



**QUARTERLY REPORT**

31 December 2022

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

**MANAGER**

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# AFFIN HWANG WORLD SERIES – GLOBAL SUSTAINABILITY 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 Sustainability Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period.
Benchmark	Dow Jones Sustainability 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 (RM'million)	213.974	201.670
NAV per Unit (RM)	0.5027	0.4697
Unit in Circulation (million)	425.665	429.323

#### SGD Hedged-Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (SGD'million)	9.780	9.199
NAV per Unit (SGD)	0.4830	0.4492
Unit in Circulation (million)	20.246	20.478

#### AUD Hedged-Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (AUD'million)	11.871	11.023
NAV per Unit (AUD)	0.4691	0.4382
Unit in Circulation (million)	25.306	25.159

#### USD Class

Category	As at 31 Dec 2022	As at 30 Sep 2022
Total NAV (USD'million)	11.301	11.507
NAV per Unit (USD)	0.4993	0.4621
Unit in Circulation (million)	22.633	24.898

**Fund Performance**

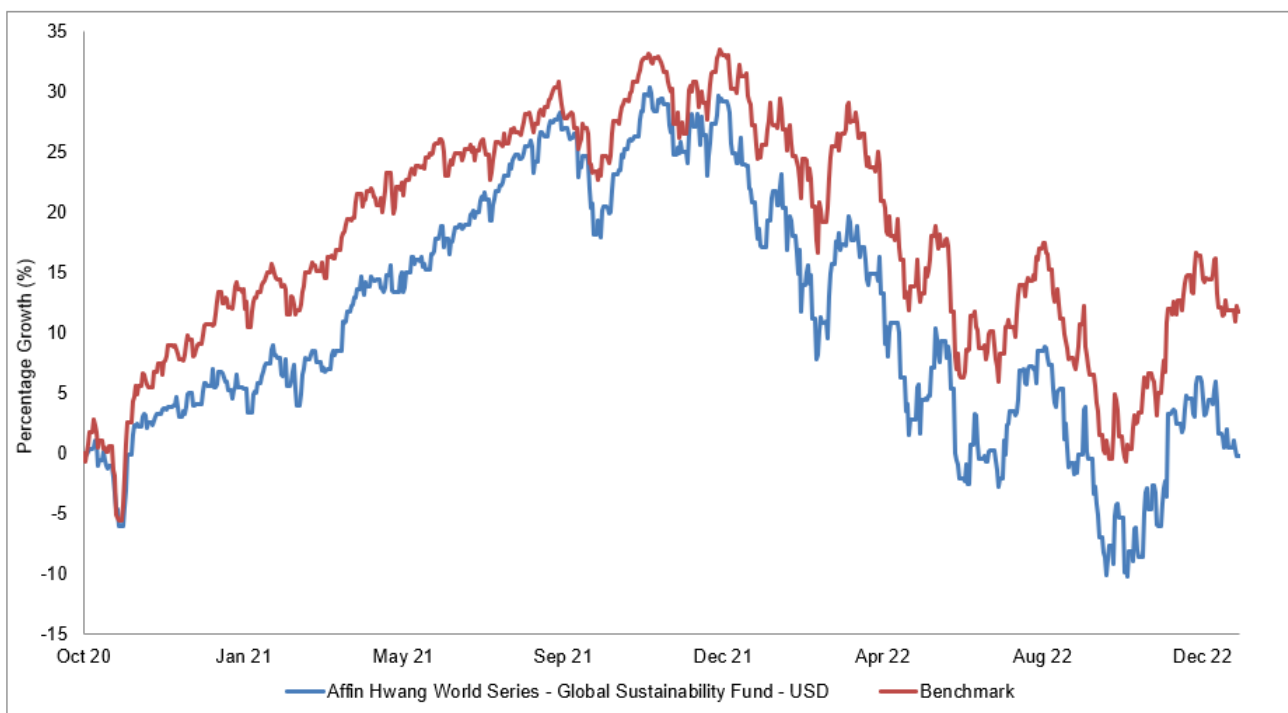
Performance as at 31 December 2022

**USD Class**

	<b>3 Months (1/10/22 - 31/12/22)</b>	<b>6 Months (1/7/22 - 31/12/22)</b>	<b>1 Year (1/1/22 - 31/12/22)</b>	<b>Since Commencement (6/10/20 - 31/12/22)</b>
<b>Fund</b>	<b>8.05%</b>	<b>0.24%</b>	<b>(22.72%)</b>	<b>(0.14%)</b>
<b>Benchmark</b>	<b>12.14%</b>	<b>2.73%</b>	<b>(16.04%)</b>	<b>11.73%</b>
<b>Outperformance</b>	<b>(4.09%)</b>	<b>(2.49%)</b>	<b>(6.68%)</b>	<b>(11.87%)</b>

