



# AFFIN HWANG

## SMART INVEST PORTFOLIO – GROWTH

### February 2022

#### Market Review & Outlook

Global equities got off to a shaky start in 2022 as investors brace for tighter liquidity as global central banks seek to tamp down inflation by withdrawing stimulus. The S&P 500 index fell 1.3% in January, while the tech-heavy Nasdaq gauge shed 9.0% amid Facebook's parent company, Meta's epic wipe-out which sparked a rout in the rate-sensitive sector.

Against the backdrop of a strengthening labour market and economic recovery, the US Federal Reserve has signalled its intention to raise interest rates in March in a bid to rein in inflation that has soared to new highs. The Fed is also expected to unveil more details about its tapering programme to shrink its balance sheet which ballooned at the onset of the pandemic. Asian markets held up better with the MSCI Asia ex-Japan index down modestly by 3.1%. The Hang Seng index gained 1.7% in January as China pledged to introduce more easing measures to aid growth and cushion an economic slowdown.

On earnings season, over 60% of companies in the S&P 500 have reported results and have delivered an earnings beat of 6% so far. In terms of absolute growth, earnings grew by 27% which was led by the energy and materials sector due to higher energy prices as well as commodities. It was a slightly mixed picture for the technology sector which was whipsawed by rising rate expectations as well as slowing growth momentum post-lockdown. Facebook's parent company Meta plunged by 26% which is the largest company sell-off in history where over US\$252 billion was erased from its market-cap. This comes as Facebook reports that its user growth have flattened as it faces stiff competition from other social media platforms.

On the domestic front, the local market mirrored regional movements with the benchmark KLCI closing 3.5% lower as a deepening tech rout dampened sentiment. Bursa Malaysia Technology Index slid by 15.3% in January as the sector was rattled by the Fed's hawkish pivot.

#### Portfolio Review

The Affin Hwang Smart Invest Portfolio – Growth ("Fund") detracted by 6.5% in January, whilst the MSCI World Index fell by 5.3%.

- Strategies exposed to high growth stocks were impacted the most by the Fed's hawkish stance and intention to hike rates in March.
- Remaining exposure fared better but was not spared from the sell-off.
- The Fund's tactical play on carbon prices continued to be a positive contributor.
- We have raised cash during the month in order to wait out the heightened market volatility.
- We are also using the sell-off to reposition the portfolio.
- We have identified and added a strategy with exposure to financials as a potential benefactor to rising interest rates.

#### Affin Hwang Smart Invest Portfolio – Growth

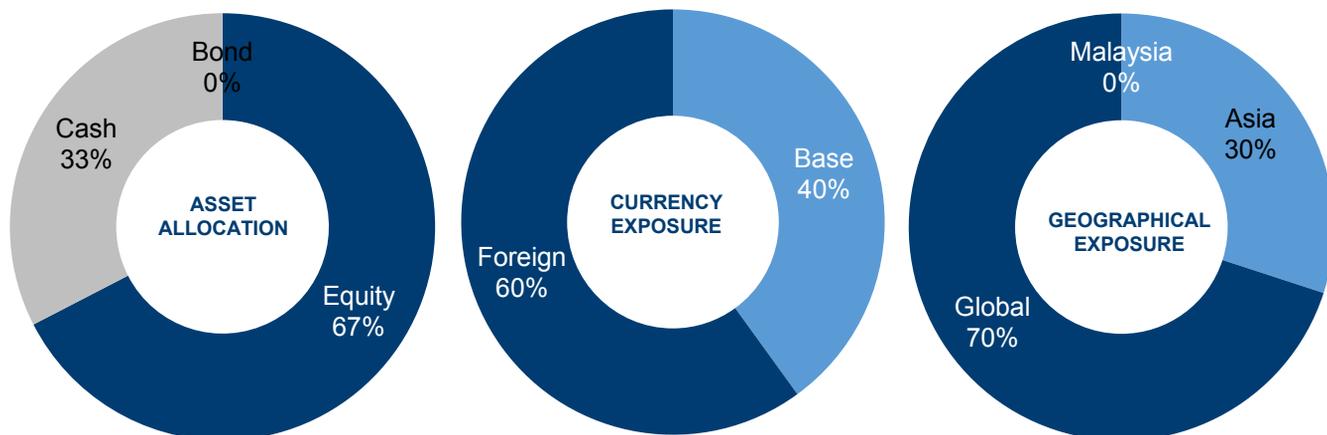
Top Contributors in January 2022	Return
KraneShares Global Carbon ETF	0.1%
Allianz Strategic Bond	0.0%
TT Asia Pacific Equity Fund	0.0%

Bottom Contributors in January 2022	Return
Baillie Gifford Worldwide Long Term Global Growth Fund	-1.5%
Affin Hwang Select Asia (ex Japan) Opportunity Fund	-0.9%
TT Environmental Solutions Fund	-0.8%

Source: Bloomberg, Affin Hwang AM, as at 31 January 2022.

## AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

### Target Asset Allocation



Portfolio Holdings as of 31 January 2022	Weight	MTD Attribution	YTD Return
Affin Hwang Select Asia (ex Japan) Opportunity Fund	15.0%	-0.9%	-5.8%
iShares Core S&P 500 ETF	10.2%	-0.6%	-5.2%
Nikko AM Global Equity Fund	9.6%	-0.8%	-8.1%
Morgan Stanley Global Brands Fund	8.8%	-0.6%	-6.7%
TT Environmental Solutions Fund	6.9%	-0.8%	-10.0%
KraneShares Global Carbon ETF	3.7%	0.1%	2.1%
Baillie Gifford Worldwide Long Term Global Growth Fund	3.5%	-1.5%	-20.8%
iShares MSCI Europe Consumer Discretionary ETF	2.5%	-0.1%	-3.8%
Allianz China A Shares Fund	2.3%	-0.3%	-9.2%
UBS (Lux) Investment SICAV - China A Opportunity	2.3%	-0.2%	-8.0%
Cash	35.0%	-0.0%	-
<b>Affin Hwang Smart Invest Portfolio – Growth</b>	<b>100.0%</b>	<b>-6.5%</b>	<b>-6.5%</b>

Source: Morningstar, Affin Hwang AM, as at 31 January 2022.

## AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

### Performance & Portfolio Changes

YTD January 2022	1 month	3 months	6 months	1 year	Since Inception (p.a.)
<b>-6.5%</b>	<b>-6.5%</b>	<b>-8.3</b>	<b>-8.9%</b>	<b>-7.5%</b>	<b>12.4%</b>

Portfolio Initiations	Weight
Algebris Financial Equity Fund	3.0%
HSBC US Dollar Liquidity Fund	23.0%
Affin Hwang Aiiman Money Market Fund	7.4%

Portfolio Additions / Top-up	Weight
-	-

Portfolio Exits	Weight
Allianz Strategic Bond Fund	5.0%
Nikko AM Ark Disruptive Innovation Fund	3.7%
Baillie Gifford Worldwide Health Innovation Fund	5.0%
UBS Asian Smaller Companies Fund	2.5%
TT Asia Pacific Equity Fund	2.5%

Portfolio Reductions	Weight
Nikko AM Global Equity Fund	1.0%
Morgan Stanley Global Brands	1.0%
iShares Core S&P 500 UCITS ETF	1.0%

Source: Bloomberg, Affin Hwang AM, as at 31 January 2022.

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