

ASTUTE DIVIDEND MAXIMISER FUND

Quarterly Report For Financial Period Ended 30 September 2023

ASTUTE DIVIDEND MAXIMISER FUND

MARKET REVIEW

At the start of the third quarter of year 2023 (July to September), the Malaysian equity market was trading close to the year's low. Then, the market's price-earnings ratio of 13x for year 2023 was at the bottom-end of its 12-year low. Similarly, the market's price-to-book ratio of 1.2x were levels last seen only during the market's bottom at the COVID-19 pandemic in March 2020. Prospective dividend yield of 4.5% was above the market's 10-year high of 4.3%, last seen in the first quarter of 2021. The market's uncertainties ahead of state elections in Malaysia also depressed share prices, exacerbating the market's attractiveness from the valuation standpoint.

On a positive note, the market's attractive valuation was the start of renewed foreign interest in Malaysia, one of the region's high-dividend markets. The market ignited when corporate actions like acquisition and privatisation (due to cheap valuations) proposals increased. In the region, North Asian markets were driven by government's attempts to revive the private sector for economic growth (China) and the bottoming of the technology downcycle (South Korea and Taiwan). Dividend stocks in ASEAN and North Asia benefitted from the above drivers. This led to the fund's positive performance for the quarter.

However, the fund underperformed its benchmark due to the fund's holdings in real estate investment trust (REIT) and infrastructure trusts. In a high interest rates environment, there were concerns that REIT and trusts that had high borrowings may experience high interest costs and ultimately, lower dividend distributions.

MARKET OUTLOOK

In our previous update, we believed 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. We see delays in this view as the US Federal Reserve had indicated that US interest rates may be kept elevated for longer. This downplays the macro thesis for dividend stocks in Asia and Malaysia, where lower interest rates and bond yields will be positive for sectors and companies benefitting from stronger Asian currencies, consumer discretionary, technology, REIT and trusts.

Nonetheless, we look towards year 2024, with expectations that interest rates have already peaked, or is close to peaking. The US Treasury yield curve is currently inverted, with yields at the shorter end higher than yields in the longer-end. The lower long-term bond yield and the interest rate futures market also indicate interest rates are poised to fall in the longer-term. 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.

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 July 2023 To 30 Sept 2023	Total Return from 1 April 2023 To 30 June 2023	Total Return from 1 January 2023 to 31 March 2023
Astute Dividend Maximiser Fund	2.97	-2.09	-2.14
FTSE Bursa Malaysia Top 100 Index	4.07	-2.67	-2.93

Source: Bloomberg

NAV Per Unit	RM0.9853	RM0.9570	RM0.9774
Fund Size	RM4,521,229	RM4,843,010	RM 4,938,902

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 JANUARY 2023 TO 30 SEPTEMBER 2023**

	1.1.2023 To 30.9.2023 RM
INVESTMENT INCOME	
Gross dividend income	316,056
Realised losses on sale of investments	(127,385)
Unrealised losses on financial assets at fair value through profit and loss ("FVPL")	(171,352)
Other income	4
	<u>17,323</u>
LESS: EXPENSES	
Management fee	55,713
Trustee's fee	17,369
Auditors' remuneration	3,395
Tax agent's fee	3,280
Administrative expenses	14,725
Transaction costs	19,767
	<u>114,249</u>
NET INVESTMENT EXPENSES	(96,926)
FOREIGN EXCHANGE GAINS:	
- REALISED	39,324
- UNREALISED	56
NET LOSS BEFORE TAXATION	<u>(57,546)</u>
INCOME TAX EXPENSE	(14,174)
NET LOSS AFTER TAXATION FOR THE FINANCIAL PERIOD	<u>(71,720)</u>
OTHER COMPREHENSIVE INCOME	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL PERIOD	<u>(71,720)</u>
Total comprehensive expenses for the financial period is made up as follows:	
- realised	99,576
- unrealised	<u>(171,296)</u>

ASTUTE DIVIDEND MAXIMISER FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	30.9.2023
	RM
ASSETS	
INVESTMENTS	
Quoted investments	<u>3,490,737</u>
OTHER ASSETS	
Sundry receivables	33,261
Cash at bank	<u>1,012,791</u>
	<u>1,046,052</u>
TOTAL ASSETS	<u>4,536,789</u>
NET ASSET VALUE (“NAV”) AND LIABILITIES	
NAV	
Unitholders’ capital	4,593,932
Accumulated losses	<u>(72,703)</u>
TOTAL NAV	<u>4,521,229</u>
LIABILITIES	
Sundry payable and accruals	8,761
Amount owing to Manager	5,799
Amount owing to Trustee	<u>1,000</u>
TOTAL LIABILITIES	<u>15,560</u>
TOTAL NAV AND LIABILITIES	<u>4,536,789</u>
NUMBER OF UNITS IN CIRCULATION	<u>4,588,490</u>
NAV PER UNIT (RM)	<u>0.9853</u>

ASTUTE DIVIDEND MAXIMISER FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	Unitholders' capital RM	Accumulated losses RM	Total NAV RM
At 1 January 2023	5,099,872	(983)	5,098,889
Net loss after taxation/Total comprehensive expenses for the financial period	-	(71,720)	(71,720)
Contribution by and distribution to the unitholders of the Fund:			
- creation of units	126,440	-	126,440
- cancellation of units	(632,380)	-	(632,380)
Total transactions with unitholders of the Fund	(505,940)	-	(505,940)
Balance at 30 September 2023	4,593,932	(72,703)	4,521,229

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
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.