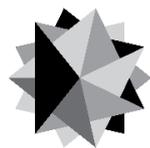


Affin Hwang World Series - Global Equity Fund

Quarterly Report
31 December 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 WORLD SERIES – GLOBAL EQUITY FUND

Quarterly Report and Financial Statements As at 31 December 2020

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Equity Fund
Fund Type	Growth
Fund Category	Equity feeder (wholesale)
Investment Objective	The Fund aims to achieve medium to long-term capital appreciation
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate.
Benchmark	MSCI AC World Index

FUND PERFORMANCE DATA

MYR Class

Category	As at 31 Dec 2020	As at 30 Sep 2020
Total NAV (million)	115.088	88.363
NAV per Unit (RM)	0.8968	0.8031
Unit in Circulation (million)	128.335	110.028

SGD Class

Category	As at 31 Dec 2020	As at 30 Sep 2020
Total NAV (million)	3.273	2.950
NAV per Unit (SGD)	0.8785	0.7884
Unit in Circulation (million)	3.726	3.742

USD Class

Category	As at 31 Dec 2020	As at 30 Sep 2020
Total NAV (million)	23.116	19.430
NAV per Unit (USD)	0.9398	0.8139
Unit in Circulation (million)	24.596	23.872

Fund Performance

Performance as at 31 December 2020

USD Class

	3 Months (1/10/20 - 31/12/20)	6 Months (1/7/20 - 31/12/20)	1 Year (1/1/20 - 31/12/20)	3 Years (1/1/18 - 31/12/20)	5 Years (1/1/16 - 31/12/20)	Since Commencement (14/12/15 - 31/12/20)
Fund	15.47%	28.35%	26.95%	52.02%	90.01%	87.96%
Benchmark	14.68%	24.01%	16.25%	31.46%	66.29%	68.83%
Outperformance	0.79%	4.34%	10.70%	20.56%	23.72%	19.13%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



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Benchmark: MSCI AC World Index

MYR Class

	3 Months (1/10/20 - 31/12/20)	6 Months (1/7/20 - 31/12/20)	1 Year (1/1/20 - 31/12/20)	3 Years (1/1/18 - 31/12/20)	5 Years (1/1/16 - 31/12/20)	Since Commencement (14/12/15 - 31/12/20)
Fund	11.67%	20.39%	25.71%	52.26%	79.29%	79.36%
Benchmark	10.97%	16.37%	14.27%	30.13%	55.33%	56.45%
Outperformance	0.70%	4.02%	11.44%	22.13%	23.96%	22.91%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



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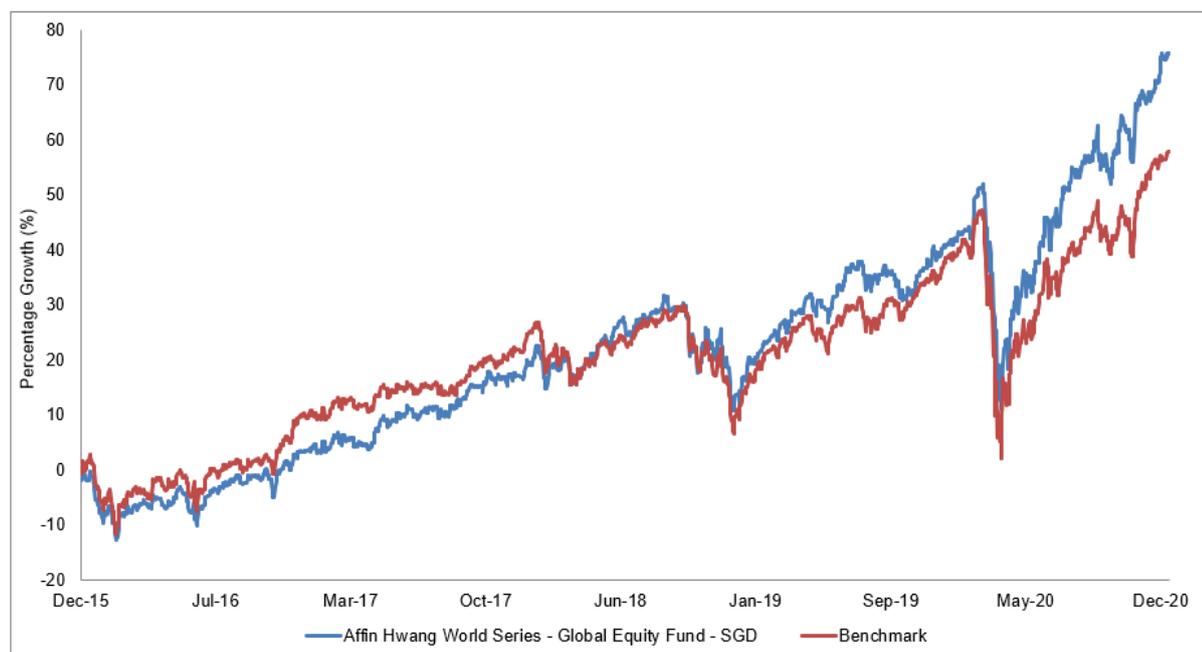
Benchmark: MSCI AC World Index

