QUARTERLY REPORT
31 December 2022

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

MANAGER
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AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

Quarterly Report and Financial Statements
As at 31 Dec 2022

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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.
Benchmark	MSCI AC World Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate.

FUND PERFORMANCE DATA

MYR Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (RM'million)	167.829	198.274
NAV per Unit (RM)	0.8922	0.8637
Unit in Circulation (million)	188.112	229.575

SGD Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (SGD'million)	3.672	3.647
NAV per Unit (SGD)	0.8101	0.7941
Unit in Circulation (million)	4.533	4.592

USD Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (USD'million)	4.817	4.466
NAV per Unit (USD)	0.8539	0.7845
Unit in Circulation (million)	5.641	5.693

Fund Performance

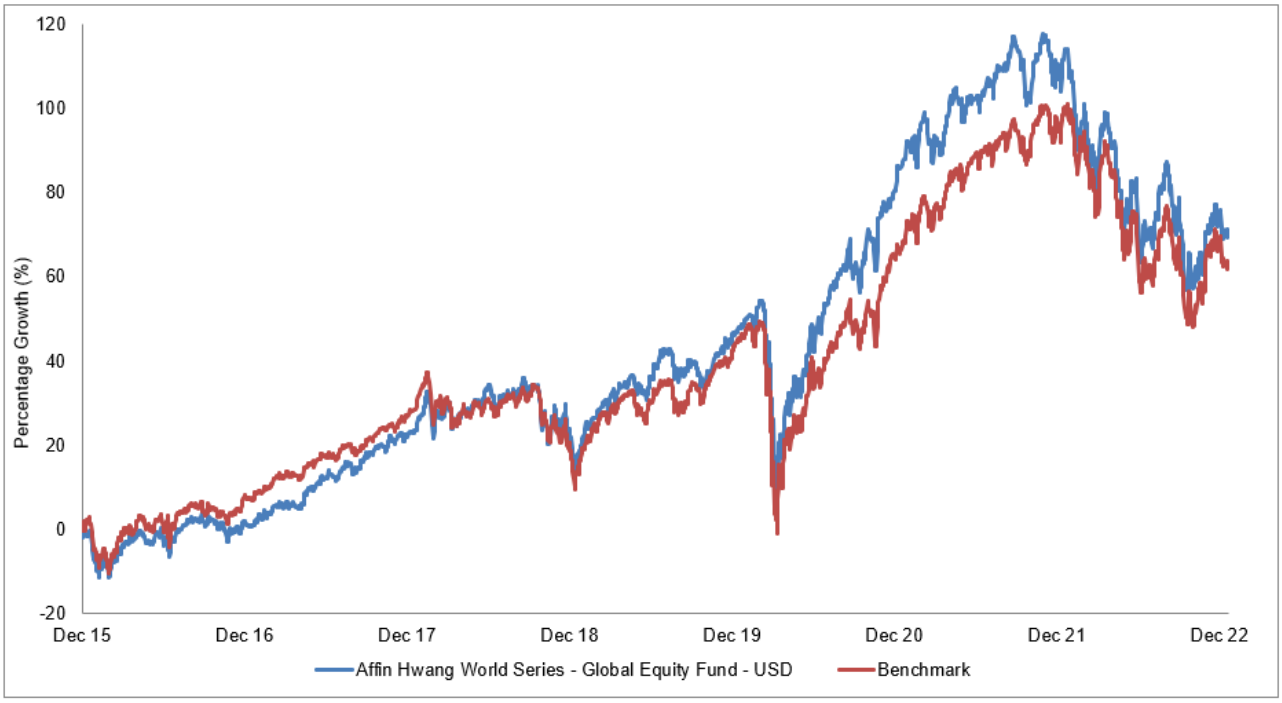
Performance as at 31 December 2022

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)	3 Years (1/1/20 - 31/12/22)	5 Years (1/1/18 - 31/12/22)	Since Commencement (14/12/15 - 31/12/22)
Fund	8.85%	1.17%	(20.20%)	15.35%	38.13%	70.78%
Benchmark	9.76%	2.28%	(18.36%)	12.50%	27.21%	63.37%
Outperformance	(0.91%)	(1.11%)	(1.84%)	2.85%	10.92%	7.41%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

