AHAM CAPITAL
ASSET MANAGEMENT

QUARTERLY REPORT
31 December 2022

Affin Hwang **World Series - Global Brands** Fund

MANAGER
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(Formerly known as Affin Hwang Asset Management Berhad)
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AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

Quarterly Report and Financial Statements
As at 31 December 2022

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Brands Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period.
Benchmark	MSCI World Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

FUND PERFORMANCE DATA

MYR Hedged-Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (MYR'million)	134.390	130.003
NAV per Unit (MYR)	0.5952	0.5530
Unit in Circulation (million)	225.794	235.080

SGD Hedged-Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (SGD'million)	3.584	3.309
NAV per Unit (SGD)	0.5659	0.5239
Unit in Circulation (million)	6.334	6.316

AUD Hedged-Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (AUD'million)	4.960	4.596
NAV per Unit (AUD)	0.5679	0.5268
Unit in Circulation (million)	8.733	8.724

USD Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (USD'million)	5.963	5.540
NAV per Unit (USD)	0.5757	0.5298
Unit in Circulation (million)	10.357	10.457

Fund Performance

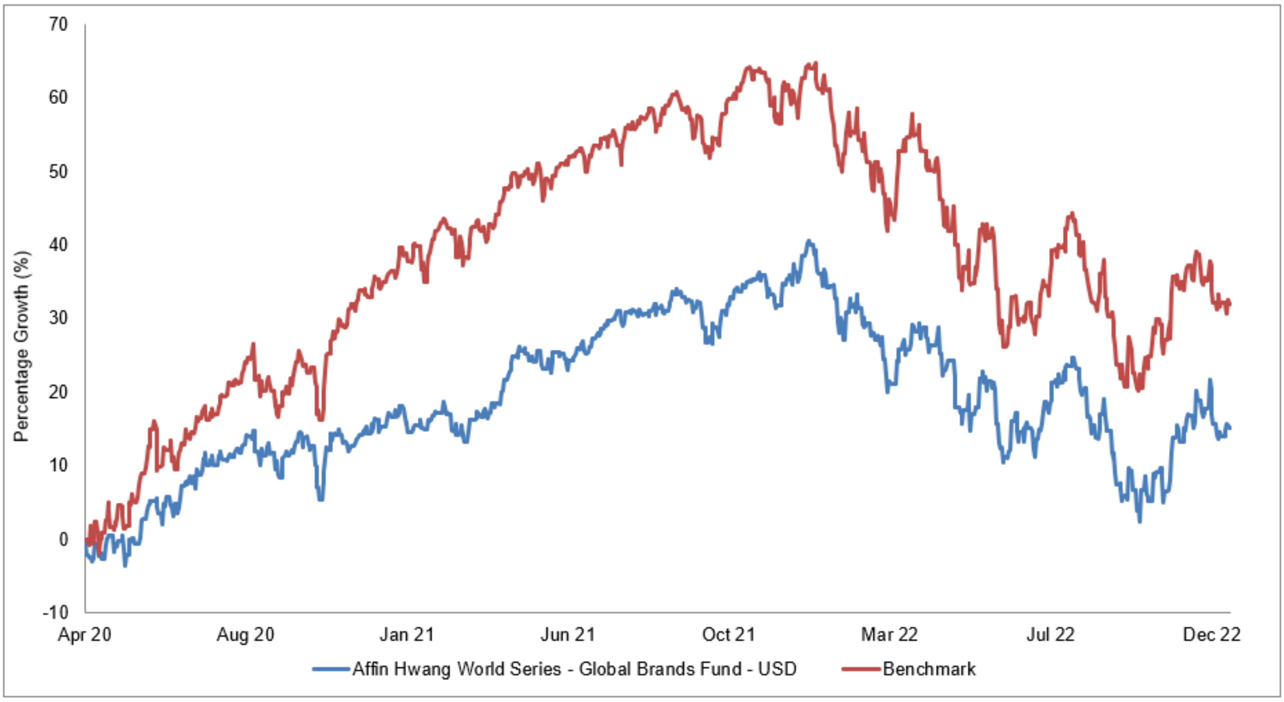
Performance as at 31 December 2022

USD Class

	3 Months (1/10/22 - 31/12/22)	6 Months (1/7/22 - 31/12/22)	1 Year (1/1/22 - 31/12/22)	Since Commencement (10/4/20 - 31/12/22)
Fund	**8.66%**	**1.59%**	**(17.84%)**	**15.14%**
Benchmark	**9.42%**	**2.22%**	**(19.46%)**	**32.07%**
Outperformance	**(0.76%)**	**(0.63%)**	**1.62%**	**(16.93%)**