SGD Class

	3 Months (1/10/20 - 31/12/20)	6 Months (1/7/20 - 31/12/20)	1 Year (1/1/20 - 31/12/20)	3 Years (1/1/18 - 31/12/20)	5 Years (1/1/16 - 31/12/20)	Since Commencement (14/12/15 - 31/12/20)
Fund	11.43%	21.46%	24.57%	50.27%	77.62%	75.70%
Benchmark	11.03%	17.54%	14.24%	29.95%	55.05%	57.84%
Outperformance	0.40%	3.92%	10.33%	20.32%	22.57%	17.86%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



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Benchmark: MSCI AC 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:

	31 December 2020
	(%)
Unit Trust	97.86
Cash & money market	2.14
Total	100.00

Strategies Employed

The team believes that companies with superior returns on capital over the long term will deliver better performance. The stocks that make it into a client's portfolio are what the team calls 'Future Quality'. Future

Quality means a company which will attain and sustain high returns on investment. The team assesses companies to understand the quality of management, the quality of the company franchise, the quality of the balance sheet and the size of the valuation opportunity. The common feature of all Future Quality companies is that the growth in future cash flow, its sustainability and the level of returns to investors is not reflected in the share price today.

The Nikko Global Equity team are long-term investors and all of the companies in the portfolio are subject to detailed bottom-up analysis – incorporating full 5 year forecasts of their cash flows. The team typically holds between 40 and 50 stocks in the portfolio.

Market Review

Global equity markets continued to push higher into year end, buoyed by an extremely favourable liquidity environment and rising optimism regarding the extent of economic recovery likely in 2021. Governments across the world are rushing to administer vaccines for the coronavirus and this has allowed investors to look through the current deterioration in newsflow regarding the pandemic.

News of several virus mutations emerged throughout the quarter, with the new mutations apparently much more transmissible than the version of the virus that was originally characterised. Newly recorded infections surged higher and, unfortunately, this is also leading to a reacceleration in hospital admissions and fatalities in several countries. Restrictions on mobility have been stepped up in an attempt to contain the spread and mitigate the pressure on healthcare workers. The hope is that these measures will buy enough time for the vaccines to offer a measure of protection to those most at risk from the virus.

November saw 'Pfizer Monday', when news first broke regarding the encouraging efficacy of the vaccine developed by Pfizer and BioNTech. This news led to a sharp rebound in investor confidence and catalysed a meaningful rotation within markets. December, however, saw some of this rotation reverse again, with 'Growth' stocks generally outperforming 'Value'.

