Affin Hwang World Series - Emerging Markets Short Duration Fund

Quarterly Report
28 February 2021

Out think. Out perform.

AFFIN HWANG
CAPITAL

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AFFIN HWANG WORLD SERIES – EMERGING MARKETS SHORT DURATION FUND

Quarterly Report and Financial Statements
As at 28 February 2021

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Emerging Markets Short Duration Fund
Fund Type	Income
Fund Category	Fixed Income (Feeder Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income for respective Classes in the following manner, after the end of its first financial year.

Class(es)	Distribution Policy
USD Class	Monthly basis
MYR Class	
MYR Hedged-class	Quarterly basis
SGD Hedged-class	
AUD Hedged-class	
GBP Hedged-class	
EUR Hedged-class	
RMB Hedged-class	

FUND PERFORMANCE DATA

USD Class

Category	As at 28 Feb 2021	As at 30 Nov 2020
Total NAV (million)	0.006	0.007
NAV per Unit (USD)	0.3604	0.3625
Unit in Circulation (million)	0.018	0.018

MYR class

Category	As at 28 Feb 2021	As at 30 Nov 2020
Total NAV (million)	0.093	0.084
NAV per Unit (RM)	0.3620	0.3663
Unit in Circulation (million)	0.257	0.230

MYR-Hedged class

Category	As at 28 Feb 2021	As at 30 Nov 2020
Total NAV (million)	0.409	0.452
NAV per Unit (RM)	0.3498	0.3535
Unit in Circulation (million)	1.168	1.278

SGD-Hedged class

Category	As at 28 Feb 2021	As at 30 Nov 2020
Total NAV (million)	0.012	0.012
NAV per Unit (SGD)	0.3514	0.3535
Unit in Circulation (million)	0.035	0.034

AUD-Hedged class

Category	As at 28 Feb 2021	As at 30 Nov 2020
Total NAV (million)	0.005	0.012
NAV per Unit (AUD)	0.3369	0.3433
Unit in Circulation (million)	0.016	0.035