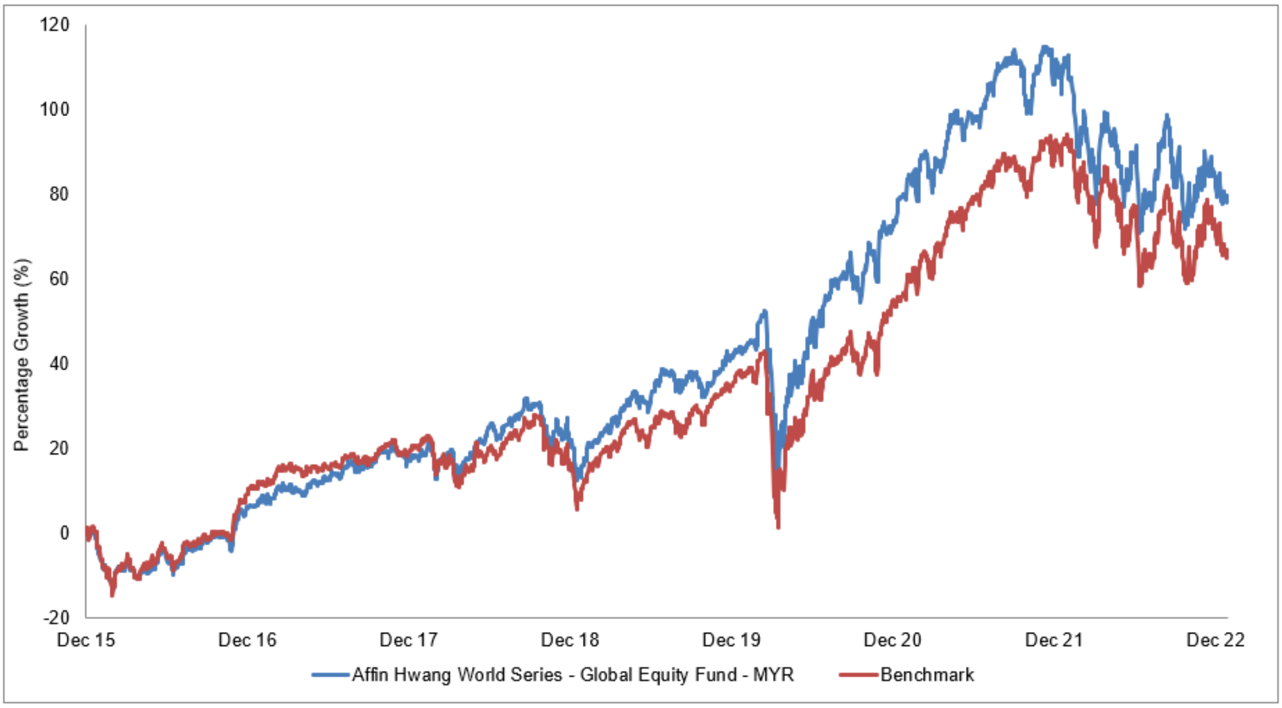


MYR Class

	3 Months (1/10/22 - 31/12/22)	6 Months (1/7/22 - 31/12/22)	1 Year (1/1/22 - 31/12/22)	3 Years (1/1/20 - 31/12/22)	5 Years (1/1/18 - 31/12/22)	Since Commencement (14/12/15 - 31/12/22)
Fund	3.30%	1.00%	(15.69%)	25.06%	51.48%	78.44%
Benchmark	4.27%	2.27%	(13.52%)	21.14%	37.96%	65.86%
Outperformance	(0.97%)	(1.27%)	(2.17%)	3.92%	13.52%	12.58%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



SGD 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)	3 Years (1/1/20 - 31/12/22)	5 Years (1/1/18 - 31/12/22)	Since Commencement (14/12/15 - 31/12/22)
Fund	**2.01%**	**(2.39%)**	**(20.70%)**	**14.88%**	**38.57%**	**62.02%**
Benchmark	**2.38%**	**(1.41%)**	**(18.88%)**	**12.03%**	**27.44%**	**54.78%**
Outperformance	**(0.37%)**	**(0.98%)**	**(1.82%)**	**2.85%**	**11.13%**	**7.24%**

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 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 2022
	(%)
Unit Trust	96.83
Cash & money market	3.17
Total	**100.00**

Strategies Employed

Box, AIA Group, Compass Group, Schlumberger and Encompass Health Corporation were notable contributors to relative performance during the month. Conversely, Palomar Holdings, AdaptHealth Corporation, Chart Industries, Carlisle Companies and Accenture were the notable laggards in December.

Market Review

Although the Fed slowed the pace of hikes to 50 basis points (bps) in December, following four consecutive 75 bps moves, the news conference that accompanied the Fed's December meeting suggested that Policy Committee members were still very determined to return inflation towards 2%. Fed Chair Jerome Powell noted that October and November's inflation data had shown a "welcome reduction" in monthly price increases, but "substantially" more evidence was required that this moderation would be sustained. The dot plot of future rate expectations moved higher (back above 5%) as a result.