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

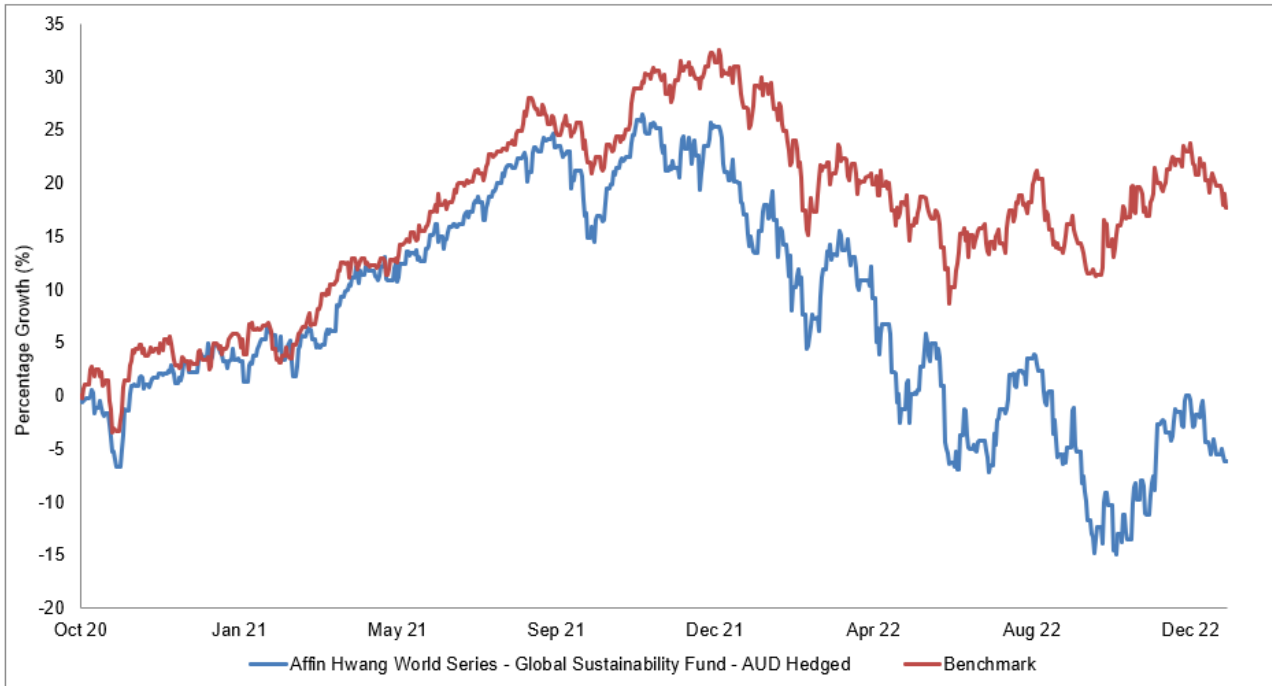


**AUD Hedged-Class**

	<b>3 Months (1/10/22 - 31/12/22)</b>	<b>6 Months (1/7/22 - 31/12/22)</b>	<b>1 Year (1/1/22 - 31/12/22)</b>	<b>Since Commencement (6/10/20 - 31/12/22)</b>
<b>Fund</b>	<b>7.05%</b>	<b>(1.41%)</b>	<b>(25.12%)</b>	<b>(6.18%)</b>
<b>Benchmark</b>	<b>5.74%</b>	<b>4.13%</b>	<b>(10.40%)</b>	<b>17.74%</b>
<b>Outperformance</b>	<b>1.31%</b>	<b>(5.54%)</b>	<b>(14.72%)</b>	<b>(23.92%)</b>

