



AFFIN HWANG

SMART INVEST PORTFOLIO – INCOME

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 – Income (“Fund”) showed resilience during the month, correcting by a modest 0.1%.

This was primarily led by the equity strategies exposed to US and Chinese growth sectors, which were largely sold off by markets in favor of cyclical or economic reopening-related sectors. This correction was offset by the Fund’s exposure in the broad S&P index and an equity growth strategy which benefited less from the tech-driven rally of last year. Although the portfolio does contain credit strategies which are at risk of higher bond yields, we believe the flexibility of these strategies to keep duration short would be able to mitigate a severe drawdown.

While we are continuously seeking opportunities to improve the portfolio, we remain comfortable with the income generating prospects of the portfolio, along with its ability to generate total returns from diversified sources at this juncture.

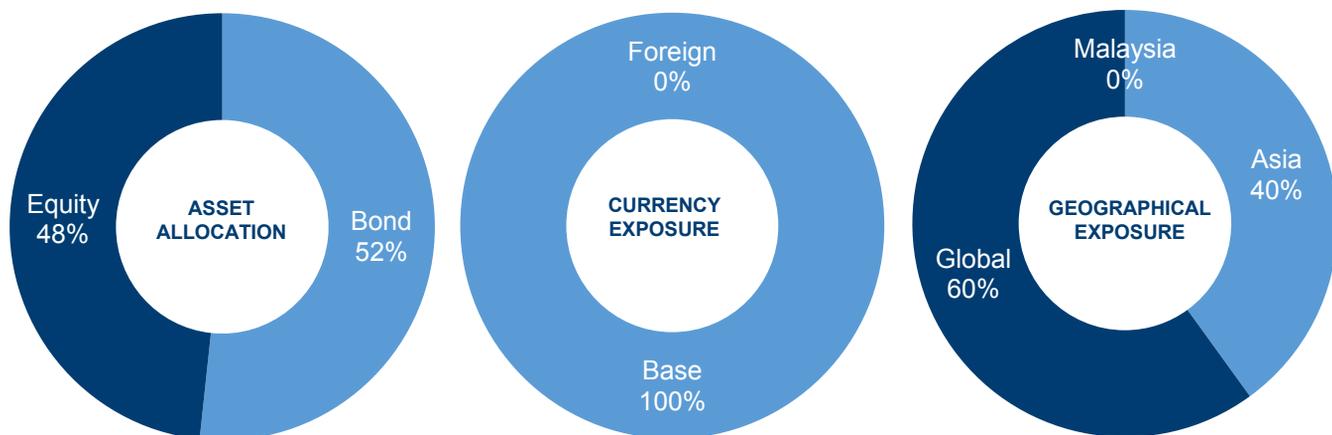
Affin Hwang Smart Invest Portfolio - Income

Top Contributors in March 2021	Return
Baillie Gifford Worldwide Global Income Growth	0.5%
iShares Core S&P 500 ETF	0.4%
PIMCO Income Fund	0.3%
Bottom Contributors in March 2021	Return
Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund	-0.5%
UBS China Allocation Opportunity Fund	-0.1%
Affin Hwang Select Bond Fund	-0.1%

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

AFFIN HWANG SMART INVEST PORTFOLIO – INCOME

Target Asset Allocation



Portfolio Holdings as of 31 March 2021	Weight	MTD Attribution	YTD Return
Baillie Gifford Worldwide Global Income Growth Fund	15.4%	0.5%	2.7%
Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund	15.3%	-0.5%	2.6%
Affin Hwang Select Bond Fund	14.5%	-0.1%	-1.0%
PIMCO Income Fund	10.0%	0.3%	-0.1%
iShares S&P500 ETF	9.8%	0.4%	6.2%
Allianz Income and Growth Fund	9.7%	0.0%	1.7%
UBS China Allocation Opportunity Fund	9.2%	-0.1%	0.1%
PIMCO Global High Yield Bond Fund	5.0%	0.1%	0.2%
Allianz Strategic Bond Fund	4.8%	0.1%	-4.4%
Cash	1.8%	0.0%	0.0%
Affin Hwang Smart Invest Portfolio – Income	100.0%	-0.1%	0.0%

The Fund was inceptioned on 13 July 2020.
Source: Morningstar, Affin Hwang AM as at 31 March 2021.

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