

Affin Hwang

USD Cash Fund

Quarterly Report
30 June 2020

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



AFFIN HWANG
CAPITAL

MANAGER

Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE

Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG USD CASH FUND

Quarterly Report and Financial Statements As at 30 June 2020

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang USD Cash Fund
Fund Type	Income
Category	Money Market Wholesale (open-ended)
Objective	The Fund seeks to provide investors with a regular income stream and liquid access to their investments
Benchmark	The Fund shall benchmark itself against the Malayan Banking Berhad Foreign Currency Account Overnight USD rate
Distribution Policy	Subject to the availability of income, the Fund will distribute income on a monthly basis.

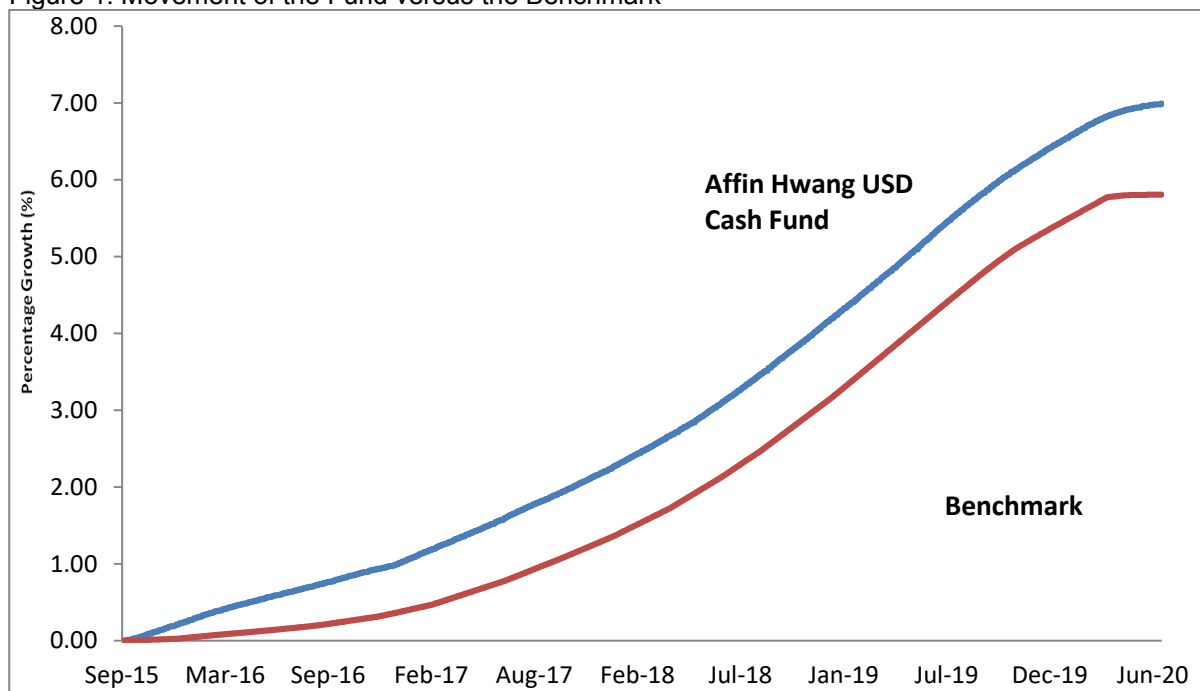
FUND PERFORMANCE DATA

Category	As at 30 Jun 2020	As at 31 Mar 2020
Total NAV (USD'million)	44.294	31.571
NAV per Unit (USD)	1.0235	1.0249
Unit in Circulation (million)	43.279	30.804

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 (1/10/15 - 30/6/20)
Fund	0.16%	0.52%	1.52%	5.31%	6.99%
Benchmark	0.03%	0.40%	1.39%	4.99%	5.81%
Outperformance / (Underperformance)	0.13%	0.12%	0.13%	0.32%	1.18%

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."
 Benchmark: MBB FCA USD Overnight

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:

	30 June 2020
	(%)
Cash & money market	100.00
Total	100.00

Strategies Employed

The Manager maintained a high level of investment in USD-denominated deposit placements to provide investors with regular income stream and liquid access to their respective investments.

Market Review

Global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in "good financial standing". Similarly, the EU proposed a European Stability Mechanism ("ESM") which offers a credit line of up to 240 billion Euros to EU members.

On commodities, crude oil prices slid by about 35% YTD as at end of June, after oil prices rebounded by 9.7% in June following a move by Organization of the Petroleum Exporting Countries ("OPEC") and its oil-producing allies to extend the group's historic production cut for an additional month.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

In May, the benchmark KLCI rose 4.7% buoyed by positive sentiment and surge in momentum. Retail investors have piled into the local stock market as trading volumes reach new highs. Malaysia released its first quarterly GDP print. Malaysia's economic growth slowed to 0.7% in the 1Q2020 which is its slowest pace of growth since 2009. Most sectors of the economy contracted except for private consumption which was likely supported by additional spending during the Chinese New Year festivities.