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

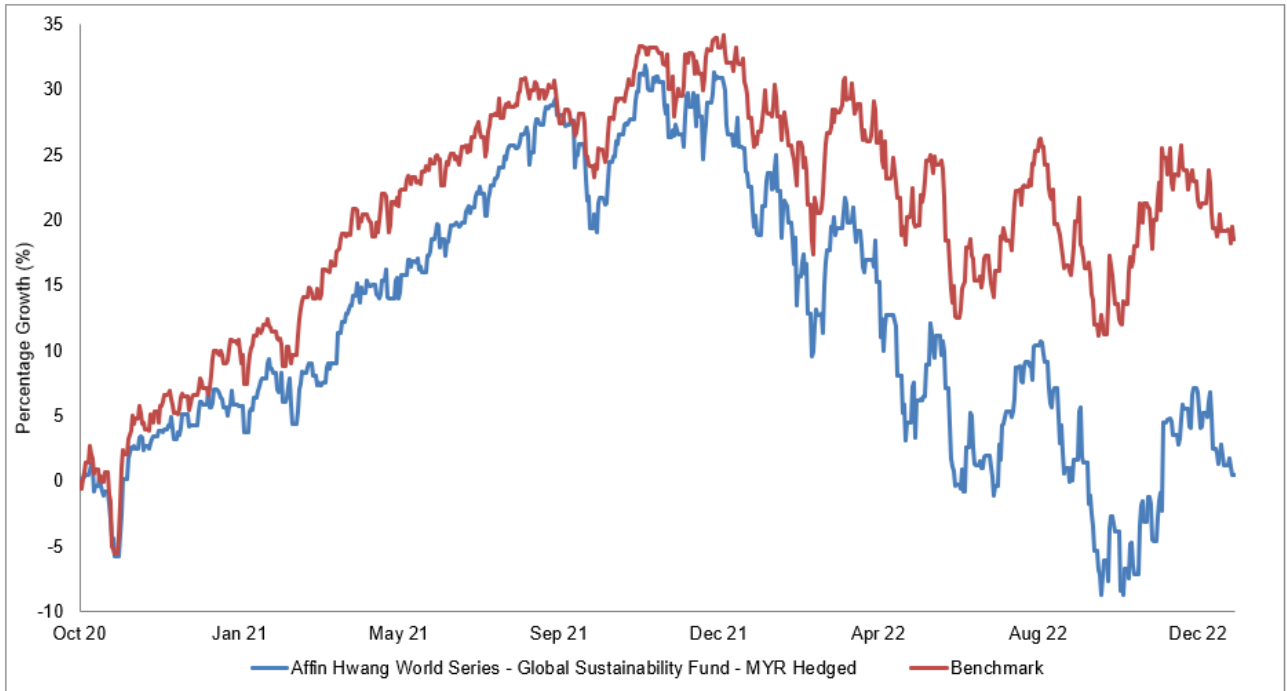


**MYR Hedged-Class**

	<b>3 Months (1/10/22 - 31/12/22)</b>	<b>6 Months (1/7/22 - 31/12/22)</b>	<b>1 Year (1/1/22 - 31/12/22)</b>	<b>Since Commencement (6/10/20 - 31/12/22)</b>
<b>Fund</b>	<b>7.03%</b>	<b>(0.79%)</b>	<b>(23.17%)</b>	<b>0.54%</b>
<b>Benchmark</b>	<b>6.53%</b>	<b>2.73%</b>	<b>(11.06%)</b>	<b>18.51%</b>
<b>Outperformance</b>	<b>0.50%</b>	<b>(3.52%)</b>	<b>(12.11%)</b>	<b>(17.97%)</b>