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

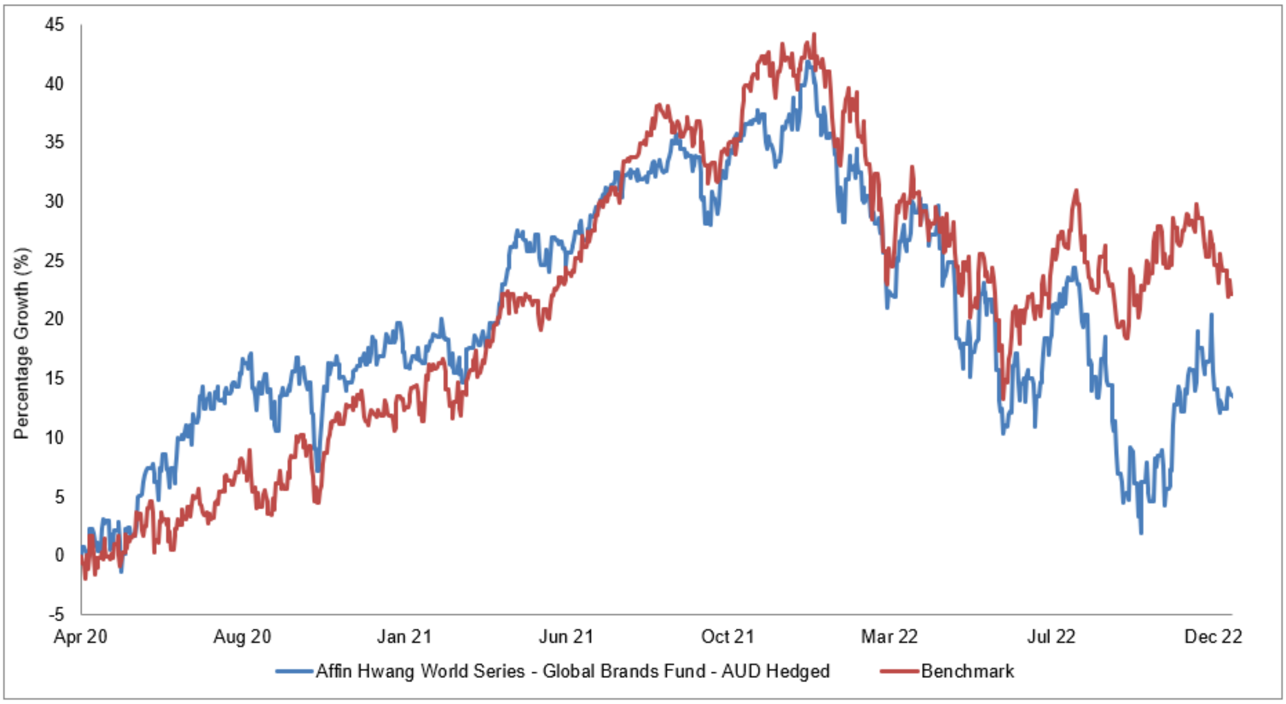


AUD Hedged-Class

	3 Months (1/10/22 - 31/12/22)	6 Months (1/7/22 - 31/12/22)	1 Year (1/1/22 - 31/12/22)	Since Commencement (10/4/20 - 31/12/22)
Fund	**7.80%**	**0.30%**	**(19.67%)**	**13.58%**
Benchmark	**3.18%**	**3.61%**	**(14.06%)**	**22.19%**
Outperformance	**4.62%**	**(3.31%)**	**(5.61%)**	**(8.61%)**

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



MYR Hedged-Class

	3 Months (1/10/22 - 31/12/22)	6 Months (1/7/22 - 31/12/22)	1 Year (1/1/22 - 31/12/22)	Since Commencement (10/4/20 - 31/12/22)
Fund	**7.63%**	**0.57%**	**(18.22%)**	**19.04%**
Benchmark	**3.94%**	**2.21%**	**(14.68%)**	**34.27%**
Outperformance	**3.69%**	**(1.64%)**	**(3.54%)**	**(15.23%)**

