

Affin Hwang World Series - Global Climate Change Fund

Quarterly Report
28 February 2022

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



AFFIN HWANG
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AFFIN HWANG WORLD SERIES – GLOBAL CLIMATE CHANGE FUND

Quarterly Report and Financial Statements As at 28 February 2022

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Climate Change Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over the medium to long term period
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate

FUND PERFORMANCE DATA

USD Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	7.053	5.872
NAV per Unit (USD)	0.4535	0.5102
Unit in Circulation (million)	15.544	11.509

MYR-Hedged class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	193.932	180.548
NAV per Unit (RM)	0.4576	0.5128
Unit in Circulation (million)	423.834	352.114

SGD-Hedged class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	7.512	6.439
NAV per Unit (SGD)	0.4502	0.5072
Unit in Circulation (million)	16.686	12.696

AUD-Hedged class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	11.251	10.307
NAV per Unit (AUD)	0.4464	0.5037
Unit in Circulation (million)	25.201	20.464

Fund Performance

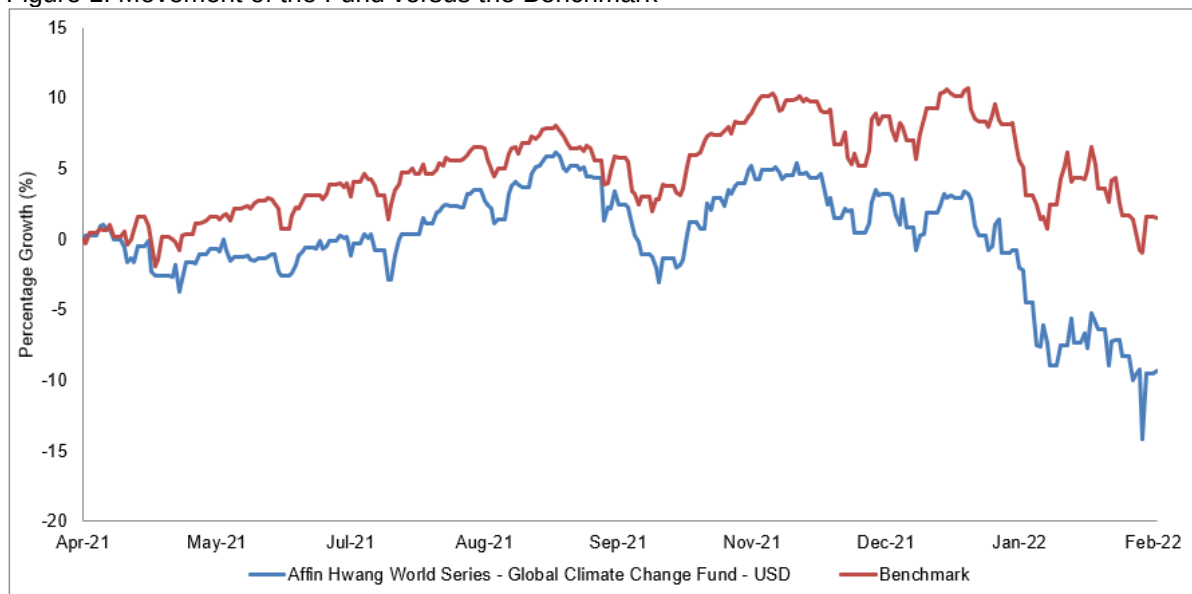
USD Class

Table 1: Performance as at 28 February 2022

	3 Months (1/12/21 - 28/2/22)	6 Months (1/9/21 - 28/2/22)	Since Commencement (22/4/21 - 28/2/22)
Fund	(11.11%)	(13.75%)	(9.30%)
Benchmark	(3.99%)	(5.20%)	1.53%
Outperformance	(7.12%)	(8.55%)	(10.83%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



