

Nonetheless, we look towards the year 2024, with expectations that interest rates have already peaked, or are close to peaking. The US Treasury yield curve has the potential to fall, with a bull-flattening bias. As such, we position the fund’s holdings in sectors and beneficiaries of falling interest rates and bond yields, and weaker US Dollar against Asian currencies.

In addition, the Fund is currently focused on the metals and agriculture commodity equities. We noted three emerging catalysts: Firstly, global tin prices have surged due to tin closed mines in Myanmar and constraints in Indonesian exports that may see a 5,000-tonne tin deficit in 2024 from a 6,000-tonne surplus in 2023. Secondly, gold prices surged to a record high although the US Federal Reserve (Fed) left interest rates unchanged. The high gold prices were in anticipation of lower interest rates going forward (weaker US Dollar) elevated inflation and geopolitical tensions in the Middle East and Ukraine. Thirdly, crude palm oil prices hit 12-month highs due to stagnating production and higher biodiesel mandates. Unfavourable weather conditions added to supply tightness.

The Fund is invested in beneficiaries of higher commodity prices. Equity holdings in these beneficiaries are typically non-index linked and have a combination of growth and dividend drivers. Their low valuations and dividend prospects add to the upside potential from the above catalysts.

The opinion and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report. Astute Fund Management Berhad does not warrant the accuracy of anything stated herein in any matter whatsoever and no reliance upon such statements by anyone shall give rise to any claim whatsoever against Astute Fund Management Berhad.

ASTUTE DIVIDEND MAXIMISER FUND

Performance and Fund Information (%)

	Total Return from 1 January 2024 to 31 March 2024
Astute Dividend Maximiser Fund	9.16
FTSE Bursa Malaysia Top 100 Index	6.98

Source: Bloomberg

NAV Per Unit	3,945,506.33
Fund Size	1.0948

Asset Allocation Mandate

- | | |
|---|------------------|
| 1. Local and foreign equities listed on stock exchanges in Malaysia and the Asia-Pacific region. | A minimum of 70% |
| 2. Fixed income securities, collective investment schemes, money market instruments and deposits with financial institutions in Malaysia and Asia-Pacific region. | Up to 30% |
| 3. Structured products. | Up to 10% |

Asset Allocation

Equities, stock exchanges, fixed income securities, collective investment schemes, money market instruments, deposits with financial institutions and structured products
Liquid assets

Risk Factors

The specific risk factors of the Fund are as follows: -

1. Security risk;
2. Equity related product risk;
3. Credit or default risk;
4. Interest rate risk;
5. Currency risk;
6. Income distribution risk;
7. Securities lending risk; and
8. Risk associated with investment in structured products.

Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

ASTUTE DIVIDEND MAXIMISER FUND

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 31 MARCH 2024**

**1.1.2024
To
31.3.2024
RM**

INVESTMENT INCOME

Gross dividend income	36,018
Realised losses on sale of investments	(50,363)
Unrealised gains on financial assets at fair value through profit and loss ("FVPL")	426,071
Other income	2
	<u>411,728</u>

LESS: EXPENSES

Management fee	16,436
Trustee's fee	3,050
Auditors' remuneration	1,215
Tax agent's fee	530
Administrative expenses	3,239
Transaction costs	8,985
	<u>33,455</u>

NET INVESTMENT INCOME 378,274

FOREIGN EXCHANGE GAINS:

- REALISED	11,681
- UNREALISED	4

NET PROFIT BEFORE TAXATION 389,958

INCOME TAX EXPENSE (957)

NET PROFIT AFTER TAXATION FOR THE FINANCIAL PERIOD 389,001

OTHER COMPREHENSIVE INCOME -

TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 389,001

Total comprehensive expense for the financial period is made up as follows:

- realised	(37,074)
- unrealised	426,075

ASTUTE DIVIDEND MAXIMISER FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

31.03.2024
RM

ASSETS

INVESTMENTS

Quoted investments 3,876,772

OTHER ASSETS

Sundry receivables 74,911

Cash at bank 90,661

165,572

TOTAL ASSETS

4,042,344

NET ASSET VALUE (“NAV”) AND LIABILITIES

NAV

Unitholders’ capital 3,548,565

Accumulated profit 396,941

TOTAL NAV

3,945,506

LIABILITIES

Sundry payable and accruals 90,860

Amount owing to Manager 4,978

Amount owing to Trustee 1,000

TOTAL LIABILITIES

96,838

TOTAL NAV AND LIABILITIES

4,042,344

NUMBER OF UNITS IN CIRCULATION

3,603,862

NAV PER UNIT (RM)

1.0948

ASTUTE DIVIDEND MAXIMISER FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2024

	Unitholders' capital RM	Accumulated losses RM	Total NAV RM
At 1 January 2024	4,593,154	7,940	4,601,094
Net profit after taxation/Total comprehensive income for the financial period	-	389,001	389,001
Contribution by and distribution to the unitholders of the Fund:			
- creation of units	13,000	-	13,000
- cancellation of units	(1,057,589)	-	(1,057,589)
Total transactions with unitholders of the Fund	(1,044,589)	-	(1,044,589)
At 31 March 2024	3,548,565	396,941	3,945,506

DIRECTORY

Manager Astute Fund Management Berhad [199701004894 (420390-M)]

Business Office 3rd Floor, Menara Dungun
No. 46, Jalan Dungun,
Damansara Heights,
50490 Kuala Lumpur

Board of Directors	Y.M. Dato' Tunku Ahmad Zahir bin Tunku Ibrahim	Non-Executive and Independent Director
	Clement Chew Kuan Hock	Executive and Non-Independent Director
	Wong Fay Lee	Non-Executive and Non-Independent Director
	Azran bin Osman Rani	Non-Executive and Independent Director
	Asgari bin Mohd Fuad Stephens	Non-Executive and Non-Independent Director

Secretary Ng Chin Chin (MAICSA 7042650)

Trustee **CIMB Commerce Trustee Berhad (Company No. 313031-M)**
Level 13, Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.

Auditor and Reporting Accountant **Crowe Malaysia PLT (201906000005 (LLP0018817-LCA) & AF-1018)**
Level 16, Tower C,
Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

Taxation Advisers **Mazars Taxation Services Sdn Bhd (579147-A)**
Chartered Accountants,
Wisma Selangor Dregging,
7th Floor, South Block,
142-A, Jalan Ampang,
50450 Kuala Lumpur.

Solicitors **Mr.Lim Wei Chien
Wei Chien & Partners**
Level 29, Tower A, Vertical Business
Suite, Avenue 3, Bangsar South.
No.8, Jalan Kerinchi,
59200 Kuala Lumpur.

**BUSINESS OFFICE
ASTUTE FUND MANAGEMENT BERHAD**

3rd Floor, Menara Dungun,
46, Jalan Dungun,
Damansara Heights,
50490 Kuala Lumpur.