The reason for the continued Fed hawkishness was not difficult to identify. Non-farms payrolls data (released at the start of the month) showed continued strong hiring momentum across various sectors of the US economy (including leisure, hospitality and healthcare). With the competition for labour still tough, average hourly earnings continued to run above expectations, coming in at 0.6% month on month and 5.1% year on year.

Equity markets reacted to these comments in a way that has become familiar during 2022. Global indices fell and value stocks outperformed growth. The reaction in other asset markets was less predictable, however. The USD continued to succumb to gentle profit taking (after its rapid appreciation earlier in the year) and BBB spreads continued to come in (suggesting ongoing moderation in risk premia).

China markedly changed its COVID strategy in December—belatedly copying the policies adopted across the Western world some time ago; namely, vaccinating the most at risk and then allowing the virus to spread more freely among the rest of the population. The resultant relaxation of travel restrictions should lead to an acceleration in Chinese economic activity, even as the country continues to grapple with longer-term demographic challenges and a more fractious relationship with Western economies that threatens future inward investment into the country.

Any substantial reopening of China (and a continued moderation in supply chain duress) would be a welcome positive for many global companies as they prepare their 2023 earnings outlook statements over the next month or so. The depreciation of the USD will also help some US companies.

The best performing sectors this month were defensives, reflecting the slightly risk-off mode seen in equity markets in December. Utilities, consumer staples and healthcare all outperformed the market. Of the cyclical sectors, industrials and materials both fared relatively well and also modestly outperformed. The driver of this was the improved sentiment towards China, noted above.

The weakest sectors in December continued to hint at a shift in market leadership, away from the sectors that led the market in the years of monetary easing. The fate of individual, large index constituents didn't help either*. For instance, the weakest performer was information technology. Apple had been seen as a relatively safe hiding space within the sector earlier in the year, but it also fell sharply in December on concerns over slowing shipments of its latest iPhones and potential customer demand softness in 2023. Consumer discretionary was impacted by a similar issue, as Tesla and Amazon continued to fall. The falls in Tesla's share price have been particularly severe, as evidence emerges that even steep discounting is not leading to a pick- up in deliveries.

Regionally, Europe ex UK outperformed, helped by its exposure to China and by a sense that the region had not yet succumbed to a full-scale energy crisis, even as Russia further curtailed its energy supplies to the region. The US underperformed again this month – not helped by the continued profit taking in the US Dollar or the weakness in Apple, Google, Amazon, Microsoft and Tesla*.
*In relation to MSCI ACWI

Investment Outlook

Cautious positioning warranted as market confidence remains fragile. Scotland has a lot of mountains and hills for a reasonably small country (almost 1,000 of them). They are not always very welcoming at this time of year but offer fantastic views when the weather improves. It feels like equity investors have just come off the summit of one mountain (formed during the days of quantitative easing) and are eyeing up the next (if/when any Fed-induced US recession has passed). The problem is that the weather is currently poor, and visibility is not great. This matters when assessing the depth of the drop between the two summits. In equity parlance, how great might the earnings downgrades be? And what does this mean for where share prices trough?

At the risk of straining this analogy too far, there is probably still a narrow pass threading its way between the two summits (also known as a soft landing), but the chances of Fed policy delivering us to this seem to be dimming and investors are questioning the abilities of their mountain guide.

There is an ongoing tussle between credit markets and the narrative consistently espoused by the Fed. The spread payable on BBB-rated debt (relative to government bonds) has come in in recent months and financial conditions have eased.

Recent equity market action (when an attempted rally was curtailed by more hawkish narratives by the Fed) suggests to us that it is too early to call which way the debate will evolve. The fact that concept capital is continuing to plumb new lows (as measured by the Renaissance IPO ETF) certainly suggests that confidence remains very fragile, and we are not positioning the portfolio for a rapid return to the looser monetary conditions that these companies require to prosper (or even survive, in some cases).

If you had invested USD 1 in the S&P 500 on the last day of 2017, you would have USD 1.44 as at the last trading day of 2022. If you had invested the same dollar in the hottest IPOs of the day (as measured by the same ETF noted above), you would now have USD 0.85 (and more grey hairs, given the extreme volatility observed in these shares over that period). With private equity markets much less along the price discovery journey than public markets, 2023 does not look like a bumper IPO year either.