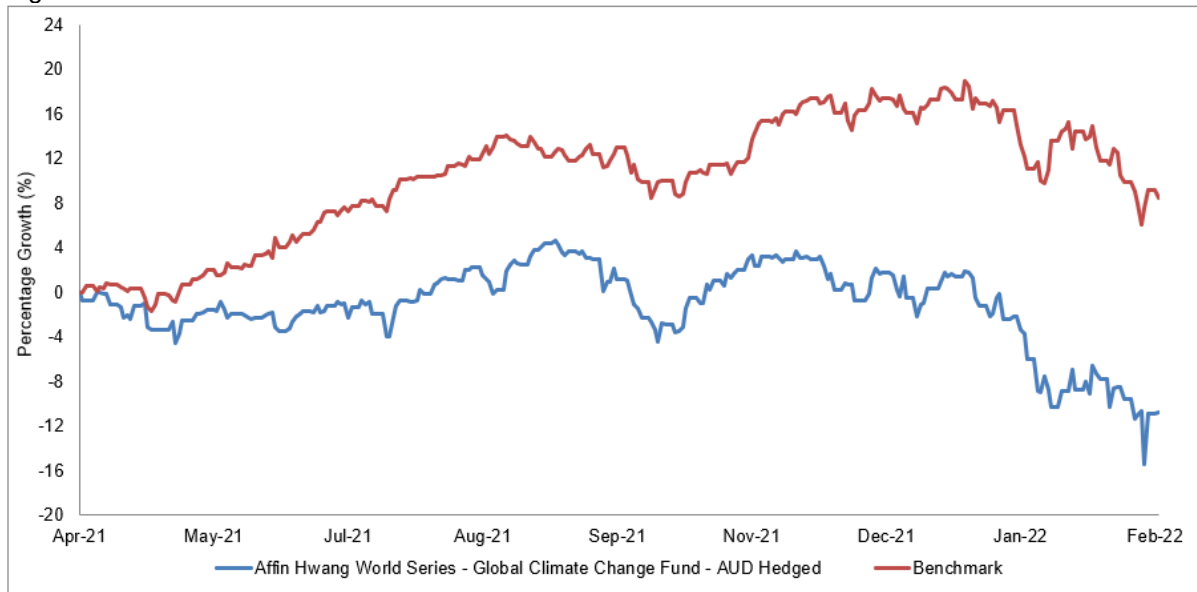
AUD Hedged Class

Table 1: Performance as at 28 February 2022

	3 Months (1/12/21 - 28/2/22)	6 Months (1/9/21 - 28/2/22)	Since Commencement (22/4/21 - 28/2/22)
Fund	(11.38%)	(13.97%)	(10.72%)
Benchmark	(5.98%)	(4.43%)	8.51%
Outperformance	(5.40%)	(9.54%)	(19.23%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



