

ASTUTE DIVIDEND MAXIMISER FUND

Quarterly Report For Financial Period Ended 30 June 2024

ASTUTE DIVIDEND MAXIMISER FUND

MARKET REVIEW

The US Federal reserve hiked interest rates from 4.5% in February 2023 to 5.5% in July 2023. The robust US economy fuelled expectations of “higher for longer” interest rates. This put pressure on Asian currencies such as the Ringgit which fell to a 25 year low of RM4.79 in Sep-24. The latter in turn weighed down on Bursa Malaysia. Overall, the Ringgit declined by 1.0% against the USD to 4.72 in the period under review. The strong USD was a headwind for Asian equity markets.

The US 10-year bond yield ended 2023 at 3.88%, approximately the same level as the start of the year. The latter rose in 2024 due to a resilient US labour market. The 10 year yield peaked at 4.70% in Apr-24 before easing to 4.40% at the end of Jun-24. The resilient US economy provided strong support for US equity markets.

Between July 2023 and June 2024, Bank Negara kept the Overnight Policy Rate (“OPR”) at 3.0%. The KLCI declined by 2% to 1,455 in 2023. This was due to a lack of positive catalysts, unexciting earnings growth and a weak Ringgit. In 2023, foreigners net sold approximately RM2.3 billion worth of Malaysia equities. However, Bursa Malaysia rebounded by 9.3% in the first 6 months of 2024. This was driven by a confluence of data centre investments, robust FDIs, improved earnings outlook, reasonable valuations and local institutional buying.

MSCI Asia ex-Japan (MXAJ) rose 3.6% in 2023 and a further 8.9% in the first 6M of 2024. The key gainers were Taiwan, India and Korea in 1H 2024. China rallied by 20% from its low in February 2024 as sentiment on the equity market improved. In 2024, Beijing had rolled out a series of measures to revive the stock market and the economy including limiting short selling and promoting a new approach to real estate development while increasing construction spending. Also, the North Asian markets benefit from a bottoming out and anticipated recovery in the technology sector.

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MARKET OUTLOOK

US 1Q24 GDP grew by a tepid +1.4% QoQ (3rd revision) in 1Q24. Recent US data show signs of a "Goldilocks" economy. Non-farm payrolls for Jun-24 came in at 206K, a tad higher than consensus. However, the surprise was the US unemployment rate for Jun-24 which came in at 4.1% (the highest since Oct-21). Other signs of cooler activity came from the core PCE numbers which increased by 0.083% in May-24 - the lowest increase since Nov-2020. Finally, June's core CPI of 0.1% MoM for Jun-24 was below consensus expectations of 0.20%. The recent flow of "cooler" data in the US economy raised hopes of a FED rate cut as early as Sep-2024 and provided conditions for equity markets to stay buoyant.

Given that developed economies had raised rates by a wider margin than Asian economies, we expect the former's rate cuts to be relatively more significant. In our view, this will eventually lead to a weaker USD and stronger Asian currencies moving forward.

We believe the technology sector in Asia will continue to do well. The bottoming out of the export cycle and the recovery in semiconductor demand led by artificial intelligence will support valuations. MSCI AC Asia ex-Japan is trading at a 2024 PER of 13.9x which appears reasonable vs its 10Y range 11.5x to 20.5x [Source: Bloomberg].

For Malaysia, we see a convergence in positive thematises such as data centre investments, FDIs, supply chain relocation, Johor special economic zone and recovery in E&E exports. These themes will support the KLCI for the remainder of 2024.

Finally, we believe the KLCI's valuations remain undemanding i.e. 2024 PER of 14.7x (10Y range 12.4x to 21.7x), PBR of 1.4x (10Y range 1.2x to 2.3x) and 2024 forecast DY of 4.1% (10Y range 2.7% to 5.3%) [Source: Bloomberg]. Our strategy is to invest in companies which have a combination of re-rating potential, strong management and positive catalysts such as earnings, dividends or corporate restructuring. We believe the Malaysia market is capable of trending higher in the coming months.

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 Apr 2024 To 30 June 2024	Total Return from 1 Jan 2024 to 31 Mar 2024
Astute Dividend Maximiser Fund	8.27	9.16
FTSE Bursa Malaysia Top 100 Index	5.17	6.98

Source: Bloomberg

NAV Per Unit	1.1854	1.0949
Fund Size		

Asset Allocation Mandate

1. Local and foreign equities listed on stock exchanges in Malaysia and the Asia-Pacific region.
2. Fixed income securities, collective investment schemes, money market instruments and deposits with financial institutions in Malaysia and Asia-Pacific region.
3. Structured products.

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 APRIL 2024 TO 30 JUNE 2024

1.4.2024
To
30.6.2024
RM

INVESTMENT INCOME

Gross dividend income	73,803
Realised gain on sale of investments	10,613
Unrealised gain on financial assets at fair value through profit and loss ("FVPL")	274,379
Other income	1
	<u>358,796</u>

LESS: EXPENSES

Management fee	15,379
Trustee's fee	3,000
Auditors' remuneration	1,622
Tax agent's fee	(670)
Administrative expenses	2,424
Transaction costs	3,496
	<u>25,251</u>

NET INCOME/(LOSS) BEFORE TAXATION 333,545

FOREIGN EXCHANGE GAINS/(LOSSES):

- REALISED	(8,834)
- UNREALISED	7

NET LOSS BEFORE TAXATION 324,718

INCOME TAX EXPENSE (1,791)

NET LOSS AFTER TAXATION FOR THE FINANCIAL PERIOD

322,927

OTHER COMPREHENSIVE INCOME

-

TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL PERIOD

322,927

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

- realised	48,542
- unrealised	274,385

ASTUTE DIVIDEND MAXIMISER FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

30.6.2024

RM

ASSETS

INVESTMENTS

Quoted investments 4,025,281

OTHER ASSETS

Sundry receivables 27,323

Cash at bank 157,417

184,740

TOTAL ASSETS 4,210,021

NET ASSET VALUE (“NAV”) AND LIABILITIES

NAV

Unitholders’ capital 3,477,708

Accumulated profit/(losses) 719,868

TOTAL NAV 4,197,576

LIABILITIES

Sundry payable and accruals 6,280

Amount owing to Manager 5,165

Amount owing to Trustee 1,000

TOTAL LIABILITIES 12,445

TOTAL NAV AND LIABILITIES 4,210,021

NUMBER OF UNITS IN CIRCULATION 3,541,370

NAV PER UNIT (RM) 1.1853

ASTUTE DIVIDEND MAXIMISER FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2024 TO 30 JUNE 2024**

	Unitholders' capital RM	Accumulated Profit/(losses) RM	Total NAV RM
At 1 April 2024	3,548,565	396,941	3,945,506
Net profit/(losses) after taxation/total comprehensive expense for the financial period	-	322,927	322,927
Contribution by and distribution to the unitholders of the Fund:			
- creation of units	9,000	-	9,000
- cancellation of units	(79,857)	-	(79,857)
Total transactions with unitholders of the Fund	(70,857)	-	(70,857)
At 30 June 2024	3,477,708	719,868	4,197,576

ASTUTE DIVIDEND MAXIMISER FUND

CORPORATE 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)**
Wisma Golden Eagle Realty,
11th Floor, South Block,
No.142-A, Jalan Ampang,
50450 Kuala Lumpur, Malaysia

Solicitors **Mr.Lim Wei Chien**
Wei Chien & Partners
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59200 Kuala Lumpur.

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ASTUTE FUND MANAGEMENT BERHAD

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