According to Mountaineering Scotland’s website, the most important thing if you have no clear path ahead is not to panic. As they say, “Don’t simply start walking in different directions changing bearings every minute or two in the hope that things will be sorted”. This sounds like good advice to us too. We won’t chase north into the unchartered landscape of cashless concept stocks. No more than we will head south into deep value. The four guiding principles of our Future Quality philosophy will remain our investment compass in these challenging conditions. The stocks that satisfy the four requirements represent the middle ground, between the two stylistic extremes noted above and allow us to construct balanced portfolios. Our focus on franchise quality and management quality allows us to look forward with optimism, whilst balance sheet quality and valuation discipline provide something of a safety rope, in case of unplanned slips.

We remain convinced that the future will look very different to the recent past. Delivery of sales and profit growth will be ever more critical to share price performance. It seems unlikely to us that the areas that have sucked in the most capital over the last 10 years will turn out to be those with the most unmet demand (think digital advertising, niche software applications or streaming services). The recent glut of headcount reductions across Big Tech suggests that management teams here may also be beginning to share that view.

Instead, more pressing needs are presenting themselves—many of which have been underinvested over the last decade (or longer). Defence and energy security have been very much front of mind over the last 12 months (and are likely to remain so in our view). There are likely other areas too, where the stars are starting to align. We continue to spend all of our time attempting to identify these, as part of our bottom-up stock research.

In conclusion and to quote the great Billy Connolly, “there’s no such thing as bad weather, only the wrong clothes”. Current equity market conditions dictate that you choose your investment attire particularly carefully. In our view, buying profitless technology companies is like going up a Scottish mountain wearing flip-flops. You might get away with it, but the odds are not in your favour. Instead, we prefer the protection afforded by profits (and cash) generated today and not at some unspecified point in the future.

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY 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	195	377
Net gain on foreign currency exchange	111,005	2,265
Net gain on financial assets at fair value through profit or loss	4,715,530	3,813,040
	4,826,730	3,815,682
EXPENSES		
Management fee	(230,369)	(347,425)
Trustee fee	(7,680)	(11,584)
Fund accounting fee	(1,093)	(1,197)
Auditors' remuneration	(434)	(483)
Tax agent's fee	(71)	(211)
Other expenses	(658)	(874)
	(240,305)	(361,774)
NET PROFIT BEFORE TAXATION	4,586,425	3,453,908
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	4,586,425	3,453,908
Increase in net assets attributable to unitholders is made up of the following:		
Realised amount	(1,261,133)	121,013
Unrealised amount	5,847,558	3,332,895
	4,586,425	3,453,908

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	2022 USD	2021 USD
ASSETS		
Cash and cash equivalents	1,335,599	2,287,780
Amount due from Manager		
- creation of units	176,402	182,991
- management fee rebate receivable	63,634	79,236
Financial assets at fair value through profit or loss	44,252,745	77,520,535
TOTAL ASSETS	45,828,380	80,070,542
LIABILITIES		
Amount due to broker	-	500,000
Amount due to Manager		
- management fee	72,909	117,512
- cancellation of units	46,997	79,197
Amount due to Trustee	2,430	3,917
Auditors' remuneration	541	2,411
Tax agent's fee	1,319	1,417
Other payables and accruals	3,133	3,185
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	127,329	707,639
NET ASSET VALUE OF THE FUND	45,701,051	79,362,903
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	45,701,051	79,362,903

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

	2022 USD	2021 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- MYR Class	38,147,247	68,814,900
- SGD Class	2,736,712	4,013,788
- USD Class	4,817,092	6,534,215
	45,701,051	79,362,903
NUMBER OF UNITS IN CIRCULATION		
- MYR Class	188,112,000	270,826,000
- SGD Class	4,533,000	5,306,000
- USD Class	5,641,000	6,107,000
	198,286,000	282,239,000
NET ASSET VALUE PER UNIT (USD)		
- MYR Class	0.2028	0.2541
- SGD Class	0.6037	0.7565
- USD Class	0.8539	1.0700
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- MYR Class	RM0.8922	RM1.0583
- SGD Class	SGD0.8101	SGD1.0216
- USD Class	USD0.8539	USD1.0700

AFFIN HWANG WORLD SERIES – GLOBAL EQUITY FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS 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	49,781,095	73,167,315
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	719,685	4,222,385
- MYR Class	712,125	3,747,567
- SGD Class	1,701	295,994
- USD Class	5,859	178,824
Cancellation of units	(9,386,154)	(1,480,705)
- MYR Class	(9,303,339)	(959,560)
- SGD Class	(35,268)	(403,564)
- USD Class	(47,547)	(117,581)
Net increase in net assets attributable to unitholders during the financial period	4,586,425	3,453,908
- MYR Class	3,970,191	2,983,558
- SGD Class	223,473	180,235
- USD Class	392,761	290,115
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	45,701,051	79,362,903

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