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

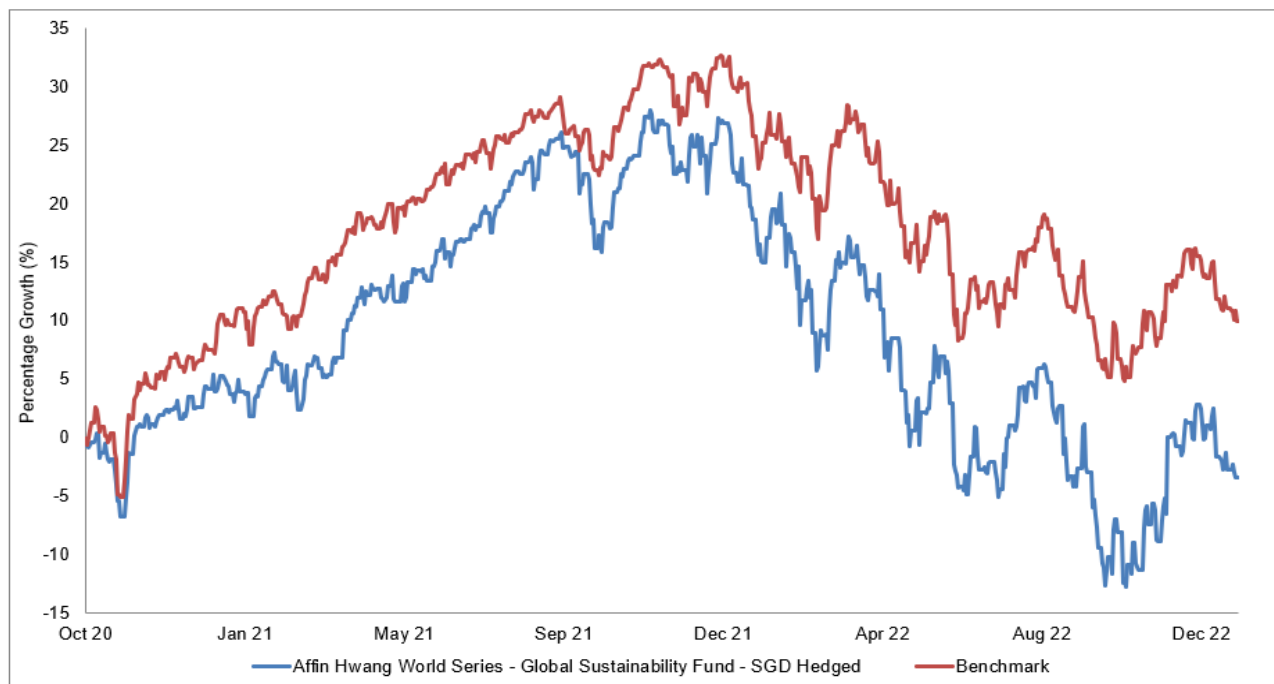


## SGD Hedged-Class

	<b>3 Months (1/10/22 - 31/12/22)</b>	<b>6 Months (1/7/22 - 31/12/22)</b>	<b>1 Year (1/1/22 - 31/12/22)</b>	<b>Since Commencement (6/10/20 - 31/12/22)</b>
<b>Fund</b>	<b>7.52%</b>	<b>(0.74%)</b>	<b>(23.87%)</b>	<b>(3.40%)</b>
<b>Benchmark</b>	<b>4.60%</b>	<b>(0.97%)</b>	<b>(16.58%)</b>	<b>9.98%</b>
<b>Outperformance</b>	<b>2.92%</b>	<b>0.23%</b>	<b>(7.29%)</b>	<b>(13.38%)</b>

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: Dow Jones Sustainability 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:

	<u>31 December 2022</u>
	(%)
Unit Trust	97.50
Derivative	1.05
Cash & money market	1.45
<b>Total</b>	<b>100.00</b>

## **Strategies Employed**

Stock selection remains the main driver of returns, with positive picks in the Technology sector being offset by weakness in Industrials, Health Care and Energy. While sector allocation is the by-product of our stock selection, underweight and overweight allocations in Technology and Industrials, respectively, offset this weakness. The Fund continues its focus on bottom-up stock picking and remains convicted to its key principle of identifying and investing in longer-term structural shifts to deliver meaningful growth.

## **Market Review**

Global equities retreated over December. Despite a decline in headline inflation rates, sentiment was knocked by a series of hawkish statements from central banks implying long-term rates may be higher than markets had priced in.

At a sector level, Information Technology, Consumer Discretionary and Communication Services stocks were among the weakest performers as hopes of a more dovish stance were dashed. Meanwhile, Utilities and Health Care stocks held up best, helped by their defensive characteristics.