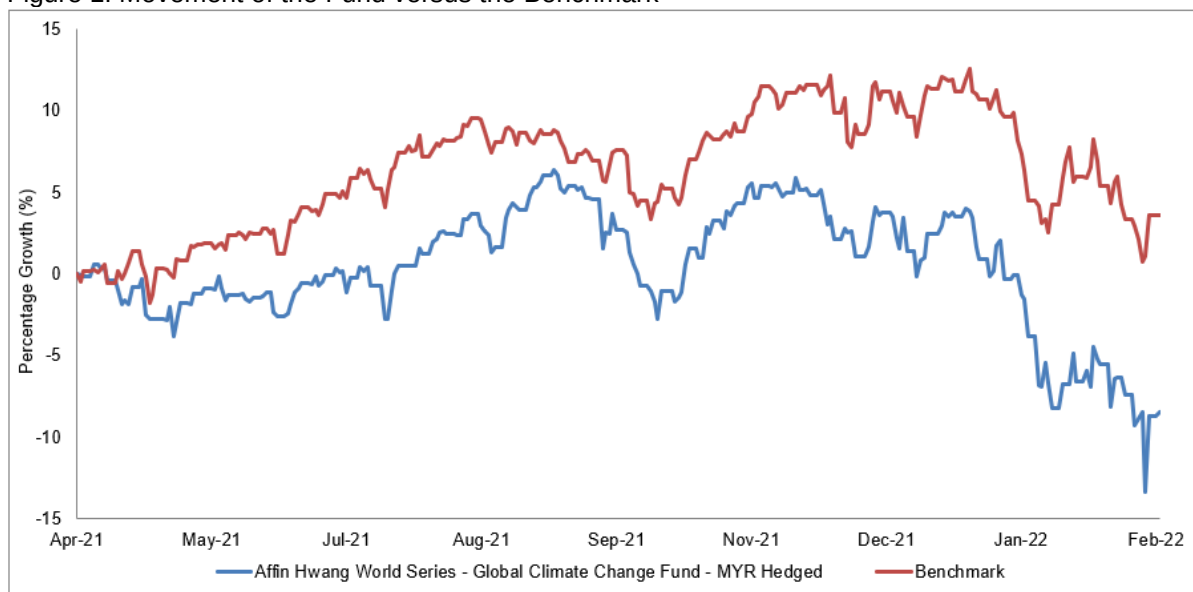
MYR Hedged Class

Table 1: Performance as at 28 February 2022

	3 Months (1/12/21 - 28/2/22)	6 Months (1/9/21 - 28/2/22)	Since Commencement (22/4/21 - 28/2/22)
Fund	(10.76%)	(13.12%)	(8.48%)
Benchmark	(4.21%)	(4.11%)	3.58%
Outperformance	(6.55%)	(9.01%)	(12.06%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



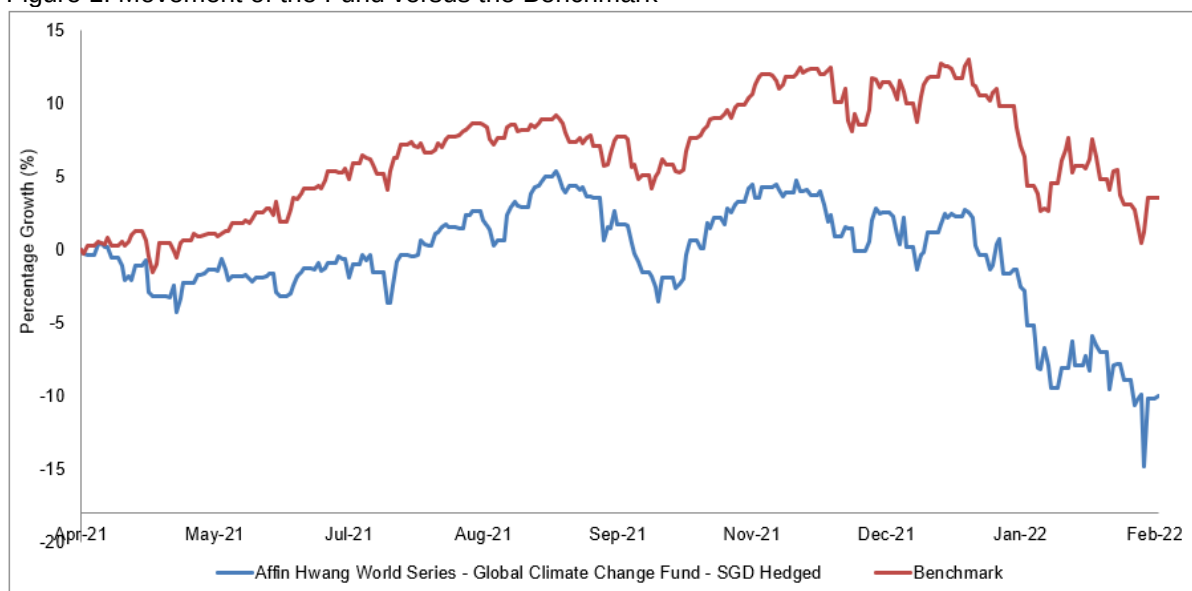
SGD Hedged Class

Table 1: Performance as at 28 February 2022

	3 Months (1/12/21 - 28/2/22)	6 Months (1/9/21 - 28/2/22)	Since Commencement (22/4/21 - 28/2/22)
Fund	(11.24%)	(13.69%)	(9.96%)
Benchmark	(4.79%)	(4.40%)	3.61%
Outperformance	(6.45%)	(9.29%)	(13.57%)

Source of Benchmark: Bloomberg

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 is from Bloomberg."

