Affin Hwang World Series - Dividend Value Fund

Quarterly Report

30 June 2020

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

AFFIN HWANG CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
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TRUSTEE
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AFFIN HWANG WORLD SERIES - DIVIDEND VALUE FUND

Quarterly Report and Financial Statements
As at 30 June 2020

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Dividend Value Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long-term period
Benchmark	Dow Jones Asia Select Dividend 30 Index
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income on a quarterly basis, after the end of its first financial year

FUND PERFORMANCE DATA

USD Class

Category	As at 30 Jun 2020	As at 31 Mar 2020
Total NAV (USD'million)	6.375	5.949
NAV per Unit (USD)	0.4489	0.4095
Unit in Circulation (million)	14.202	14.527

AUD Class

Category	As at 30 Jun 2020	As at 31 Mar 2020
Total NAV (AUD'million)	12.020	12.337
NAV per Unit (AUD)	0.5001	0.5085
Unit in Circulation (million)	24.033	24.262

MYR Class

Category	As at 30 Jun 2020	As at 31 Mar 2020
Total NAV (RM'million)	48.163	46.816
NAV per Unit (RM)	0.5024	0.4614
Unit in Circulation (million)	95.873	101.475

SGD Class

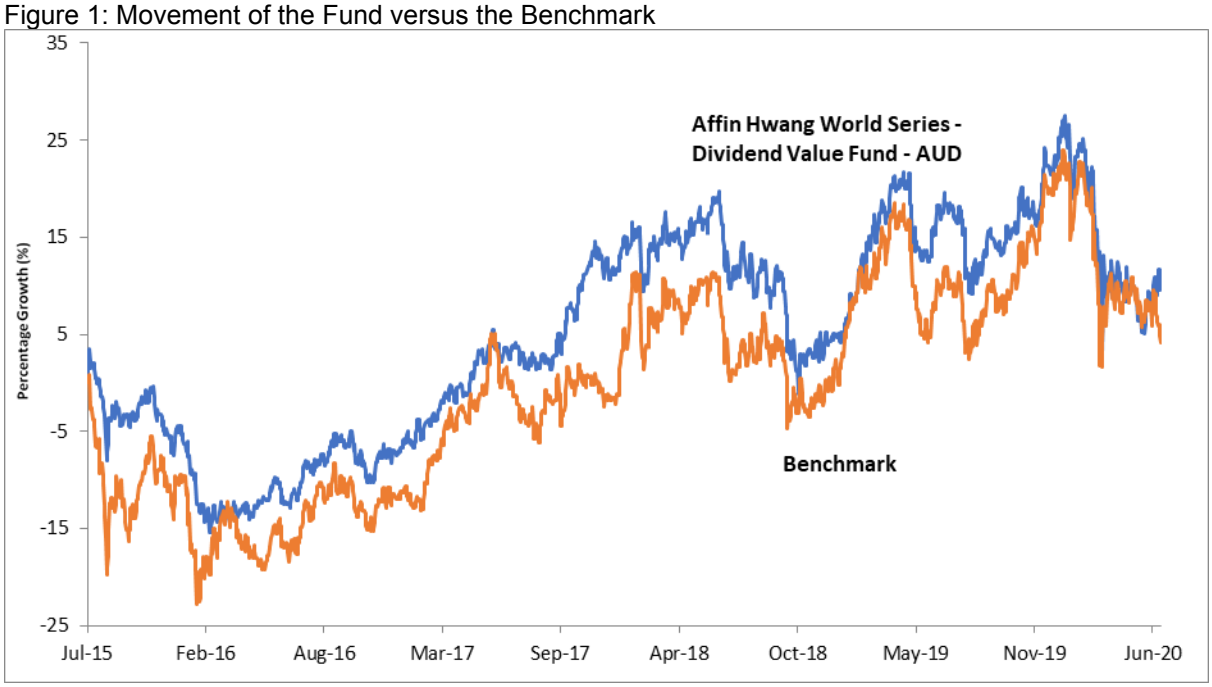
Category	As at 30 Jun 2020	As at 31 Mar 2020
Total NAV (SGD'million)	6.582	6.310
NAV per Unit (SGD)	0.4574	0.4265
Unit in Circulation (million)	14.391	14.797