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

SGD Hedged-Class

	3 Months (1/10/22 - 31/12/22)	6 Months (1/7/22 - 31/12/22)	1 Year (1/1/22 - 31/12/22)	Since Commencement (10/4/20 - 31/12/22)
Fund	**8.02%**	**0.86%**	**(18.61%)**	**13.18%**
Benchmark	**2.06%**	**(1.47%)**	**(19.98%)**	**24.81%**
Outperformance	**5.96%**	**2.33%**	**1.37%**	**(11.63%)**

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) 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 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 2022 (%)
Unit Trust	97.45
Derivative	1.02
Cash & money market	1.53
Total	**100.00**

Strategies Employed

The investment team continues to focus on high-quality companies that can generate superior returns over the long term. Such companies are typically built on dominant market positions, underpinned by powerful, hard to replicate intangible assets that can generate high, unlevered returns on operating capital and strong free cash flows. Other characteristics are recurring revenue streams, pricing power, low capital intensity and organic growth.

Market Review

Major asset classes rose over the final quarter of 2022, although growing recession fears saw sentiment wane in December. During the month equity and bond market performance reflected some market disappointment at major central banks reiterating plans to tighten monetary policy, even as inflation showed signs of peaking. Developed market equities fell to 5.0%. European equity markets were down 3.1%, while US equities decreased 5.9% in December. Japanese equities were down 5.2%. Emerging markets decreased 1.4%. In currencies, the Euro appreciated by 3.7% relative to the USD, while the Sterling appreciated by 1.0% relative to the USD.

The Fed slowed the pace of rate hikes by increasing the Fed funds rate by only 50bps in December compared to 75bps in November. However, the Fed published a new set of interest rate projections. Annualised Q3 GDP for the US was confirmed at 3.2% in December. Total nonfarm payroll employment increased by 223,000 in December, and the unemployment rate edged down to 3.5 percent. The latest CPI print for November showed inflation slowed to 0.1% month-on-month versus October. Inflation remains elevated however, at 7.1% year on year. The European Central Bank raised interest rates by 50 bps in December. Christine Lagarde signalled that future rate increases would be higher than expected and painted a bleak economic picture. The ECB also announced that quantitative tightening will begin in March 2023 to shrink the bond holdings on their balance sheet. Eurozone consumer prices rose by 10.1% in November. Data showed that the eurozone economy grew by 0.3% quarter-on-quarter in Q3. The composite PMI for December was 48.8, up from 47.8 in November. Falling gas prices, amid unusually mild weather for much of the period, helped to alleviate some cost pressures. The BoE raised interest rates by 50bps in December and signalled further monetary tightening ahead in 2023. The annual inflation rate in the UK eased to 10.7% in November from previous month.

In Asia, the broader MSCI Asia ex-Japan closed flat at -0.4% as a weakening US dollar saw foreign investors ploughing back into the region. The MSCI China index soared 5.2% as China shifts away from its strict zero-COVID policy and unwind its restrictions. China's path to reopening is expected to be riddled with volatility as infections surge and hospitalisations rise. However, it is unlikely that China would embark on any policy U-turn in its reopening plans with clear policy directions from the top. As China fully reopens, we expect the country to be a strong source of growth especially for Asia due to strong pent-up demand and resumption of outbound tourism.

On the domestic front, the benchmark KLCI edged 0.5% higher as the new unity government implemented several new policy measures. These include a decision by the government to reduce energy subsidies for high voltage users. Some of the affected industries include steel, cement and rubber. The move is expected to result in over RM5.0 billion in savings for the government as it rationalises its hefty subsidy bill. Other policy measures include a proposal by the Ministry of Communications and Digital to reduce the prices of services by telco companies. While the move is not yet confirmed, there is a risk that the government may embark on other more overzealous socialistic policies that comes at the expense of growth.

Global bond markets performed negatively compared to the previous month. Government bond yields were broadly higher. US 10-year yields rose from 3.7% to 3.83%, with the two-year increasing from 4.37% to 4.40%. Germany's 10-year yield rose from 1.95% to 2.56%. The UK 10-year yield increased from 3.16% to 3.67% and 2-year rose from 3.28% to 3.71%. Both US and European high yield and investment grade showed negative performance. Emerging market debt performed negatively in local currency terms but positively in USD terms. Commodities had mixed performance. Crude oil fell by 0.6%, while gold appreciated by 3.6%.

