



AFFIN HWANG

SMART INVEST PORTFOLIO – GROWTH

April 2021

Market Review & Outlook

Global equities endured a mixed session last month as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher in March as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index also dropped 1.8% in the same month.

Last month, the US Securities and Exchange Commission (“SEC”) adopted a law called the Holding Foreign Companies Accountable Act. Similarly, a diplomatic row ensued between the West and China over alleged forced labour conditions in Xinjiang. The EU, US, Britain, and Canada had imposed sanctions on China including a travel ban for officials. In a tit-for-tat response, Beijing responded with its own set of sanctions.

Meanwhile, rising bond yields continue to unsettle markets. A backdrop of low interest rates and a blockbuster fiscal stimulus from the US are fuelling expectations of a stronger economic rebound. The US 10-year treasury yield which touched new highs this year has stoked inflationary fears that could prompt the US Fed to start tightening and taking away the liquidity punchbowl. The Fed has since reaffirmed its dovish stance at its recent policy meeting in March which has provided some relief to investors.

On the domestic front, the local market was muted with the benchmark KLCI up 1.0% in the month. A lack of fresh catalysts coupled with political uncertainty led to muted trading volumes. Market reaction was neutral to the release of the PEMERKASA stimulus package totalling RM20 billion or equivalent to 1.3% of domestic GDP, with RM11 billion as fiscal injections.

Portfolio Review

The Affin Hwang Smart Invest Portfolio – Growth (“Fund”) corrected further in March, returning gains of 3.2% for the month. In contrast, the broader MSCI World Index gained 3.3%. This came as no surprise as the growth-oriented winners of 2020 were the victims of the recent market selloff, as rising yields continue to fuel expectations of a sooner-than-expected interest rate hike.

The biggest winners of last year experience the largest correction, which saw the long-term growth sleeve of the portfolio dragged performance down by 2.9%. Nevertheless, the Fund’s strategic positions in more flexible equity funds have benefited from a rotation to cyclicals or economic recovery-related sectors, which provided a buffer for the portfolio.

While we are mindful of the current selloff in growth stocks, we are confident that these names will persist as a driver of market performance over the long run. This stems from the view that after the “tech-cellation” of 2020, society would not revert to traditional means even when economies normalise. As such, we remain comfortable with the current growth-tilt of the portfolio.

Affin Hwang Smart Invest Portfolio - Growth

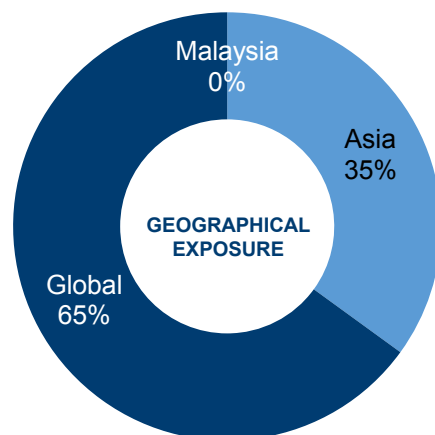
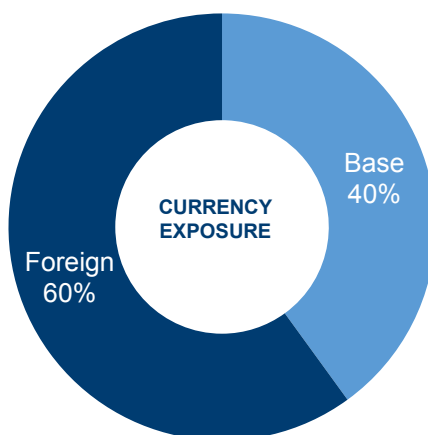
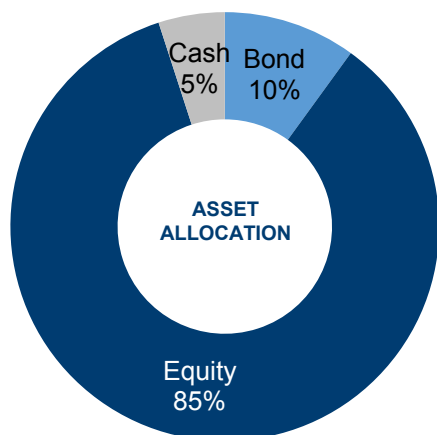
Top Contributors in March 2021	Return
Nikko AM Shenton Global Opportunities Fund	0.2%
Cash	0.1%
Morgan Stanley Global Brands Fund	0.1%

Bottom Contributors in March 2021	Return
Baillie Gifford Worldwide Long Term Global Growth Fund	-1.1%
Baillie Gifford Worldwide Health Innovation Fund	-1.0%
Affin Hwang Select Asia (ex Japan) Opportunity Fund	-0.8%

Source: Bloomberg, Affin Hwang AM, as at 31 March 2021.

AFFIN HWANG SMART INVEST PORTFOLIO-GROWTH

Target Asset Allocation



Portfolio Holdings as of 31 March 2021	Weight	MTD Attribution	YTD Return
Affin Hwang Select Asia (ex Japan) Opportunity Fund	20.1%	-0.8%	2.3%
Baillie Gifford Worldwide Long Term Global Growth Fund	13.9%	-1.1%	-5.1%
UBS (Lux) Investment SICAV - China A Opportunity	10.0%	-0.5%	-4.7%
Nikko AM Shenton Global Opportunities Fund	9.9%	0.2%	4.2%
Allianz Strategic Bond Fund	9.6%	0.1%	-4.4%
Baillie Gifford Worldwide Health Innovation Fund	9.3%	1.0%	-7.0%
Morgan Stanley Global Brands Fund	6.3%	0.1%	1.7%
Affin Hwang Select Asia (ex Japan) Quantum Fund	5.2%	-0.3%	13.2%
Standard Life Investments Global Smaller Companies Fund	4.8%	0.0%	-0.8%
Nikko AM Ark Disruptive Innovation Fund	3.9%	-0.3%	-4.3%
Cash	5.0%	0.1%	0.0%
Affin Hwang Smart Invest Portfolio – Growth	100.0%	-3.2%	0.4%

Source: Morningstar, Affin Hwang AM, as at 31 March 2021.

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