December economic data indicated easing inflationary pressures, driven by slower factory gate inflation and lower shipping costs. Against hopes that peak headline inflation had passed central banks continued to raise rates, although the US Federal Reserve's (Fed's) and European Central Bank's (ECB's) 50 basis points (bps) hikes were smaller than previous increases. In general, central banks remained hawkish, with many raising their projections for terminal interest rates.

The Japanese yen surged following the Bank of Japan's (BoJ's) surprise move to amend its yield curve control policy. The euro also rallied as the ECB indicated that at least two further 50 bps increases were likely in early 2023. In contrast, the US dollar weakened amid speculation that the Fed may dial back its rate rises given growing evidence that US inflation had peaked. The British pound also retreated amid fears the UK was set for a prolonged recession.

Commodity prices closed December with little change overall. Oil prices initially fell back to levels last seen prior to Russia's invasion of Ukraine, with Brent crude trading as low as USD 75 a barrel, before rallying to close the month around USD 85 a barrel. European natural gas prices also declined sharply on news that the European Union's (EU's) gas storage facilities were more than 80% full, thanks to record imports of liquefied natural gas (LNG), a pick-up in German wind power and greater nuclear generation in France.

## **Investment outlook**

At its latest meeting, the Fed sought to stamp out once and for all any notion that a return to ease monetary policy is imminent. While US consumer price inflation appears for now to have peaked at 9.1% in August, core inflation ex-housing remains stubbornly elevated. Chair Powell is particularly focused on rising wages, observing that "it feels like we have a structural labour shortage out there".

To counter this, central banks around the world are committed to engineering weaker aggregate demand. A recession of some form has now become the broad consensus. However, Q4 was many developed economies' first unrestricted festive period in three years. With over USD 3 trillion distributed to US consumers and businesses in the pandemic alone, this past Christmas would have afforded an unrivalled opportunity to run down savings, potentially postponing economic weakness. Bullish investors have also helped drive bond yields down and share prices up, effectively loosening financial conditions.

The combination will do little to persuade central banks to swerve from their mission. Stiff rhetoric from the Fed, ECB and Bank of England (BoE) suggest that a pivot is not forthcoming. Rates will move upwards more slowly but remain elevated for longer than the market expects. Even the BoJ has taken the decision to adjust its yield curve control policy moderately upwards. Yet markets are now pricing a peak in US interest rates for June 2023, with a steady reduction towards 4% by the end of the year.

China's protracted return to economic normality may complicate matters further. The zero-COVID approach is being abandoned, and government officials are making increasingly pro-business comments. This year



may also see a return to more proactively stimulative fiscal policy. However, investors also need to ask what impact China's reopening will have on commodity prices? Could energy prices cause inflation to spike once again? Political and trade tensions only increase the potential for the global economy to take increasingly divergent paths.

Companies, for their part, are managing down expectations. Across the MSCI ACWI, 2023 earnings per share (EPS) growth forecasts have roughly halved since the start of the year according to IBES data. Weaker demand, higher costs and in some cases a backlog of inventory that had been purchased at higher prices, all threaten to erode corporate profitability. Money once again has a cost, and growth can no longer be funded with limitless debt. However, expectations may need to fall further before central banks consider their monetary policy objective complete.

Ultimately, this development is healthy and may promote a survival of the fittest approach amongst companies. At the same time, companies with exposure to structural drivers which are uncorrelated from the broader economy – such as digitalisation, electrification and ageing populations – offer greater growth visibility for investors. The current environment has created favourable opportunities in quality growth names for stockpickers mindful of valuations. We believe that opportunistically adding to such high conviction names will lay the necessary foundation for performance.

