



AFFIN HWANG

SMART INVEST PORTFOLIO – INCOME

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 – Income ("Fund") generated a -3.3% return in January amidst the volatile market environment.

- The Fund saw negative contribution throughout the month, except for its holdings in cash and exposure to China bonds.
- Nevertheless, the portfolio's income generating capabilities remains intact, as the Fund declared income distribution during the month at a yield of 0.6%.
- We have started to raise additional cash to remain defensive given the heightened volatility in markets, as well as to serve as dry powder.
- Allocation into both equities and fixed income is expected to be around 35% each, with the remainder in cash.

Affin Hwang Smart Invest Portfolio – Income

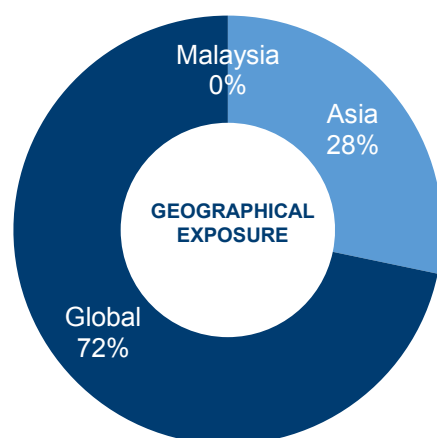
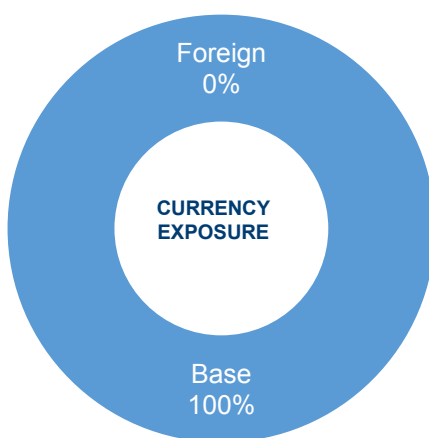
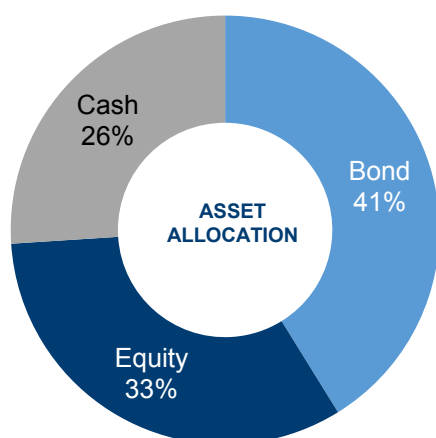
Top Contributors in January 2022	Return
HSBC US Dollar Liquidity	0.0%
iShares China CNY Bond	0.0%
PIMCO Income Fund	-0.1%

Bottom Contributors in January 2022	Return
Allianz Income and Growth Fund	-0.7%
Baillie Gifford Worldwide Global Income Growth Fund	-0.7%
Morgan Stanley Global Brands Fund	-0.6%

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

AFFIN HWANG SMART INVEST PORTFOLIO – INCOME

Target Asset Allocation



Portfolio Holdings as of 31 January 2022	Weight	MTD Attribution	YTD Return
PIMCO Income Fund	15.4%	-0.1%	-0.1%
Affin Hwang Select Bond Fund	10.3%	-0.2%	-0.2%
Baillie Gifford Worldwide Global Income Growth Fund	9.8%	-0.7%	-0.7%
Allianz Income and Growth Fund	9.5%	-0.7%	-0.7%
Morgan Stanley Global Brands Fund	9.1%	-0.6%	-0.6%
iShares China CNY Bond	7.2%	0.0%	0.0%
UBS US Total Yield Fund	7.1%	-0.3%	-0.3%
Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund	5.0%	-0.3%	-0.3%
iShares S&P500 ETF	3.9%	-0.2%	-0.2%
iShares MSCI Europe Consumer Discretionary	3.9%	-0.2%	-0.2%
Allianz All China Equity Fund	2.6%	-0.1%	-0.1%
Cash	16.2%	0.0%	0.0%
Affin Hwang Smart Invest Portfolio – Income	100.0%	-3.3%	-3.3%

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

AFFIN HWANG SMART INVEST PORTFOLIO – INCOME

Performance & Portfolio Changes

YTD January 2022	1 month	3 months	6 months	1 year	Since Inception (p.a.)
-3.3%	-3.3%	-1.9%	-2.4%	0.6%	7.3%

Portfolio Initiations	Weight
-	-

Portfolio Additions / Top-up	Weight
HSBC US Dollar Liquidity Fund	3.5%
Allianz All China Equity Fund	2.5%

Portfolio Exits	Weight
Allianz Strategic Bond	5.0%
iShares Barclays Cap USD Asia HY ETF	1.0%

Portfolio Reductions	Weight
-	-

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

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