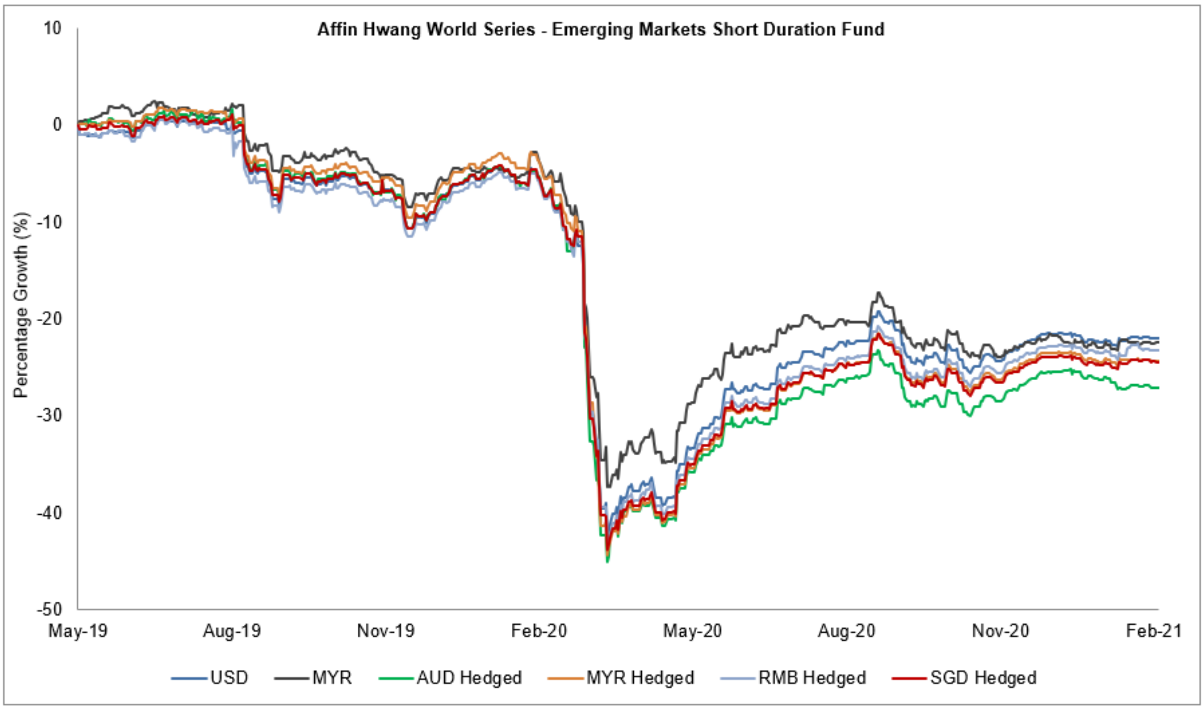
RMB-Hedged class

Category	As at 28 Feb 2021	As at 30 Nov 2020
Total NAV (million)	0.025	0.093
NAV per Unit (RMBB)	0.3585	0.3601
Unit in Circulation (million)	0.069	0.257

Performance as at 28 February 2021

	3 Months (1/12/20 - 28/2/21)	6 Months (1/9/20 - 28/2/21)	1 Year (1/3/20 - 28/2/21)	Since Commencement (3/5/19 - 28/2/21)
USD	**1.49%**	**0.23%**	**(11.71%)**	**(22.02%)**
MYR	**0.88%**	**(2.55%)**	**(15.36%)**	**(22.36%)**
AUD Hedged	**0.30%**	**(1.65%)**	**(16.12%)**	**(27.05%)**
MYR Hedged	**1.07%**	**0.14%**	**(15.81%)**	**(24.30%)**
RMB Hedged	**1.47%**	**0.67%**	**(12.79%)**	**(23.22%)**
SGD Hedged	**1.41%**	**0.09%**	**(14.40%)**	**(24.40%)**

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."

Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

Asset Allocation

Fund's asset mix during the period under review:

	28 February 2021
	(%)
Unit Trust	95.83
Derivative	0.31
Cash & money market	3.86
Total	**100.00**

Strategies Employed & Investment Outlook

Science is winning the battle against the Coronavirus. The advance in therapeutics already contributed to better management of the pandemic. Now, the roll-out of the vaccines puts the livelihoods of billions of people on track to normalise in 2021, but extreme policy support should remain in place for a while. Thus, in addition to improving prospects for global health, six themes are likely to dominate financial markets in 2021. We discuss them briefly in this short summary of our 2021 outlook piece.

(1) The global economy heads for a 'V-shaped' recovery with Emerging Markets (EM) in the lead. Since the release of the IMF's latest World Economic Outlook last October, economic activity has surprised to the upside in EM, which means that the growth contraction in EM in 2020 is likely to be as much as 0.5% smaller than originally forecast by the IMF. Moreover, the rebound in 2021 now looks set to be stronger as well. EM may have been the first to be impacted by the virus, but EM economies both contracted less than DMs and are now rebounding at a faster pace, according to PMI data. (2) Fiscal and monetary policies remain expansionary in Developed Markets (DM). The start of the global economic rebound in 2020 has been aided

by very large fiscal expansions in the world's largest economies. In DM, the fiscal deficits have been funded by enormous expansions of central bank balance sheets, which facilitated the purchases of government bonds. Fiscal balances are likely to improve in 2021, but mainly due to the economic rebound. Nevertheless, fiscal deficits are likely to remain elevated by historical standards, which will force central banks in DMs in particular to increase the size of their balance sheets further, in our view.