AUD Class

Table 1: Performance as at 30 June 2020

	3 Months (1/4/20 - 30/6/20)	6 Months (1/1/20 - 30/6/20)	1 Year (1/7/19 - 30/6/20)	3 Years (1/7/17 - 30/6/20)	Since Commencement (23/7/15 - 30/6/20)
Fund	**(0.66%)**	**(9.90%)**	**(6.64%)**	**7.01%**	**9.67%**
Benchmark	**(4.28%)**	**(12.66%)**	**(5.17%)**	**4.86%**	**4.20%**
Outperformance / (Underperformance)	**3.62%**	**2.76%**	**(1.47%)**	**2.15%**	**5.47%**

Figure 1: Movement of the Fund versus the Benchmark



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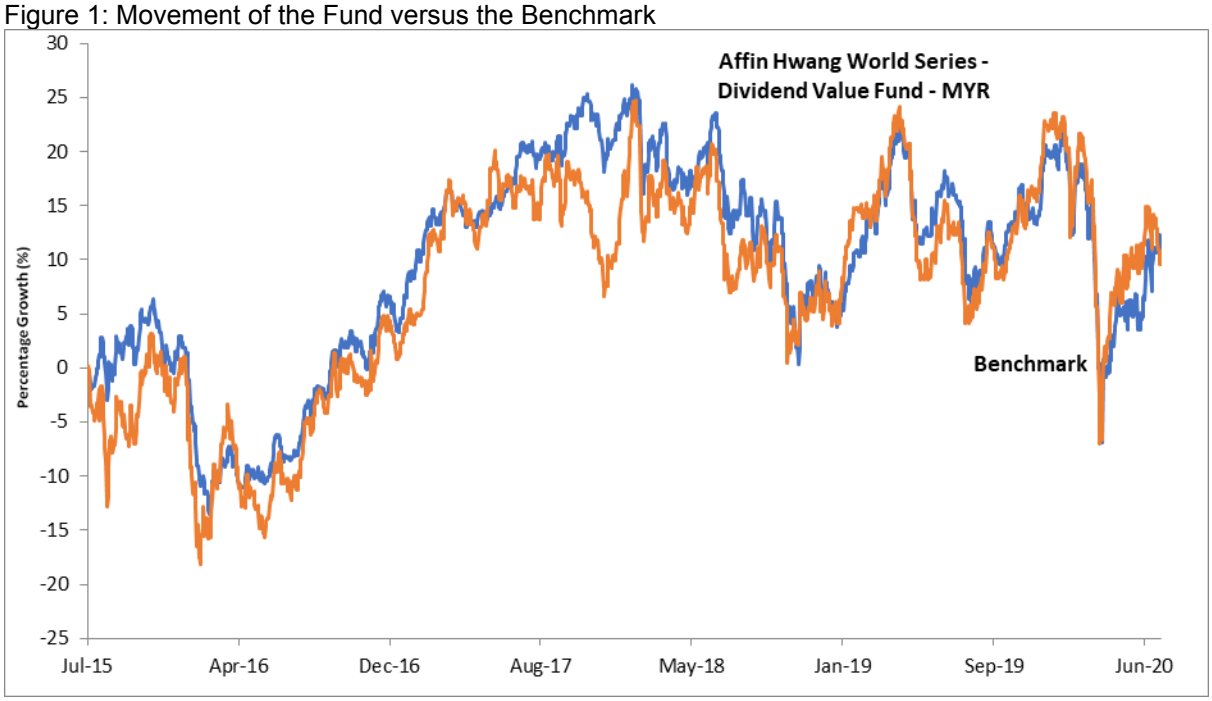
Benchmark: DJ Asia Select Dividend 30