Asia credit market posted a positive return in December. The treasury curve shifted upwards over the month with Fed delivering a 50bp hike as expected and Fed Chair Powell left open the possibility of a smaller hike of 25bp in February. Overall, two-year yields were up 12 bps while 10-year yields were up 27bps. High yield bonds outperformed investment grade bonds over the month as the overall spreads narrowed to a larger extent in the former, amid Chinese authorities announced optimization of zero covid policies which lifted market sentiment. From a credit spread perspective, investment grade bonds tightened over the month with sovereign bonds overall tightened as rate sensitive parts of the market fared well. The best performers were Philippines sovereigns and Thailand quasi-sovereigns while Malaysia sovereigns and quasi-sovereigns underperformed. Meanwhile, spreads of IG corporate bonds generally tightened. The Singapore real estate sector was top contributor as a logistic company strongly rebounded. In addition, Taiwanese financials and the China property sector were also the better performers.

On local fixed income, the 10-year MGS yield fell 7 bps to settle at 4.04%. Malaysia's headline inflation print climbed 4% y-o-y in November with food inflation continuing to be the main driver. Demand for Malaysian bonds is expected to pick-up on the back of expectations of a less aggressive pace of Fed tightening that should also lead to the USD strength topping out.

Investment Outlook

Markets are set to remain challenging as the global economy waddles through several turbulent changes. A recession is widely anticipated in US and Europe. Over the past year, the US Federal Reserve (Fed) and the European Central Bank (EBC) have embarked on a series of rapid and synchronised tightening to tamp down on inflation. The effects of tighter monetary conditions will now be felt in 2023 as businesses cope with higher borrowing costs and shrinking liquidity. While the timing of the recession is not certain because monetary policy works with a lag effect, economic indicators have begun to show signs of deteriorating as new orders and manufacturing activity gauges fall. There is also anecdotal news of businesses now having to slash prices aggressively to clear out items which they stocked-up earlier on due to fear of supply shortages. As operating environments become tougher, we could see more downside to earnings in developed markets (DMs) that could put pressure on stock prices.

The 'good' news is that a deluge of economic data showing growth weakening as well as fractures in the labour market will bring the Fed closer to the end of its tightening cycle. Greater slack in the labour market and a fall in consumption which makes up to 70% of US GDP may put downward pressure on inflation, thereby allowing the Fed to ease up on tightening. This may set the scene for a recovery towards the year as the Fed pivots to a pause in tightening. There are already signs of inflation peaking with Consumer Price Index (CPI) gauges showing a broad-based moderation in price pressures that should continue moving forward. Expectations of a slower pace in tightening could lead to a peak in US Dollar strength which would be a boost for equities especially for emerging markets (EMs) which has historically moved inversely against the greenback.

Global recovery will also be supported by China's reopening as authorities shifts away from its strict zero-COVID policy. In an abrupt announcement last December, Beijing announced that it will be unwinding all its COVID restrictions as well as lift its border closures to allow for international travel. Given extensive pent-up demand, a consumption-led recovery will provide an uplift to growth coupled with the resumption of outbound tourism. Given Asia's proximity and extensive trade ties, the region is seen to be the biggest beneficiary as China fully reopens. However, its path of reopening is unlikely to be smooth sailing as infections surge. But, once investors are prepared to look past the volatility and the country reaches its peak of COVID, China is expected to be a strong source of growth and returns for Asia. Global recovery will also be supported by China's reopening as authorities shifts away from its strict zero-COVID policy. In an abrupt announcement last December, Beijing announced that it will be unwinding all its COVID restrictions as well as lift its border closures to allow for international travel.

Against a backdrop of benign inflation and the US dollar strength topping out, Asian equity markets is expected to perform better compared to the US on a relative basis. US earnings projections still appears too optimistic with EPS forecasts for 2023 only cut by 7%, while Asian markets were revised downwards by over 24%. Tailwinds from China's reopening could also provide a lift to the region as earnings cuts find an earlier bottom. However, it will be important to monitor how deep or shallow the global slowdown will be as the impact of higher interest rates begin to bite and chip away at growth. There is also a need for more catalysts in order for Asian markets to deliver stronger upside potential.

In contrast to the expected slowdown in the US economy, Malaysia's economic fundamentals remain strong with the gross domestic product (GDP) expected to be one of the strongest in ASEAN this year. Moreover, corporate earnings is forecasted to rebound sharply, after it was dampened by a one-off prosperity tax last year. From a fund flow perspective, domestic funds are sitting on high cash levels with foreign positioning at near all-time lows. With the return of political stability and a compelling growth story, foreign inflows that could drive markets higher. In every year between 2010 to 2021, whenever there is net foreign buying, our market has been driven positively higher.

