Affin Hwang World Series - Global Healthscience Fund

Quarterly Report

31 October 2021

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

AFFIN HWANG CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG WORLD SERIES – GLOBAL HEALTHSCIENCE FUND

Quarterly Report and Financial Statements
As at 31 October 2021

Contents	**Page**

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Healthscience Fund
Fund Type	Growth
Fund Category	Feeder Wholesale
Investment Objective	The Fund seeks to achieve capital appreciation over the long term period
Benchmark	MSCI World Healthcare Index
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 31 Oct 2021	As at 31 Jul 2021
Total NAV (USD'million)	16.832	17.804
NAV per Unit (USD)	0.7090	0.7149
Unit in Circulation (million)	23.740	24.903

MYR Class

Category	As at 31 Oct 2021	As at 31 Jul 2021
Total NAV (RM'million)	116.555	103.955
NAV per Unit (RM)	0.7172	0.7371
Unit in Circulation (million)	162.524	141.037

MYR Hedged-class

Category	As at 31 Oct 2021	As at 31 Jul 2021
Total NAV (RM'million)	387.878	377.514
NAV per Unit (RM)	0.7171	0.7216
Unit in Circulation (million)	540.932	523.127

AUD Hedged-class

Category	As at 31 Oct 2021	As at 31 Jul 2021
Total NAV (AUD'million)	33.704	33.437
NAV per Unit (AUD)	0.6714	0.6783
Unit in Circulation (million)	50.201	49.293

SGD Hedged-class

Category	As at 31 Oct 2021	As at 31 Jul 2021
Total NAV (SGD'million)	15.692	15.476
NAV per Unit (SGD)	0.6930	0.6991
Unit in Circulation (million)	22.643	22.135

USD Class

Table 1: Performance as at 31 October 2021

	3 Months (1/8/21 - 31/10/21)	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	Since Commencement (15/3/19 - 31/10/21)
Fund	**(0.83%)**	**4.30%**	**22.18%**	**41.80%**
Benchmark	**1.50%**	**10.66%**	**29.97%**	**49.96%**
Outperformance	**(2.33%)**	**(6.36%)**	**(7.79%)**	**(8.16%)**

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 HealthCare Index

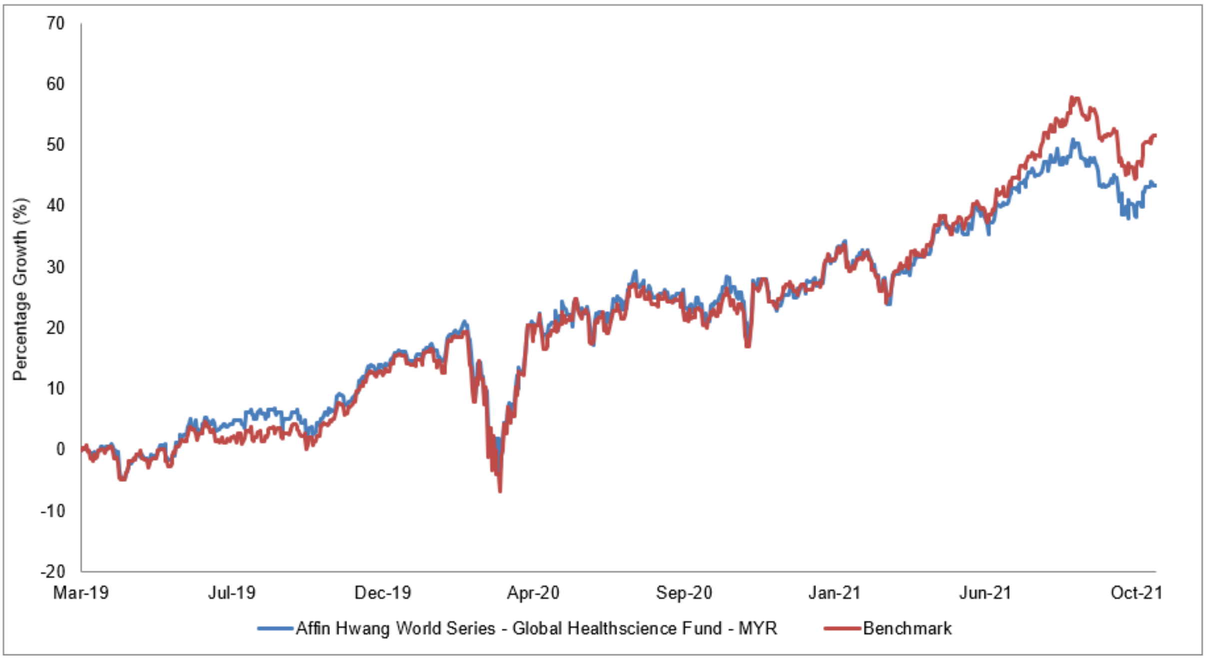
MYR Class

Table 1: Performance as at 31 October 2021

	3 Months (1/8/21 - 31/10/21)	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	Since Commencement (15/3/19 - 31/10/21)
Fund	**(2.70%)**	**5.66%**	**21.79%**	**43.44%**
Benchmark	**(0.44%)**	**12.03%**	**29.53%**	**51.71%**
Outperformance	**(2.26%)**	**(6.37%)**	**(7.74%)**	**(8.27%)**