MYR Class

Table 1: Performance as at 30 June 2020

	3 Months (1/4/20 - 30/6/20)	6 Months (1/1/20 - 30/6/20)	1 Year (1/7/19 - 30/6/20)	3 Years (1/7/17 - 30/6/20)	Since Commencement (23/7/15 - 30/6/20)
Fund	**9.97%**	**(7.84%)**	**(5.53%)**	**(5.79%)**	**10.15%**
Benchmark	**7.30%**	**(10.27%)**	**(3.49%)**	**(6.21%)**	**9.55%**
Outperformance / (Underperformance)	**2.67%**	**2.43%**	**(2.04%)**	**0.42%**	**0.60%**

Figure 1: Movement of the Fund versus the Benchmark



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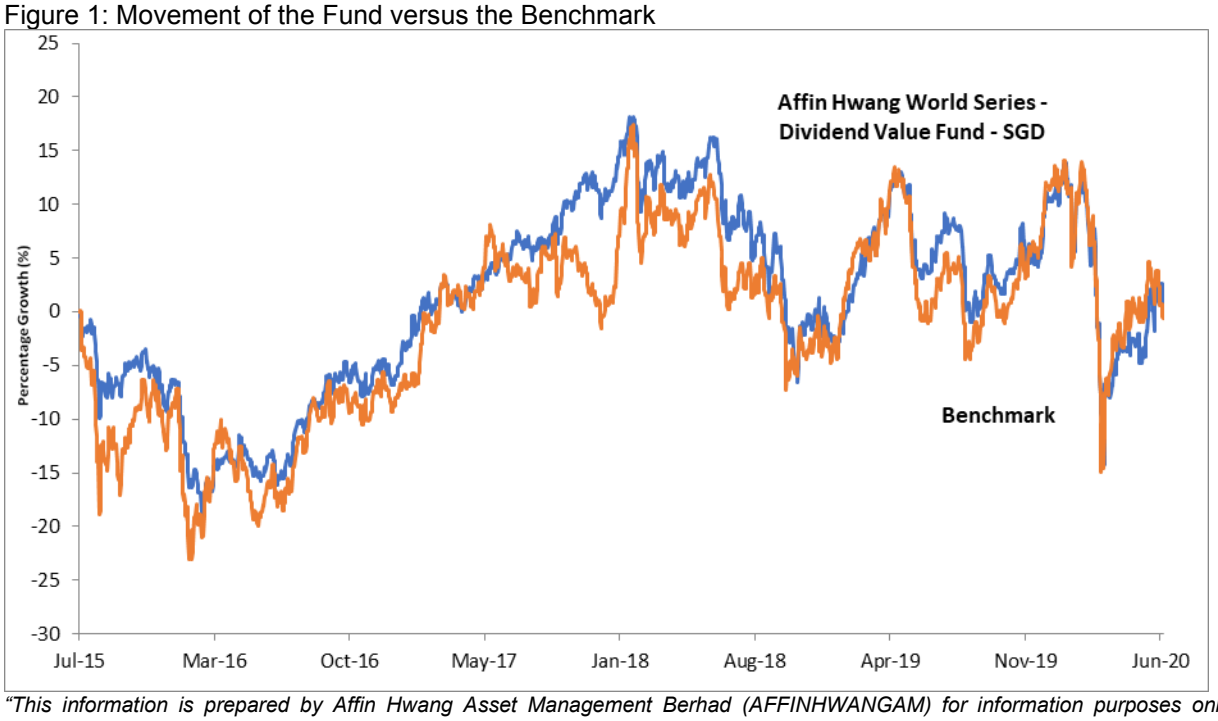
Benchmark: DJ Asia Select Dividend 30

SGD Class

Table 1: Performance as at 30 June 2020

	3 Months (1/4/20 - 30/6/20)	6 Months (1/1/20 - 30/6/20)	1 Year (1/7/19 - 30/6/20)	3 Years (1/7/17 - 30/6/20)	Since Commencement (23/7/15 - 30/6/20)
Fund	**8.42%**	**(8.62%)**	**(5.85%)**	**(3.25%)**	**1.08%**
Benchmark	**5.80%**	**(11.18%)**	**(4.03%)**	**(4.72%)**	**(0.64%)**
Outperformance / (Underperformance)	**2.62%**	**2.56%**	**(1.82%)**	**1.47%**	**1.72%**