Bond investors may also see some relief this year after enduring a painful 2022 which saw rates volatility reaching unprecedented highs. The US 10-Year Treasury Yield moved within a range of up to 260 bps last year compared to historical averages of 150-200 bps. In 2023, volatility in rates is expected to temper down as we see a slower pace of adjustment in rates. In addition, a slower growth outlook is beneficial for rates.

On the credit side, valuations are also turning attractive especially with higher yields which give long-term investors an attractive entry point to rebuild exposure. After massive outflows in the fixed income space, we also expect technical to be more favourable given limited downside risks. A weaker USD environment would also be beneficial for Asian credits as the Fed slows down its pace of rate hikes.

AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Financial period ended 31.12.2022 USD	Financial period ended 31.12.2021 USD
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	1,301	857
Net loss on foreign currency exchange	(18,552)	(22,184)
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(128,958)	35,517
Net gain on financial assets at fair value through profit or loss	1,043,379	3,956,485
	897,170	3,970,675
EXPENSES		
Management fee	(395,770)	(337,375)
Trustee fee	(12,839)	(10,958)
Fund accounting fee	(1,543)	(1,669)
Auditors’ remuneration	(927)	(963)
Tax agent’s fee	(406)	(421)
Other expenses	(2,036)	(3,280)
	(413,521)	(354,666)
PROFIT BEFORE TAXATION	483,649	3,616,009
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	483,649	3,616,009
Increase in net asset attributable to unitholders is made up of the following:		
Realised amount	(2,118,038)	(42,977)
Unrealised amount	2,601,687	3,658,986
	483,649	3,616,009

AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	2022 USD	2021 USD
ASSETS		
Cash and cash equivalents	679,280	1,103,692
Amount due from broker		954,187
Amount due from Manager		
- creation of units	17,222	256,818
- management fee rebate receivable	27,014	26,765
Financial assets at fair value through profit or loss	41,463,656	43,071,716
Forward foreign currency contracts at fair value through profit or loss	468,735	248,530
TOTAL ASSETS	42,655,907	45,661,708
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	34,911	72,784
Amount due to broker	91	594
Amount due to Manager		
- management fee	68,033	67,752
- cancellation of units	-	1,550,359
Amount due to Trustee	2,206	2,197
Auditors' remuneration	953	968
Tax agent's fee	1,213	1,264
Other payable and accruals	341	318
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	107,748	1,696,236
NET ASSET VALUE OF THE FUND	42,548,159	43,965,472
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	42,548,159	43,965,472

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

	2022 USD	2021 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	3,367,750	4,323,445
- MYR Hedged-class	30,546,672	28,694,251
- SGD Hedged-class	2,671,115	3,063,233
- USD Class	5,962,622	7,884,543
	42,548,159	43,965,472
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	8,733,000	8,416,000
- MYR Hedged-class	225,794,000	164,209,000
- SGD Hedged-class	6,334,000	5,950,000
- USD Class	10,357,000	11,252,000
	251,218,000	189,827,000
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.,3856	0.5137
- MYR Hedged-class	0.1353	0.1747
- SGD Hedged-class	0.4217	0.5148
- USD Class	0.5757	0.7007
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.5679	AUD0.7070
- MYR Hedged-class	RM0.5952	RM0.7278
- SGD Hedged-class	SGD0.5659	SGD0.6953
- USD Class	USD0.5757	USD0.7007

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Financial period ended 31.12.2022 USD	Financial period ended 31.12.2021 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	43,843,231	27,101,140
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	2,823,335	23,624,020
- AUD Hedged-class	6,453	1,815,777
- MYR Hedged-class	2,796,837	16,106,982
- SGD Hedged-class	6,787	1,549,287
- USD Class	13,258	4,151,974
Cancellation of units	(4,602,056)	(10,375,697)
- AUD Hedged-class	(155,728)	(654,458)
- MYR Hedged-class	(3,844,767)	(7,664,477)
- SGD Hedged-class	(107,094)	(281,218)
- USD Class	(494,467)	(1,775,544)
Net increase in net assets attributable to unitholders during the financial period	483,649	3,616,009
- AUD Hedged-class	(24,776)	234,840
- MYR Hedged-class	277,908	2,550,331
- SGD Hedged-class	117,558	232,485
- USD Class	112,959	598,353
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	42,548,159	43,965,472

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