

Affin Hwang Aiiman Cash Fund I

Quarterly Report
29 February 2020

Out **think.** Out **perform.**



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
HSBC (Malaysia) Trustee Berhad (1281-T)

AFFIN HWANG AIIMAN CASH FUND I

Quarterly Report and Financial Statements As at 29 February 2020

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Aiiman Cash Fund I
Fund Type	Income
Fund Category	Money Market Fund (Wholesale Fund)
Investment Objective	The Fund seeks to provide investors with a regular income stream and high level of liquidity to meet cash flow requirements while maintaining capital preservation
Benchmark	The performance benchmark to be used by the Manager in measuring the performance of the Fund will be the Bank Islam Overnight Mudharabah Rate
Distribution Policy	The Fund endeavours to distribute income on a monthly basis by way of reinvestment in the form of additional Units or cash payment

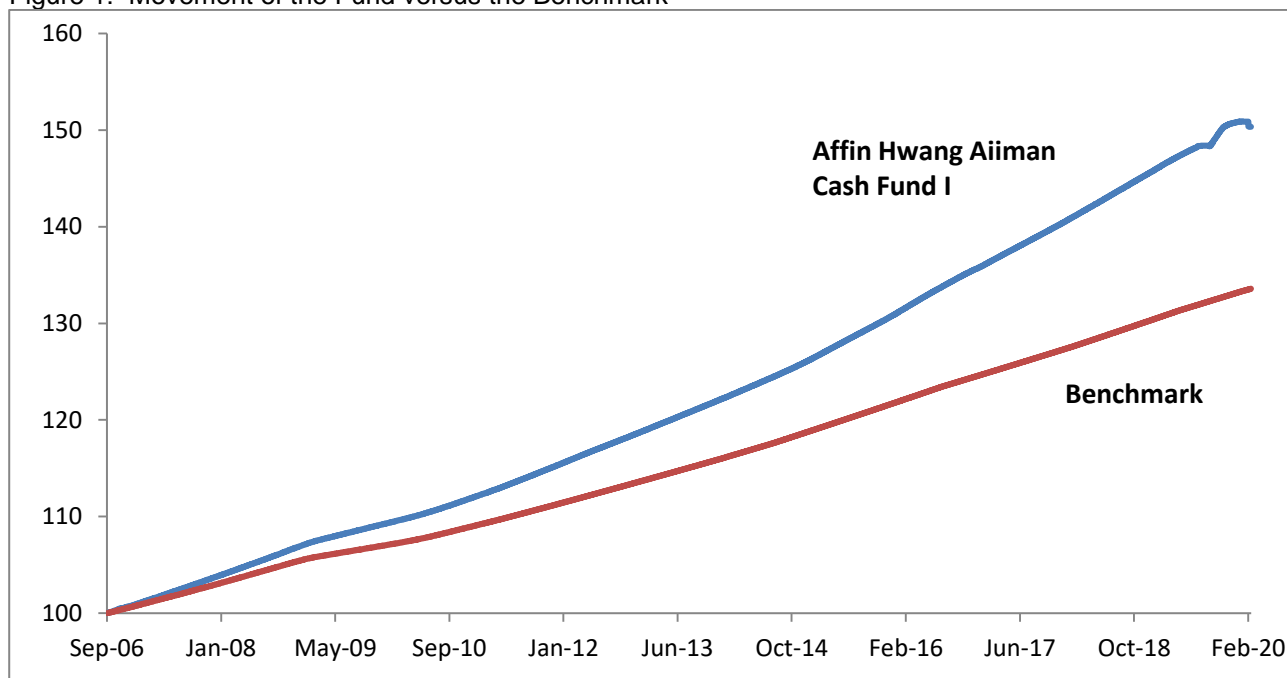
FUND PERFORMANCE DATA

Category	As at 30 Nov 2019	As at 29 Feb 2020
Total NAV (RM'million)	2.580	0.004
NAV per Unit (RM)	1.0519	1.0371
Unit in Circulation (million)	2.453	0.004

Table 1: Performance as at 29 February 2020

	3 Months (1/12/19 - 29/2/20)	6 Months (1/9/19 - 29/2/20)	1 Year (1/3/19 - 29/2/20)	3 Years (1/3/17 - 29/2/20)	5 Years (1/3/15 - 29/2/20)	Since Commencement (19/9/06 - 29/2/20)
Fund	(0.19%)	1.31%	2.57%	9.98%	18.29%	50.35%
Benchmark	0.64%	1.33%	2.78%	9.06%	16.10%	47.14%
Outperformance / (Underperforman ce)	(0.83%)	(0.02%)	(0.21%)	0.92%	2.19%	3.21%

Figure 1: Movement of the Fund versus the Benchmark



"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) 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. Source of Benchmark: Bloomberg." Benchmark: Bank Islam Overnight Mudharabah Rate

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, kindly refer to Figure 2.

Figure 2: Asset Allocation of the Fund

	29 February 2020	30 November 2019
	(%)	(%)
Cash & money market	100.00	100.00
Total	100.00	100.00

Strategies Employed

The Fund solely invests in Islamic money market deposits.

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency over the coronavirus outbreak that has claimed the lives of at least 300 people with rates of infection rapidly increasing.

However, the global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

After Australia, Thailand and the US reported over the weekend their first coronavirus-related deaths. US and Europe stock markets caught up with losses as investors become increasingly fearful of a contagion effect as the coronavirus reaches their shores.

Seoul raised its coronavirus alert to the “highest level,” with the latest spike in numbers bringing the country with the most cases outside of mainland China. Industry heavyweight Samsung Electronics had also announced that a coronavirus case had been confirmed at a mobile device factory complex in South Korea, resulting in the shutdown of the entire facility. The affected factory reportedly accounts for a small portion of Samsung’s total smartphone production.