(3) Increasing pressure on DM governments to act on grotesque levels of inequality. Growing inequality in Western societies is the result of technological progress and globalisation. Ultra-easy monetary policies have in turn hugely exacerbated the inequality problem as interest rates at all-time low levels subsidise capital markets and thereby help to drive asset prices higher, benefiting assetrich individuals and companies disproportionately. The inequality problem is likely to have a direct impact on economic policies in the US in 2021. As larger segments of US society demand greater fairness, pressure will mount for redistributive policies. This greatly increases the risk that taxes will have to rise for the super-rich and corporations. (4) Rising inflation risks in the United States (US) due to the concomitant rebound in economic activity, extremely easy monetary policies, and fiscal expansion. A key difference between the Fed's most recent QE programme and past QE programmes is that the current programme funds the US government's large fiscal deficit. Much of the deficit is funding unemployment benefits, so QE, via the deficit, is putting money into the pockets of individuals. The increased availability of cash is a latent inflation risk. It can be measured by the growth of the broad monetary aggregate, M2 growth is running at the fastest pace since the beginning of the series and almost twice the pace of the 1970s when US inflation hit double-digit levels.

(5) Growing pressure on the Dollar from large US twin deficits. Arguably, Dollar depreciation is already underway. The US nominal broad effective exchange rate depreciated 11% between its peak on 23 March 2020 and 4 December 2020. Yet, the Dollar remains some 40% higher than at its weaker level in October 1994, in real terms, and there may well be significant potential for further weakness judging by the unprecedented size of the US twin deficits. Indeed, the sum of the US fiscal and current account deficits has now reached 18% of GDP, which is the largest on record. Ordinarily, such large twin deficits can only be sustained with high interest rates to attract sufficient foreign capital to keep the currency stable, but US interest rates are at their lowest relative to the rest of the world since 2012, while the Fed remains publicly committed to keeping interest rates low for the foreseeable future. (6) Improving liquidity conditions with positive spillovers to asset prices and growth as flows to EM increase on the back of a weaker Dollar. The Bank for International Settlements (BIS) has done a series of studies over the years showing how a strong Dollar leads to lower GDP growth in EM countries. The same logic also works in reverse, however. As the Dollar turns lower, DM investors benefit from having exposure to earnings in international assets, because they become more valuable in Dollar terms. Moreover, DM banks and institutional investors find that the credit risk and earnings profiles of EM corporations are improving as local currency revenues and profits increase in Dollar terms.

Market Review

Financial markets performed strongly during the fourth quarter, as investors welcomed the result of US Presidential elections and the great promise of the first new generation Covid vaccines, with expected efficacy rates of over 90%. The start of the Covid vaccination campaigns in the US and the UK notably, as well as hopes of further fiscal stimulus from the US Congress, drove such market optimism that it overshadowed the worrisome rise in global Covid cases in December. Economic data remained supportive, with particularly positive numbers coming from Asia. The strong performance of cyclical assets and reflation trades reflected the positive consensus about a rebound in global economic activity, only delayed by temporary and targeted lockdowns. In Q4, global equity indices rallied 14%, as Emerging Markets (EM) (MSCI EM +19.3%) handsomely outperformed the S&P index (+11.7%) and the Eurostoxx50 (+11.2%). Latin America out-performed with a quarterly return of 34.8%, followed by Asia at 18.9% and EMEA at 16.3%. A key source of support for EM equities was the out-performance of value stocks versus growth stocks, which kicked off in November and extended into December in anticipation of a global economic recovery in 2021. Commodity prices moved sharply higher, with the CRY index up 13.0% in Q4, helped by the 26% increase in West Texas Intermediate (WTI) oil futures prices, and a 25% rise

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021

	Financial period ended 28.2.2021 USD	Financial period ended 29.2.2020 USD
INVESTMENT INCOME/(LOSS)		
Dividend income	11,621	32,867
Interest income from financial assets at amortised cost	-	1,164
Net gain/(loss) on foreign currency exchange	473	(11,408)
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss	15,598	(28,583)
Net gain/(loss) on financial asset at fair value through profit or loss	14,960	(141,910)
	42,652	(147,870)
EXPENSES		
Management fee	(2,415)	(9,511)
Trustee fee	(98)	(383)
Auditors' remuneration	(1,446)	(1,380)
Tax agent's fee	(633)	(643)
Other expenses	(3,009)	(1,738)
	(7,601)	(13,655)
NET PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION	35,051	(161,525)
FINANCE COST		
Distribution	(10,103)	(7,491)
NET PROFIT/(LOSS) BEFORE TAXATION	24,948	(169,016)
Taxation	-	-
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	24,948	(169,016)
Increase/(decrease) of net asset attributable to unitholders is made up of the following:		
Realised amount	5,443	4,676
Unrealised amount	19,505	(173,692)
	24,948	(169,016)