Figure 1: Movement of the Fund versus the Benchmark



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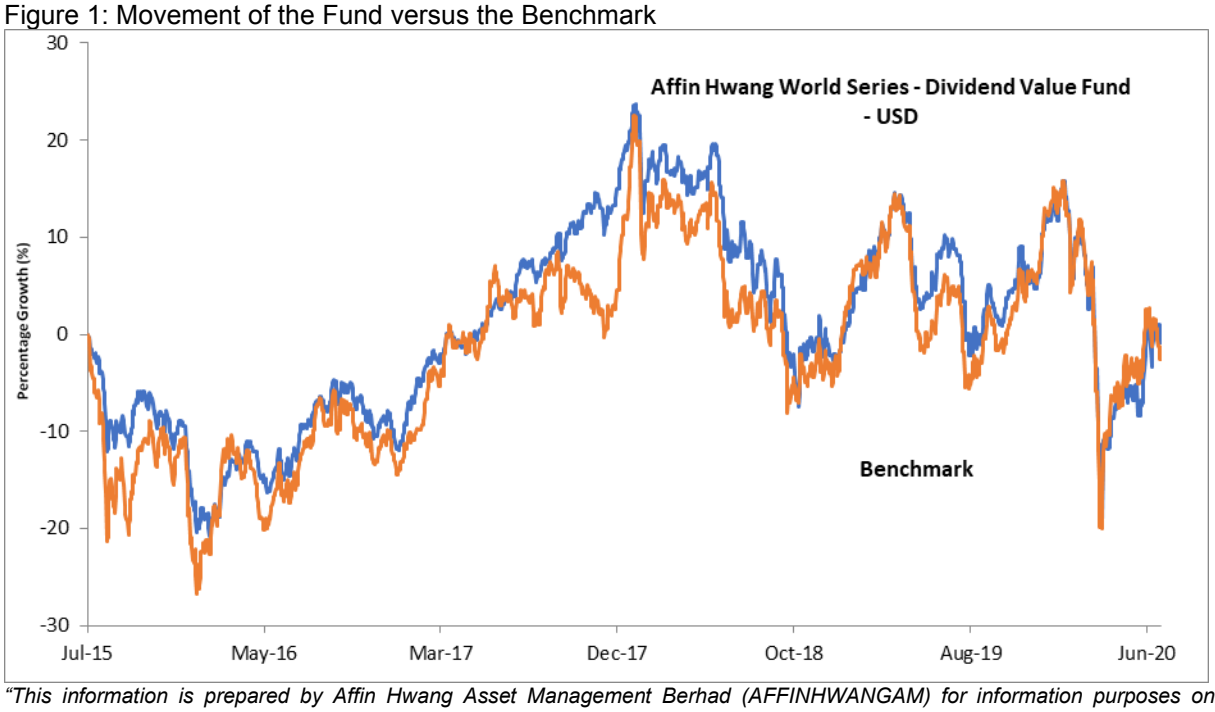
Benchmark: DJ Asia Select Dividend 30

USD Class

Table 1: Performance as at 30 June 2020

	3 Months (1/4/20 - 30/6/20)	6 Months (1/1/20 - 30/6/20)	1 Year (1/7/19 - 30/6/20)	3 Years (1/7/17 - 30/6/20)	Since Commencement (23/7/15 - 30/6/20)
Fund	**10.84%**	**(12.03%)**	**(8.93%)**	**(4.57%)**	**(0.80%)**
Benchmark	**8.08%**	**(14.33%)**	**(6.81%)**	**(5.91%)**	**(2.61%)**
Outperformance / (Underperformance)	**2.76%**	**2.30%**	**(2.12%)**	**1.34%**	**1.81%**

Figure 1: Movement of the Fund versus the Benchmark



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Benchmark: DJ Asia Select Dividend 30

Asset Allocation

Fund's asset mix during the period under review:

	30 June 2020
	(%)
Collective Investment Scheme	94.69
Cash & money market	5.31
Total	**100.00**

Strategies Employed

During the quarter, our overweight position in North Asia markets paid off. The offshore Chinese equities erased the pandemic-related losses as the economic activities continued to normalize and returned to the expansionary territory. On a sector level, robust demand for tech device-related components ticked up and the relevant stocks outperformed. Moreover, the localization of the production process and the resultant orders allowed the technology hardware companies in Taiwan and Korea to record a stellar share price performance, despite a short term volatility induced by the extended Huawei ban. On the back of the pickup in home sales, the real estate sector in China also recouped losses from May.