Benchmark: MSCI World Index

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 2022
	(%)
Unit Trust	98.13
Derivative	0.17
Cash & money market	1.70
Total	100.00

Strategies Employed & Investment Outlook

The Manager invest in equity and equity related securities of companies worldwide which they believe will benefit from efforts to accommodate or limit the impact of global climate change and which meet the sustainability criteria. This centers around 5 key themes; clean energy, sustainable transport, environmental resources, low carbon leader and energy efficiency. The Manager take a bottom-up research approach to stock selection as well as utilise ESG research and data science capabilities.

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise in Asia ex-Japan. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages as well as a power crunch in China sent shockwaves across the region's supply chain. The crackdown on power consumption is being driven by rising demand for electricity and surging coal and gas prices, as well as strict targets from Beijing to cut emissions. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow. News of the potential default of China's leading real estate developer Evergrande also sent chills down investors' spines. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery is on track as backed by positive vaccine roll-outs throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. The 12th Malaysia Plan also aims to revive the economy as well as move up the supply value chain, with an emphasis of clean & sustainable energy at the forefront. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise but will continue to be observed.

Market Review

Global equities started 2021 on a strong note buoyed by policy easing and optimism surrounding global vaccination rollouts. However, the global recovery grew at an uneven pace as developed markets posted stronger gains compared to emerging markets.

Developed markets have managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility. The S&P 500 index pierced new highs in the year underpinned by a strong earnings rebound as businesses clambered to meet renewed demand.

However, the rally was tested by surging bond yields in the 1Q'2021 as well as the spectre of inflation that would spook investors for the rest of the year. Inflation vaulted strongly from a low-base effect as supply chain disruptions associated with the pandemic led to a sharp increase in input prices.

Markets were soothed initially by dovish comments from the US Federal Reserve which pledged to keep monetary policy accommodative. Fed Chair Jerome Powell held the view that inflation was transitional and that supply-demand imbalances would begin to ease which would cool down inflation.

However with inflation proving stickier than expected, the Fed relented towards the end of year and pivoted towards a hawkish stance. At its policy meeting, the Fed signaled that it would start accelerating its tapering of bond purchases that would pave the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates.

The region was also pulled down by weaker performance in China as authorities cast a wide regulatory dragnet which impacted a range of sectors including technology, education and e-commerce. This was part of a wider 'common prosperity' drive by Beijing to narrow the income gap and increase the political legitimacy of the Communist Party which celebrated its 100th anniversary in 2021.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A litany of concerns sent the stock market on a volatile path with fresh lockdowns, political instability as well as new taxes proposed under Budget 2022.

Markets were also jolted when the government announced a one-off prosperity tax (Cukai Makmur) during the tabling of Budget 2022 for companies that earned super profits. This quelled the initial optimism from economic reopening as earnings forecasts are pared down.

However, the government made U-turns on other tax measures proposed under Budget 2022 including reinstating the exemption of all types of foreign incomes for individuals from tax as well as stamp duty cap. Markets were concerned that these initial measures would dampen sentiment and reduce market vibrancy as well as velocity of trading. However, the local market saw support on the back of easing policy headwinds as investors also price-in better growth prospects.

Coming into February 2022, the FBM 100 index fell 5.1%, buoyed by plantation and commodity-related names which got a boost from the spike in commodities prices over the month. Corporate earnings saw consumer and plantation names beating estimates. As a reopening play, consumer stocks are benefitting from pent-up demand while plantation stocks benefitted from high CPO prices.