The impact of the coronavirus outbreak has been felt acutely in the world’s second largest economy. China’s latest Purchasing Managers’ Index (“PMI”) data plunged to a record low in February as sentiment was soured by the outbreak. The Markit/ Caixin manufacturing PMI dropped to 40.3 below the 50-point threshold signalling contraction. Investors have been closely tracking the coronavirus outbreak to assess its potential impact to the economy as a result of wide scale city and factory shutdowns, as well as travel restriction bans. Global supply chains have seen disruption due to stalled manufacturing activity.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

Meanwhile, the US-China trade war made some positive headway with the two countries signing a phase-one trade deal in January. US President Donald Trump and Chinese Vice Premier Liu He signed the pact that will roll back some tariffs as well as see Beijing boost purchases of US goods and services over two years. This includes purchases of US agriculture products over the next two years by China. Negotiations for the second phase of the trade deal is expected to commence before the presidential election in November.

On monetary policy, the US Federal Reserve (“Fed”) kept its benchmark rates unchanged in its policy meeting in January, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed’s balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed’s target of 2.0%.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. There is further room for BNM to loosen monetary policy by up to 75bps using history as a guide. The rate cut is expected to boost economic growth amid price stability.

Investment Outlook

The ensuing market correction is likely overdone with volatility exacerbated by the presence of algo-traders. Strict containment measures undertaken by China has helped to reduce the spread of infection as factories gradually begin to reopen. Apple and Starbucks which temporarily shuttered their retail outlets due to the outbreak have also begun to reopen in China.

The central Hubei province, which was the epicentre of the country’s coronavirus outbreak, reported less than 200 cases of new infections for the first time since January at the time of writing. If the outbreak can be effectively contained, we could then begin to see factory activities start to normalise and consumption picking-up again. Expectations that governments would also embark on additional fiscal stimulus to support the economy is seen positively by investors to soothe a recovery.

Whilst Muhyiddin’s appointment as PM has ended the political stalemate temporarily, we expect volatility to continue to persist in the local market. Without a strong mandate or a solid support base, Muhyiddin could face challenges in pushing through policy decisions or may even find himself challenged again.

Sin stocks such as Carlsberg, Heineken and Genting faced selling pressure amidst concerns over policy changes in the industry under the new government that is perceived to be more conservative. The small-mid-caps which has outperformed the rest of the market last year were not spared from the sell-off as well with the FBM Small Cap index down 4% in February.

On top of the political uncertainty, the economy faces additional headwinds from the covid-19 with the government reducing its growth outlook for 2020 to 3.2-4.2% from 4.8% previously. Nonetheless, the government will be under a lot of pressure to implement policies to support economic growth and shore up support.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	Financial period ended <u>29.2.2020</u> RM	Financial period ended <u>28.2.2019</u> RM
INVESTMENT INCOME		
Profit income from financial assets at fair value through profit or loss	9,737	16,505,585
	<hr/>	<hr/>
EXPENSES		
Management fee	(1,174)	309,164
Trustee's fee	(90)	(106,392)
Auditors' remuneration	(921)	(1,726)
Tax agent's fee	(500)	(937)
Other expenses	(843)	(2,053)
	<hr/>	<hr/>
	(3,528)	198,056
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NET PROFIT BEFORE TAXATION	6,209	16,703,641
TAXATION	(2,285)	(1,692,259)
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NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	3,924	15,011,382
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Net profit after taxation is made up of the following:		
Realised amount	3,924	15,011,382
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**STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020**

	<u>2020</u> RM	<u>2019</u> RM
ASSETS		
Cash and cash equivalents	61,050	440
Financial assets at fair value through profit or loss	-	863,554,250
Amount due from Manager - management fee rebate receivable	-	1,692,259
Tax recoverable	1,452,080	-
TOTAL ASSETS	<u>1,513,130</u>	<u>865,246,949</u>
LIABILITIES		
Amount due to Manager - management fee	1,452,130	221,558
Amount due to Trustee	4	17,043
Auditors' remuneration	921	8,726
Tax agent's fee	7,600	5,637
Tax payable	33,206	1,670,136
Distribution payable	-	973,667
Other payables and accruals	15,121	16,073
TOTAL LIABILITIES	<u>1,508,982</u>	<u>2,912,840</u>
NET ASSET VALUE OF THE FUND	<u>4,148</u>	<u>862,334,109</u>
EQUITY		
Unitholders' capital	4,000	741,284,217
Retained earnings	148	121,049,892
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>4,148</u>	<u>862,334,109</u>
NUMBER OF UNITS IN CIRCULATION	<u>4,000</u>	<u>811,389,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.0371</u>	<u>1.0628</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2020**

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 December 2019	2,453,000	127,423	2,580,423
Total comprehensive income for the financial period	-	3,924	3,924
Distributions	-	(19,998)	(19,998)
Movement in unitholders' capital:			
Creation of units arising from application	949	-	949
Creation of units arising from distribution	19,997	-	19,997
Cancellation of units	(2,469,946)	(111,201)	(2,581,147)
Balance as at 29 February 2020	<u>4,000</u>	<u>148</u>	<u>4,148</u>
Balance as at 1 December 2018	3,706,612,799	119,541,411	3,826,154,210
Total comprehensive income for the financial period	-	15,011,382	15,011,382
Distributions	-	(13,502,901)	(13,502,901)
Movement in unitholders' capital:			
Creation of units arising from application	107,424	-	107,424
Creation of units arising from distribution	9,455,011	-	9,455,011
Cancellation of units	(2,974,891,017)	-(2,974,891,017)	
Balance as at 28 February 2019	<u>741,284,217</u>	<u>121,049,892</u>	<u>862,334,109</u>

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