On the other hand, the portfolio detracted in June due to part of its industrial exposure under a weakened global demand. The exposure to this space was reduced. Relative to the regional indices, another key detraction came from our overall underweight exposure in non-dividend-paying internet stocks. The internet operators rode on the expanding appetite for online spending and content and became a visible beneficiary under the pandemic. On the flipside, the lockdown has, however, posed negative impacts for the brick-and mortar-businesses and their earnings outlook. Despite the underweight exposure, the Manager continue to seek investment opportunities in the structural growth exposures while remain stringently managing the overall portfolio dividend yield.

Market Review

Greater China: The recovery progressed well

In China, the recovery journey of the economic and business environment progressed well as some major sectors, such as consumption and real estate, have already turned to a year-on-year growth. Investor sentiment was buoyed by the well contained contagion and improved business backdrop. The increased retail participation in the A-share market is evident by the significant increase in brokerage account opening and margin financing. Like elsewhere, a loosening policy condition in China also supports the inflows into the equity market.

Taiwan: Potential beneficiary from the Sino-U.S conflicts

Over to Taiwan, ample global liquidity sustaining inflows and the potential beneficiary from the Sino-U.S conflicts offered a tailwind to the equity market. Foreign capital inflow to Taiwan equity totaled US$ 4.1 billion during the month, flipping the overall second quarter flow to the positive territory. A year-on-year downside trend of the overall export volume sustained for four months in a row, as the COVID-19 risks remain, and the global economic resumption is still in the initial phase.

South Korea: The PMI still remained low

In Korea, the Purchasing Managers' Index (PMI) reading remained far below the 50-mark threshold that separates contraction from expansion for six months in a row. The PMI figure was 43.4 in June up from 41.3 in May. The slower rates of contraction were due to easing global virus lockdowns and more working days. Meanwhile, the central bank flagged sustained headwinds for domestic economic growth this year as a second wave of infection and Sino-U.S tension were seen clouding near term recovery.

ASEAN: Uncertainties still exist

For ASEAN, we continue to see additional stimulus in most markets in the region to anchor the economy. During the month, Malaysia and Indonesia, for example, announced stimulus packages, to shield businesses from bankruptcy and workers from layoffs. A surge in global liquidity helped by stimulus measures by major central banks bolstered risk appetite, resulting in capital inflows to the region. Though, the geographic region's heavy reliance on external debt makes it vulnerable to the current uncertainties, and our portfolio maintains an underweighting position.

Investment Outlook

The broad indices have mostly been driven by the new economy sectors, which are non dividend paying and expensive in valuation In contrast, high dividend paying stocks are generally established and mature companies. Their turnaround has a close link to a broad recovery of the macroeconomic situation and requires the COVID-19 impacts to subside. The depressed valuation and earnings revision after the pandemic would equally contribute as the upside for high dividend stocks. With that in mind, we believe it would be beneficial for our strategy to allocate 15-20% to some structural growth stocks, while stringently managing the overall portfolio dividend yield at above 4%. This shall provide a balance strategy with a combined benefit of stable dividend and a potential upside of structural growth stocks in the current environment.

Companies with profit turnaround and the positive economic data added tailwinds to the equities market, including the old economy stocks. The investment style has recently shifted for value laggards to catch up due to the extreme valuation gap between growth and value. While these are favorable to our value and dividend strategy, we remind mindful of the diverging recovery path among different sectors, which could present disparity in corporate earnings expectations. That being said, we believe it is essential to stick to the bottom up approach to identify quality companies that participate in secular growth areas.