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STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	2021 USD	2020 USD
ASSETS		
Cash and cash equivalents	9,995	97,702
Amount due from broker	13	-
Amount due from Manager		
- management fee rebate receivable	109	2,017
Financial assets at fair value through profit or loss	141,565	1,274,282
Forward foreign currency contracts at fair value through profit or loss	616	-
TOTAL ASSETS	152,298	1,374,001
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	151	39,076
Amount due to Manager		
- management fee	154	2,312
- cancellation of units	259	1,285
Amount due to Trustee	6	62
Auditors' remuneration	1,432	1,360
Tax agent's fee	1,452	634
Other payable and accruals	1,121	297
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	4,575	45,026
NET ASSET VALUE OF THE FUND	147,723	1,328,975
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	147,723	1,328,975

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021 (CONTINUED)

	2021 USD	2020 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	4,225	5,654
- MYR class	22,983	2,707
- MYR Hedged-class	100,938	1,306,099
- RMB Hedged-class	3,819	1,190
- SGD Hedged-class	9,271	6,298
- USD class	6,487	7,027
	147,723	1,328,975
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	16,000	20,000
- MYR class	257,000	25,000
- MYR Hedged-class	1,168,000	12,308,000
- RMB Hedged-class	69,000	19,000
- SGD Hedged-class	35,000	20,000
- USD class	18,000	16,000
	1,563,000	12,408,000
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.2641	0.2827
- MYR class	0.0894	0.1083
- MYR Hedged-class	0.0864	0.1061
- RMB Hedged-class	0.0553	0.0626
- SGD Hedged-class	0.2649	0.3149
- USD class	0.3604	0.4392
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.3369	AUD0.4325
- MYR class	RM0.3620	RM0.4562
- MYR Hedged-class	RM0.3498	RM0.4472
- RMB Hedged-class	RMB0.3585	RMB0.4378
- SGD Hedged-class	SGD0.3514	SGD0.4392
- USD class	USD0.3604	USD0.4392

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (CONTINUED)

	Financial period ended 28.2.2021 USD	Financial period ended 29.2.2020 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD/ DATE OF LAUNCH	110,871	-
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	403,958	1,650,151
- AUD Hedged-class	26,197	10,640
- MYR class	31,284	12,674
- MYR Hedged-class	325,749	1,595,237
- RMB Hedged-class	16,081	3,599
- SGD Hedged-class	4,020	7,395
- USD class	627	20,606
Creation of units arising from distributions	9,617	7,415
- AUD Hedged-class	483	-
- MYR class	866	14
- MYR Hedged-class	7,342	7,363
- RMB Hedged-class	296	-
- SGD Hedged-class	308	-
- USD class	322	38
Cancellation of units	(401,671)	(159,575)
- AUD Hedged-class	(34,067)	(3,552)
- MYR class	(16,527)	(9,704)
- MYR Hedged-class	(336,079)	(131,785)
- RMB Hedged-class	(14,149)	(2,145)
- SGD Hedged-class	(244)	-
- USD class	(605)	(12,389)
Net increase/(decrease) in net assets attributable to unitholders during the financial period	24,948	(169,016)
- AUD Hedged-class	2,966	(1,434)
- MYR class	978	(277)
- MYR Hedged-class	19,419	(164,716)
- RMB Hedged-class	705	(264)
- SGD Hedged-class	507	(1,097)
- USD class	373	(1,228)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	147,723	1,328,975

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