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 HealthCare Index

AUD Hedged Class

Table 1: Performance as at 31 October 2021

	3 Months (1/8/21 - 31/10/21)	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	Since Commencement (15/3/19 - 31/10/21)
Fund	**(1.02%)**	**3.93%**	**20.95%**	**34.28%**
Benchmark	**(0.76%)**	**13.61%**	**21.45%**	**40.95%**
Outperformance	**(0.26%)**	**(9.68%)**	**(0.50%)**	**(6.67%)**

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 HealthCare Index

MYR Hedged Class

Table 1: Performance as at 31 October 2021

	3 Months (1/8/21 - 31/10/21)	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	Since Commencement (15/3/19 - 31/10/21)
Fund	**(0.62%)**	**4.89%**	**22.96%**	**43.42%**
Benchmark	**(0.44%)**	**12.03%**	**29.53%**	**51.71%**
Outperformance	**(0.18%)**	**(7.14%)**	**(6.57%)**	**(8.29%)**

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 HealthCare Index

SGD Hedged Class

Table 1: Performance as at 31 October 2021

	3 Months (1/8/21 - 31/10/21)	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	Since Commencement (15/3/19 - 31/10/21)
Fund	**(0.87%)**	**4.23%**	**21.71%**	**38.60%**
Benchmark	**1.15%**	**12.27%**	**28.34%**	**49.27%**
Outperformance	**(2.02%)**	**(8.04%)**	**(6.63%)**	**(10.67%)**

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 HealthCare 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:

	31 October 2021
	(%)
Unit Trust	97.52
Derivative	0.54
Cash & money market	1.94
Total	**100.00**

Strategies Employed & Investment Outlook

The Target Fund is a diversified, all-weather healthcare portfolio constructed using the investment team's bottom-up, fundamental investment process. From an aggregate level, there are two broad themes in the portfolio: innovation and value-based healthcare.

Innovation in medical technology remains a secular growth driver for the sector as companies continue to develop new therapies or products that are either meeting an unmet medical need or those that are improvements over current treatments. This encompasses not only biotechnology, but also the pharmaceuticals and medical devices & supplies sub-sectors.

We continue to monitor developments on the policy front in the US. Healthcare measures introduced by the Biden Administration have been, so far, limited in scope. Drug price reform is still a concern, but not likely to be transformational. We expect continued market volatility amidst the outbreak, despite positive development around the COVID-19 vaccine. We are overweight the medical devices sector in anticipation of a recovery once a return to normalcy is established. Within medical devices we are focused on companies pursuing minimally invasive surgical technologies; we believe these products can improve patient outcomes and replace old standards of care. Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed's dovish testimony. The S&P 500 and Nasdaq index rose, buoyed by stimulus optimism after early indication of bipartisan support of the proposed US$1.2 trillion infrastructure bill in the US Congress. US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank's view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker in June as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The Group of Seven ("G7") nations and North Atlantic Treaty Organisation ("NATO") held its annual summit with political leaders from US and Europe vowing to toughen its stance on China.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

Asia was dragged by the weakness in the Chinese market in July. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions.

In Asia, the MSCI Asia ex-Japan index reversed course by climbing slightly higher. Regulatory noise still dominated headlines in China amidst calls for more oversight in the electric vehicle (EV) industry. The Fed is currently adopting a wait-and-see approach to the Delta variants impact and its implication on job data, highlighting that inflation is transitory and it was more harmful to react amidst the temporary surge in inflation.

The local equity market's performance was muted relative to regional peers. In the February result season, the tech sector was largely reporting earnings that beat expectations on the back of robust demand. Meanwhile, Finance Minister clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government was mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rose whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Fiscal deficit is expected to breach above the government's target of 6.0%. With the unveiled PEMULIH stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs.The next Parliament sitting is slated in September which Datuk Seri Ismail Sabri will face a test of majority support through a vote of confidence. With political stability expected until the next General Election (GE) due by 2023, the local market could see further support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

During its quarterly GDP briefing, BNM said that Malaysia's GDP grew 16.1% y-o-y in the 2Q'21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

Prime Minister Datuk Seri Ismail Sabri Yaakob unveiled his cabinet line-up with familiar faces at the helm. Foreigners turned net buyers in the last week of August with net inflows rising to the tune of RM960 million which is the strongest weekly inflow since 2019.