AFFIN HWANG WORLD SERIES - DIVIDEND VALUE FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Financial period ended 30.6.2020 USD	Financial period ended 30.6.2019 USD
INVESTMENT INCOME/(LOSS)		
Dividend income	417,244	789,939
Interest income from financial assets at amortised cost	369	795
Net gain/(loss) on foreign currency exchange	38	(10,456)
Net gain/(loss) on financial assets at fair value through profit or loss	2,753,684	(1,193,197)
	3,171,335	(412,919)
EXPENSES		
Management fee	(120,439)	(230,495)
Trustee fee	(2,971)	(5,588)
Auditors' remuneration	(458)	(457)
Tax agent's fee	(200)	(213)
Other expenses	(2,543)	(2,740)
	(126,611)	(239,493)
NET PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION	3,044,724	(652,412)
FINANCE COST		
Distributions	(315,084)	(508,148)
NET PROFIT/(LOSS) BEFORE TAXATION	2,729,640	(1,160,560)
Taxation	-	
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	2,729,640	(1,160,560)
Increase/(decrease) of net asset attributable to unitholders is made up of the following:		
Realised amount	(767,163)	116,994
Unrealised amount	3,496,803	(1,277,554)
	2,729,640	(1,160,560)

AFFIN HWANG WORLD SERIES - DIVIDEND VALUE FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	2020 USD	2019 USD
ASSETS		
Cash and cash equivalents	1,942,011	1,618,053
Amount due from Manager		
- creation of units	-	498,490
- management fee rebate receivable	29,843	53,957
Financial assets at fair value through profit or loss	28,933,454	53,323,603
TOTAL ASSETS	30,905,308	55,494,103
LIABILITIES		
Amount due to Manager		
- management fee	41,469	72,786
- cancellation of units	102,269	631,635
Amount due to Trustee	1,005	1,764
Amount due to brokers	200,000	-
Auditors' remuneration	694	2,511
Tax agent's fee	2,389	2,420
Distribution payable	-	498,490
Other payable and accruals	2,854	2,925
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	350,680	1,212,531
NET ASSET VALUE OF THE FUND	30,554,628	54,281,572
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	30,554,628	54,281,572

AFFIN HWANG WORLD SERIES - DIVIDEND VALUE FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (CONTINUED)

	2020 USD	2019 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Class	8,225,802	13,405,513
- RM Class	11,242,588	20,458,278
- SGD Class	4,711,217	8,742,449
- USD Class	6,375,021	11,675,332
	30,554,628	54,281,572
NUMBER OF UNITS IN CIRCULATION		
- AUD Class	24,033,000	34,367,000
- RM Class	95,873,000	152,861,000
- SGD Class	14,391,000	23,316,000
- USD Class	14,202,000	22,690,000
	148,499,000	233,234,000
NET ASSET VALUE PER UNIT (USD)		
- AUD Class	0.3423	0.3901
- RM Class	0.1173	0.1338
- SGD Class	0.3274	0.3750
- USD Class	0.4489	0.5146
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Class	AUD0.5001	AUD0.5561
- RM Class	RM0.5024	RM0.5529
- SGD Class	SGD0.4574	SGD0.5069
- USD Class	USD0.4489	USD0.5146

AFFIN HWANG WORLD SERIES - DIVIDEND VALUE FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Financial period ended 30.6.2020 USD	Financial period ended 30.6.2019 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE PERIOD	28,778,562	60,075,088
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	230,958	2,721,145
- AUD Class	211,301	855,029
- RM Class	19,657	1,833,748
- SGD Class	-	7,384
- USD Class	-	24,984
Creation of units arising from distribution	310,365	495,845
- AUD Class	80,281	123,200
- RM Class	109,118	175,541
- SGD Class	50,576	84,424
- USD Class	70,390	112,680
Cancellation of units	(1,494,897)	(7,849,946)
- AUD Class	(358,804)	(3,508,503)
- RM Class	(754,131)	(1,864,661)
- SGD Class	(172,443)	(1,658,807)
- USD Class	(209,519)	(817,975)
Net increase/(decrease) in net assets attributable to unitholders during the financial period	2,729,640	(1,160,560)
- AUD Class	725,104	(224,691)
- RM Class	1,024,748	(492,129)
- SGD Class	414,618	(186,054)
- USD Class	565,170	(257,686)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	30,554,628	54,281,572

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