That is not to say that the pro-cyclical trade evident in markets since the middle of the year reversed tack. Materials and Financials, for instance, both outperformed again in December and were among the best performing sectors in Q4. In both cases, it could be argued that starting valuations were relatively reasonable, even in the event of a modest economic recovery. Industrials fared less well in December, reflecting higher investor expectations for the sector, though the sector still outperformed over the quarter. Energy also slightly underperformed in December, despite the ongoing depreciation of the USD against its trading partners and continued positivity regarding commodity prices. November's strength, however, meant that Energy vied with Financials for the best performer in Q4.

The main reason why December looked more like the rest of 2020 than November was found in the performance of the Information Technology sector. Having served as a source of funds for more cyclical investments in November, the Technology sector enjoyed a much better December, easily outperforming the market and rivalling Materials for the best performing sector.

Defensive sectors underperformed fairly consistently this quarter. Healthcare, Consumer Staples, Real Estate and Utilities all failed to keep up with the market.

The pro-cyclical trade has also been evident in foreign exchange markets and the best performing regions this quarter were those that traditionally benefit from a weaker USD, namely Emerging Markets and basic resource heavy markets like Australasia. The UK also outperformed, helped by its heavy exposure to commodities and the news that the country had finally agreed a post Brexit trade deal with the European Union.

Investment Outlook

A new year is always a good opportunity to take stock, even if the turning of the calendar obviously has precious little impact on investment fundamentals. Last year's tragic events and the socioeconomic impacts of the coronavirus pandemic have probably, however, profound effects which are likely to be felt over both the short and longer-term. Our resolution remains not to overreact to some of these short duration impacts but instead to focus on where they present more enduring investment implications.

There is a sense in equity markets at present that it may be time for a changing of the guard, which could favour stocks and industries that endured the most torrid 2020. There are many justifications advanced for such a rotation within markets – some for which we have sympathy. For instance, we have written in the past about the stretched valuations being afforded to some business models that are yet to prove their ability to generate a meaningful cash return on investment. Such extreme starting points certainly make the rotation argument more appealing.

Extra impetus has been given to this dynamic by high (and rising) investor confidence in ongoing monetary policy support. It does appear that asset prices (including equity markets) will enjoy a measure of central bank support for longer than has been the case in previous periods of economic recovery. Central bank policy has been carrying the can for supporting economic growth for a long time in many countries, especially in the face of political infighting but also fragile consumer and investor confidence. It is understandable that they would like politicians to pick up more of this responsibility. With governments having taken on record amounts of debt in recent months as the costs of the coronavirus have rocketed, the need not to strangle Government spending through hiking short-term interest rates will be keenly felt.

The costs of the pandemic have not just been felt in terms of government finances. Instead, the public health crisis has driven wider the inequalities that already existed in many countries, with the better off generally faring much better in terms of both their employment and health. There is now an even more pressing need to address this socioeconomic imbalance and the recent US presidential election may mark a move in this direction. Although the extent of the policy shift remains unclear and the investment implications even more so, it does seem likely to us that we will see an increased tax take from both companies and the highest earning parts of society. Equity market moves since the outcome of the election became clear and suggest that the market expects these proceeds to be invested in both infrastructure programmes and (possibly) expanding healthcare coverage. Time will tell.

A major shift in government policy (in the US and elsewhere) has long been heralded as the driver of a change in the disinflationary environment that has been in place for many years and has favoured growth stocks. If major infrastructure bills are forthcoming and if these bills can quickly be turned into real contracts and real demand for physical products, there is a possibility that this could lead to some inflationary pressure in some parts of the economy. Supply can certainly be difficult to increase quickly in some capital intensive industries and share prices are already anticipating a measure of price inflation in commodities such as steel, building materials and copper. Many of these sectors are not traditional sources of Future Quality and the inherent cyclical nature of their cash returns will not disappear but there may be some investment opportunities in related areas. Suffice to say, we will not lower our Future Quality criteria to accommodate investments in these parts of the market, just because it feels like the right thing to do now.