On a separate note, Bank Negara Malaysia is slated to hold its next Monetary Policy Committee meeting on 9 September 2021. Despite recently revising its 2021 GDP forecast to a lowered range of 3.0-4.0%, we expect the central bank to keep rates unchanged at 1.75% amid several supportive drivers including: (i) healthy vaccination rollouts, (ii) robust external demand, and (iii) gradual reopening of sectors and economies.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2021

	Financial period ended 31.10.2021 USD	Financial period ended 31.10.2020 USD
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	3,238	1,568
Net gain/ on foreign currency exchange	28,008	66,977
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(1,627,052)	5,030,773
Net gain on financial assets at fair value through profit or loss	8,558,634	2,715,654
	6,962,828	7,814,972
EXPENSES		
Management fee	(1,529,604)	(1,291,651)
Trustee fee	(51,021)	(43,281)
Fund accounting fee	(1,676)	(1,659)
Auditors' remuneration	(968)	(954)
Tax Agent's fee	(424)	(418)
Other expenses	(6,949)	(4,744)
	(1,590,642)	(1,342,707)
NET PROFIT BEFORE TAXATION	5,372,186	6,472,265
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER	5,372,186	6,472,265
Increase of net asset attributable to unitholders is made up of the following:		
Realised amount	2,197,035	1,914,849
Unrealised amount	3,175,151	4,557,416
	5,372,186	6,472,265

AFFIN HWANG WORLD SERIES – GLOBAL HEALTHSCIENCE FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021

	2021 USD	2020 USD
ASSETS		
Cash and cash equivalents	4,021,995	3,892,049
Amount due from broker	-	97,371
Amount due from Manager		
- creation of units	213,928	616,136
- management fee rebate receivable	212,029	202,376
Financial assets at fair value through profit or loss	171,412,867	146,588,405
Forward foreign currency contracts at fair value through profit or loss	1,147,141	1,797,990
TOTAL ASSETS	177,007,960	153,194,327
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	195,043	448,782
Amount due to broker	-	838
Amount due to Manager		
- management fee	261,402	250,668
- cancellation of units	763,724	247,742
Amount due to Trustee	8,713	8,356
Auditors' remuneration	988	954
Tax agent's fee	1,233	1,239
Other payables and accruals	4	72
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	1,231,107	958,651
NET ASSET VALUE OF THE FUND	175,776,853	152,235,676
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	175,776,853	152,235,676

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021 (CONTINUED)

	2021 USD	2020 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	25,404,395	22,559,955
- MYR class	28,160,185	18,605,508
- MYR Hedged-class	93,713,046	86,793,737
- SGD Hedged-class	11,667,093	9,528,133
- USD class	16,832,134	14,748,343
	175,776,853	152,235,676
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	50,201,000	57,781,000
- MYR class	162,524,000	131,218,000
- MYR Hedged-class	540,932,000	618,042,000
- SGD Hedged-class	22,643,000	22,843,000
- USD class	23,740,000	25,417,000
	800,040,000	855,301,000
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.5061	0.3904
- MYR class	0.1733	0.1418
- MYR Hedged-class	0.1732	0.1404
- SGD Hedged-class	0.5153	0.4171
- USD class	0.7090	0.5803
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD 0.6714	AUD 0.5551
- MYR class	RM 0.7172	RM 0.5889
- MYR Hedged-class	RM 0.7171	RM 0.5832
- SGD Hedged-class	SGD 0.6930	SGD 0.5694
- USD class	USD 0.7090	USD 0.5803

AFFIN HWANG WORLD SERIES – GLOBAL HEALTHSCIENCE FUND

STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2021

	Financial period ended 31.10.2021 USD	Financial period ended 31.10.2020 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	172,018,204	115,824,999
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	29,878,786	50,271,613
- AUD Hedged-class	3,274,341	5,784,990
- MYR class	9,934,266	8,814,226
- MYR Hedged-class	11,560,949	25,128,677
- SGD Hedged-class	1,909,183	4,180,846
- USD class	3,200,047	6,362,874
Cancellation of units	(31,492,323)	(20,333,201)
- AUD Hedged-class	(4,070,249)	(3,891,242)
- MYR class	(3,805,966)	(2,901,699)
- MYR Hedged-class	(17,458,131)	(10,058,961)
- SGD Hedged-class	(1,767,534)	(1,762,887)
- USD class	(4,390,443)	(1,718,412)
Increase in net assets attributable to unitholders during the financial period	5,372,186	6,472,265
- AUD Hedged-class	193,169	1,665,111
- MYR class	886,370	(27,088)
- MYR Hedged-class	3,267,450	4,396,076
- SGD Hedged-class	295,595	380,616
- USD class	729,602	57,550
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	175,776,853	152,235,676

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)