## AFFIN HWANG WORLD SERIES - GLOBAL SUSTAINABILITY FUND

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

	Financial period ended <u>31.12.2022</u> USD	Financial period ended <u>31.12.2021</u> USD
<b>INVESTMENT INCOME</b>		
Dividend income	690	-
Interest income from financial assets at amortised cost	-	920
Net (loss)/gain on foreign currency exchange	(6,495)	28,588
Net loss on forward foreign currency contracts at fair value through profit or loss	(134,475)	(46,604)
Net gain on financial assets at fair value through profit or loss	548,539	7,970,509
	<u>408,259</u>	<u>7,953,413</u>
<b>EXPENSES</b>		
Management fee	(689,360)	(781,739)
Trustee fee	(22,982)	(26,084)
Fund accounting fee	(1,543)	(1,669)
Auditors' remuneration	(927)	(843)
Tax agent's fee	(406)	(421)
Other expenses	(4,045)	(6,278)
	<u>(719,263)</u>	<u>(817,034)</u>
<b>NET (LOSS)/PROFIT BEFORE TAXATION</b>	(311,004)	7,136,379
Taxation	-	-
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>(311,004)</u>	<u>7,136,379</u>
 (Decrease)/increase in net asset attributable to unitholders is made up of the following:		
Realised amount	(4,254,722)	(873,847)
Unrealised amount	3,943,718	8,010,226
	<u>(311,004)</u>	<u>7,136,379</u>

## AFFIN HWANG WORLD SERIES - GLOBAL SUSTAINABILITY FUND

### UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	<u>2022</u> USD	<u>2021</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	1,143,638	2,933,790
Amount due from Manager		
- creation of units	2,402	1,288,583
- management fee rebate receivable	97,143	124,259
Financial assets at fair value through profit or loss	73,399,695	102,681,913
Forward foreign currency contracts at fair value through profit or loss	880,608	577,334
<b>TOTAL ASSETS</b>	<u>75,523,486</u>	<u>107,605,879</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	90,645	171,886
Amount due to broker	-	1,000,000
Amount due to Manager		
- management fee	119,021	153,706
- cancellation of units	21,950	309,785
Amount due to Trustee	3,967	5,124
Auditors' remuneration	953	1,087
Tax agent's fee	1,213	1,264
Other payables and accruals	268	242
<b>TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>238,017</u>	<u>1,643,094</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>75,285,469</u>	<u>105,962,785</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>75,285,469</u>	<u>105,962,785</u>

## AFFIN HWANG WORLD SERIES - GLOBAL SUSTAINABILITY FUND

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

	<u>2022</u> USD	<u>2021</u> USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- AUD Hedged-class	8,060,802	12,758,926
- MYR Hedged-class	48,635,937	67,098,895
- SGD Hedged-class	7,287,899	9,319,651
- USD Class	11,300,831	16,785,313
	<u>75,285,469</u>	<u>105,962,785</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- AUD Hedged-class	25,306,000	28,028,000
- MYR Hedged-class	425,665,000	427,137,000
- SGD Hedged-class	20,246,000	19,839,000
- USD Class	22,633,000	25,979,000
	<u>493,850,000</u>	<u>500,983,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- AUD Hedged-class	0.3185	0.4552
- MYR Hedged-class	0.1143	0.1571
- SGD Hedged-class	0.3600	0.4698
- USD Class	0.4993	0.6461
	<u>0.4993</u>	<u>0.6461</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- AUD Hedged-class	AUD0.4691	AUD0.6265
- MYR Hedged-class	RM0.5027	RM0.6543
- SGD Hedged-class	SGD0.4830	SGD0.6344
- USD Class	USD0.4993	USD0.6461
	<u>USD0.4993</u>	<u>USD0.6461</u>

## AFFIN HWANG WORLD SERIES - GLOBAL SUSTAINABILITY FUND

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

	Financial period ended <u>31.12.2022</u> USD	Financial period ended <u>31.12.2021</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	78,376,197	66,757,242
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	1,123,722	45,073,122
- AUD Hedged-class	177,767	7,660,300
- MYR Hedged-class	810,945	21,310,712
- SGD Hedged-class	111,018	6,352,783
- USD Class	23,992	9,749,327
Cancellation of units	(3,903,446)	(13,003,958)
- AUD Hedged-class	(558,647)	(2,476,519)
- MYR Hedged-class	(1,554,291)	(6,942,032)
- SGD Hedged-class	(263,097)	(2,070,052)
- USD Class	(1,527,411)	(1,515,355)
Net (decrease)/increase in net asset attributable to unitholders during the financial period	(311,004)	7,136,379
- AUD Hedged-class	(212,945)	497,249
- MYR Hedged-class	(349,002)	5,137,206
- SGD Hedged-class	196,269	592,872
- USD Class	54,674	909,052
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>75,285,469</u>	<u>105,962,785</u>

**AHAM Asset Management Berhad**

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