In conclusion, equity markets have started the year on a firm footing and real grounds for optimism remain. There is also continued evidence of a potential change in market leadership, away from the 'growth at any price' cohort. Cyclical stocks have been the main beneficiaries to date. Our portfolio continues to hold a combination of cyclicals and reasonably priced growth stocks, all of which we expect to deliver rising returns. With considerable uncertainty regarding the duration of some of the recent market moves, we believe that this balance will remain important going forward.

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Financial period ended 31.12.2020 USD	Financial period ended 31.12.2019 (restated) USD
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	285	950
Net (loss)/gain on foreign currency exchange	(8,285)	4,433
Net gain on financial assets at fair value through profit or loss	7,053,323	1,612,789
	<u>7,045,323</u>	<u>1,618,172</u>
EXPENSES		
Management fee	(214,600)	(133,096)
Trustee fee	(7,153)	(4,446)
Fund accounting fee	(4,080)	-
Auditors' remuneration	(486)	(463)
Tax agent's fee	-	(216)
Other expenses	(1,037)	(706)
	<u>(227,356)</u>	<u>(138,927)</u>
NET PROFIT BEFORE TAXATION	6,817,967	1,479,245
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER	<u>6,817,967</u>	<u>1,479,245</u>
Increase of net asset attributable to unitholders is made up of the following:		
Realised amount	(22,876)	(45,321)
Unrealised amount	6,840,843	1,524,566
	<u>6,817,967</u>	<u>1,479,245</u>

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	<u>2020</u> USD	2019 <u>(restated)</u> USD
ASSETS		
Cash and cash equivalents	1,178,283	1,272,375
Amount due from Manager		
- creation of units	182,851	214,676
- management fee rebate receivable	52,715	33,201
Financial assets at fair value through profit or loss	53,072,716	32,351,226
TOTAL ASSETS	<u>54,486,565</u>	<u>33,871,478</u>
LIABILITIES		
Amount due to Manager		
- management fee	78,502	49,873
- cancellation of units	165,142	21,831
Amount due to Trustee	2,617	1,662
Auditors' remuneration	486	2,308
Tax agent's fee	2,062	2,285
Other payables and accruals	2,857	2,772
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>251,666</u>	<u>80,731</u>
NET ASSET VALUE OF THE FUND	<u>54,234,899</u>	<u>33,790,747</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>54,234,899</u>	<u>33,790,747</u>

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONTINUED)

	<u>2020</u> USD	2019 <u>(restated)</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- MYR Class	28,642,981	13,857,061
- SGD Class	2,475,826	1,585,654
- USD Class	23,116,092	18,348,032
	<u>54,234,899</u>	<u>33,790,747</u>
NUMBER OF UNITS IN CIRCULATION		
- MYR Class	128,335,000	79,447,000
- SGD Class	3,726,000	3,025,000
- USD Class	24,596,000	24,783,000
	<u>156,657,000</u>	<u>107,255,000</u>
NET ASSET VALUE PER UNIT (USD)		
- MYR Class	0.2232	0.1744
- SGD Class	0.6645	0.5242
- USD Class	0.9398	0.7403
	<u>0.9398</u>	<u>0.7403</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- MYR Class	RM0.8968	RM0.7134
- SGD Class	SGD0.8785	SGD0.7052
- USD Class	USD0.9398	USD0.7403
	<u>USD0.9398</u>	<u>USD0.7403</u>

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Financial period ended <u>31.12.2020</u> USD	Financial period ended 31.12.2019 <u>(restated)</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	42,849,446	25,869,645
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	5,747,720	6,655,963
- MYR Class	4,775,917	3,398,175
- SGD Class	270,981	248,459
- USD Class	700,822	3,009,329
Cancellation of units	(1,180,234)	(214,106)
- MYR Class	(835,018)	(95,651)
- SGD Class	(280,357)	(23,667)
- USD Class	(64,859)	(94,788)
Net increase in net assets attributable to unitholders during the financial period	6,817,967	1,479,245
- MYR Class	3,435,444	574,068
- SGD Class	331,909	65,801
- USD Class	3,050,614	839,376
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>54,234,899</u>	<u>33,790,747</u>

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