AFFIN HWANG WORLD SERIES – GLOBAL CLIMATE CHANGE FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022

Financial
period ended
28.2.2022
USD

INVESTMENT LOSS

Net loss on foreign currency exchange	(50,168)
Net loss on forward foreign currency contracts at fair value through profit or loss	(105,783)
Net loss on financial assets at fair value through profit or loss	(8,636,997)
	<u>(8,792,948)</u>

EXPENSES

Management fee	(469,685)
Trustee fee	(10,437)
Fund accounting fee	(3,350)
Auditors' remuneration	(1,015)
Tax agent's fee	(418)
Other expenses	(3,498)
	<u>(488,403)</u>

NET LOSS BEFORE TAXATION	(9,281,351)
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Taxation	-
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DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	(9,281,351)
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Decrease in net asset attributable to unitholders
is made up of the following:

Realised amount	(326,439)
Unrealised amount	(8,954,912)
	<u>(9,281,351)</u>

AFFIN HWANG WORLD SERIES – GLOBAL CLIMATE CHANGE FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	<u>2022</u> USD
ASSETS	
Cash and cash equivalents	1,018,678
Amount due from broker	573,168
Amount due from Manager	
- creation of units	92,021
- management fee rebate receivable	76,153
Financial assets at fair value through profit or loss	65,636,943
Forward foreign currency contracts at fair value through profit or loss	249,816
TOTAL ASSETS	<u>67,646,779</u>
LIABILITIES	
Forward foreign currency contracts at fair value through profit or loss	134,360
Amount due to broker	18,639
Amount due to Manager	
- management fee	93,694
- cancellation of units	506,508
Amount due to Trustee	2,082
Auditors' remuneration	1,015
Tax agent's fee	1,270
Other payables and accruals	481
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>758,049</u>
NET ASSET VALUE OF THE FUND	<u>66,888,730</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>66,888,730</u>

AFFIN HWANG WORLD SERIES – GLOBAL CLIMATE CHANGE FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022 (CONTINUED)

2022
USD

REPRESENTED BY:

FAIR VALUE OF OUTSTANDING UNITS

- AUD Hedged-class	8,100,851
- MYR Hedged-class	46,207,257
- SGD Hedged-class	5,527,474
- USD Class	7,053,148
	66,888,730

NUMBER OF UNITS IN CIRCULATION

- AUD Hedged-class	25,201,000
- MYR Hedged-class	423,834,000
- SGD Hedged-class	16,686,000
- USD Class	15,554,000
	481,275,000

NET ASSET VALUE PER UNIT (USD)

- AUD Hedged-class	0.3214
- MYR Hedged-class	0.1090
- SGD Hedged-class	0.3313
- USD Class	0.4535

NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES

- AUD Hedged-class	AUD0.4464
- MYR Hedged-class	RM0.4576
- SGD Hedged-class	SGD0.4502
- USD Class	USD0.4535

AFFIN HWANG WORLD SERIES – GLOBAL CLIMATE CHANGE FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022

	Financial period ended <u>28.2.2022</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE PERIOD	20,855,768
Movement due to units created and cancelled during the financial period	
Creation of units arising from applications	57,778,634
- AUD Hedged-class	8,241,038
- MYR Hedged-class	38,308,973
- SGD Hedged-class	5,237,237
- USD Class	5,991,386
Cancellation of units	(2,464,321)
- AUD Hedged-class	(125,208)
- MYR Hedged-class	(2,150,488)
- SGD Hedged-class	(7,567)
- USD Class	(181,058)
Net decrease in net assets attributable to unitholders during the financial year	(9,281,351)
- AUD Hedged-class	(1,194,539)
- MYR Hedged-class	(6,508,531)
- SGD Hedged-class	(724,280)
- USD Class	(854,001)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	66,888,730

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