Moving into the 2Q2020, economic growth will likely come off even more sharply as the quarter captures the full impact of the movement control order ("MCO") period where most businesses were temporarily shuttered. Against a challenging backdrop for the economy, the full year GDP growth forecast is expected to shrink between -5.0% and 0.7% in 2020.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises ("SMEs") and RM2 billion to strengthen the country's economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country's coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Recent placement exercises by Tenaga Nasional Bhd ("TNB") and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

Investment Outlook

Economic lockdowns have triggered a rapid and sharp decline in growth. It may take time for the global economy and corporates to recover back to pre-COVID-19 levels. Though, massive stimulus from central banks and governments will help alleviate economic pain.

Although the number of daily new cases may rise again as economies re-open, we are seeing a number of positive developments that may help prevent infection and mortality rates from rising back to its peak in March/April for many countries. The general public is much more careful now by wearing masks in public areas and maintaining hygiene as they adapt to a new normal. Thus, behavioural changes within society can help to stem the spread of infection.

The supply of masks and PPEs are also much higher today than a few months ago as manufacturers increase production to meet demand. Hospitals and medical facilities are also much more prepared after increasing ICU beds and ventilators. Governments have also ramped-up contact tracing capabilities that will help in the process of reopening economies. The research and development process to find a cure is also gathering pace with a number of vaccines already in Phase 3 trials. With a better medical arsenal to combat against the pandemic, expectations are that the second wave will not result in higher mortality rates unlike past pandemics.

Though we saw a rise in the number of new daily cases particularly in US, Hong Kong and Singapore, mortality rates remain under control with a better medical arsenal to combat against the pandemic. Medical front-liners

and hospitals are more prepared now in treating patients diagnosed with the virus. There are also positive signs which show that re-purposed drugs such as Remdesivir and Dexamethasone are effective in treating COVID-19.

On currency movements, we've seen the US dollar weakening against a basket of Asian currencies. The greenback is seen losing its support as the US Federal Reserve continually expand its balance sheet and maintain its dovish tilt. A resurgence of COVID-19 cases in the US has also dampened prospects of a smooth economic recovery which has weighed down on currency gains.

Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

AFFIN HWANG USD CASH 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		
Interest income from financial assets at fair value through profit or loss	458,060	991,747
Net (loss)/gain on foreign currency exchange	(58)	1,083
	<u>458,002</u>	<u>992,830</u>
EXPENSES		
Management fee	(83,820)	(98,087)
Trustee fee	(8,382)	(11,843)
Auditors' remuneration	(1,340)	(1,356)
Tax agent's fee	(625)	(633)
Other expenses	(3,091)	(4,334)
	<u>(97,258)</u>	<u>(116,253)</u>
NET PROFIT BEFORE TAXATION	360,744	876,577
Taxation	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>360,744</u>	<u>876,577</u>
Net profit after taxation is made up of the following:		
Realised amount	360,788	876,577
Unrealised amount	(44)	-
	<u>360,744</u>	<u>876,577</u>

AFFIN HWANG USD CASH FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	<u>2020</u> USD	<u>2019</u> USD
ASSETS		
Financial assets at fair value through loss or profit	39,627,122	40,762,638
Cash and cash equivalents	4,678,931	19,318
Tax recoverable	9,988	-
TOTAL ASSETS	44,316,041	40,781,956
LIABILITIES		
Amount due to Manager		
- management fee	9,740	10,187
- cancellation of units	7,164	-
Amount due to Trustee	974	1,019
Auditors' remuneration	1,340	1,356
Tax agent's fee	625	633
Other payables and accruals	2,020	1,965
TOTAL LIABILITIES	21,863	15,160
NET ASSET VALUE OF THE FUND	44,294,178	40,766,796
EQUITY		
Unitholders' capital	43,092,786	39,698,887
Retained earnings	1,201,392	1,067,909
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	44,294,178	40,766,796
NUMBER OF UNITS IN CIRCULATION	43,279,000	39,962,000
NET ASSET VALUE PER UNIT (USD)	1.0235	1.0201

AFFIN HWANG USD CASH FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Unitholders' <u>capital</u> USD	Retained <u>earnings</u> USD	<u>Total</u> USD
Balance as at 1 October 2019	37,000,293	1,164,518	38,164,811
Total comprehensive income for the financial period	-	360,744	360,744
Distributions	-	(323,870)	(323,870)
Movement in unitholders' capital:			
Creation of units arising from applications	37,300,773	-	37,300,773
Creation of units arising from distributions	323,870	-	323,870
Cancellation of units	(31,532,150)	-	(31,532,150)
Balance as at 30 June 2020	43,092,786	1,201,392	44,294,178
Balance as at 1 October 2018	61,570,556	655,064	62,225,620
Total comprehensive income for the financial period	-	876,577	876,577
Distributions	-	(463,732)	(463,732)
Movement in unitholders' capital:			
Creation of units arising from applications	55,658,444	-	55,658,444
Creation of units arising from distributions	463,732	-	463,732
Cancellation of units	(77,993,845)	-	(77,993,845)
Balance as at 30 June 2019	39,698,887	1,067,909	40,766,796

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