

Affin Hwang World Series - China Growth Fund

Quarterly Report
30 November 2020

Out **think**. Out **perform**.



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
HSBC (Malaysia) Trustee Berhad (1281-T)

AFFIN HWANG WORLD SERIES – CHINA GROWTH FUND

Quarterly Report and Financial Statements As at 30 November 2020

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – China Growth Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period through investments in China equities
Benchmark	MSCI China 10/40 Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

FUND PERFORMANCE DATA

MYR Class

Category	As at 30 Nov 2020	As at 31 Aug 2020
Total NAV (million)	60.878	54.603
NAV per Unit (RM)	1.1089	1.0649
Unit in Circulation (million)	54.891	51.279

USD Class

Category	As at 30 Nov 2020	As at 31 Aug 2020
Total NAV (million)	5.314	3.867
NAV per Unit (USD)	0.6726	0.6316
Unit in Circulation (million)	7.900	6.123

MYR-Hedged Class

Category	As at 30 Nov 2020	As at 31 Aug 2020
Total NAV (million)	64.035	70.550
NAV per Unit (RM)	0.6724	0.6319
Unit in Circulation (million)	95.219	111.618

Performance as at 30 November 2020

MYR Class

	3 Months (1/9/20 - 30/11/20)	6 Months (1/6/20 - 30/11/20)	1 Year (1/12/19 - 30/11/20)	3 Years (1/12/17 - 30/11/20)	5 Years (1/12/15 - 30/11/20)	Since Commencement (1/8/11 - 30/11/20)
Fund	4.13%	28.84%	39.91%	25.48%	32.14%	121.78%
Benchmark	5.14%	25.15%	32.05%	27.06%	66.33%	137.15%
Outperformance	(1.01%)	3.69%	7.86%	(1.58%)	(34.19%)	(15.37%)

Source of Benchmark: Bloomberg

USD Class

	3 Months (1/9/20 - 30/11/20)	6 Months (1/6/20 - 30/11/20)	1 Year (1/12/19 - 30/11/20)	3 Years (1/12/17 - 30/11/20)	Since Commencement (15/8/17 - 30/11/20)
Fund	6.49%	37.57%	43.60%	26.00%	34.52%
Benchmark	7.50%	33.64%	35.43%	27.62%	40.49%
Outperformance	(1.01%)	3.93%	8.17%	(1.62%)	(5.97%)

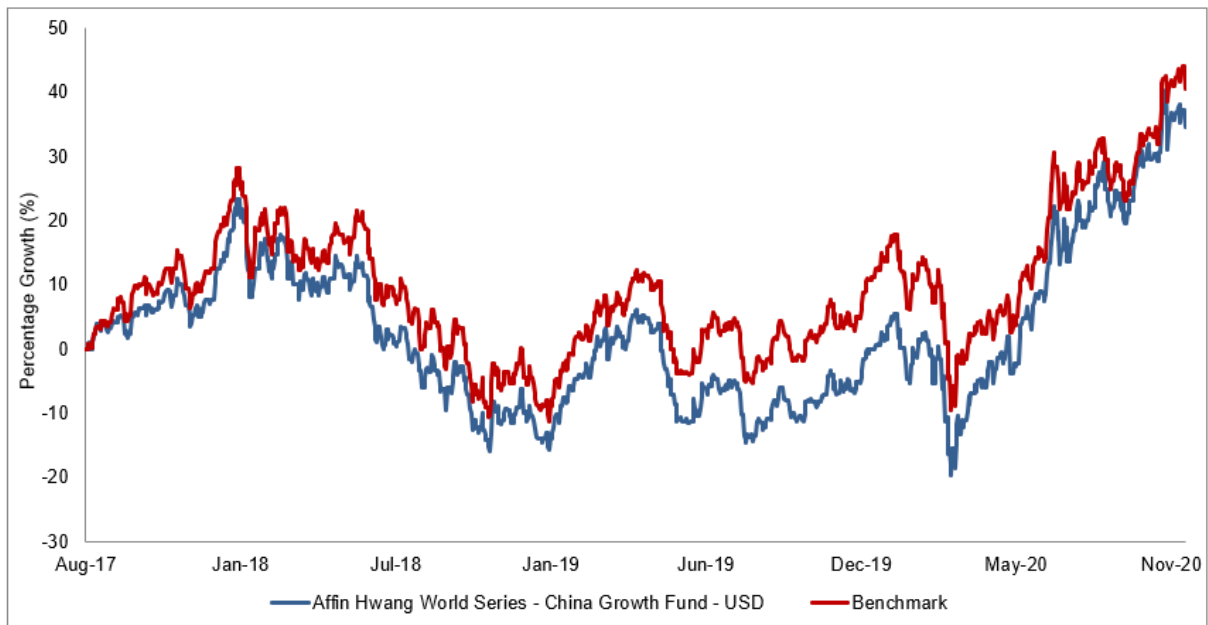
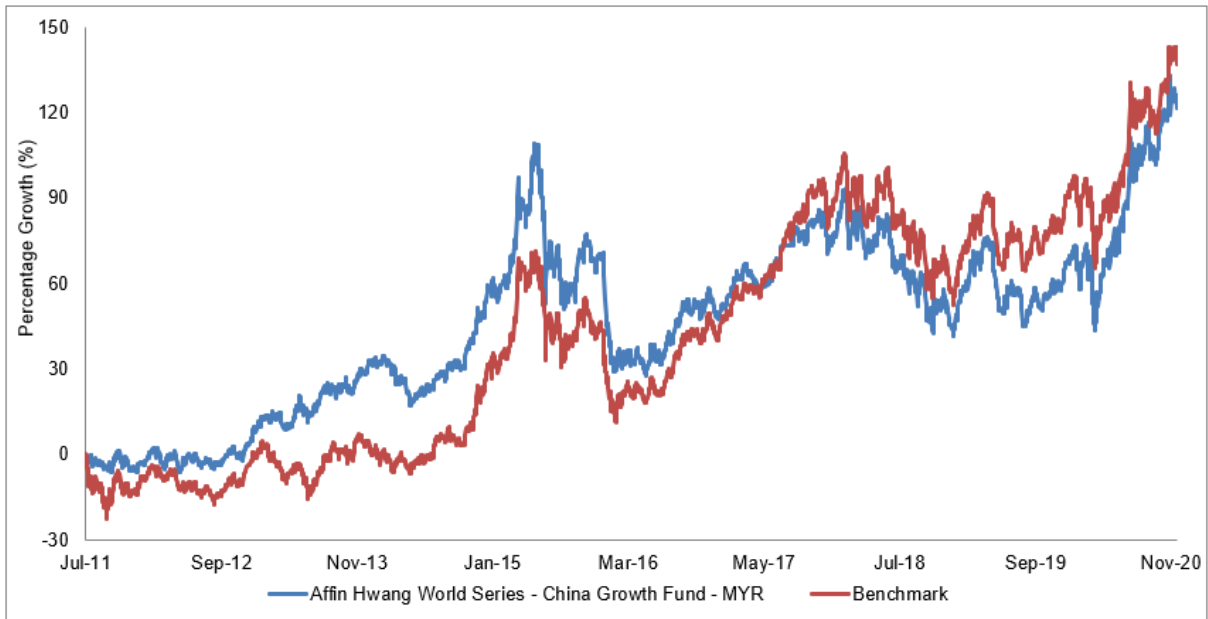
Source of Benchmark: Bloomberg

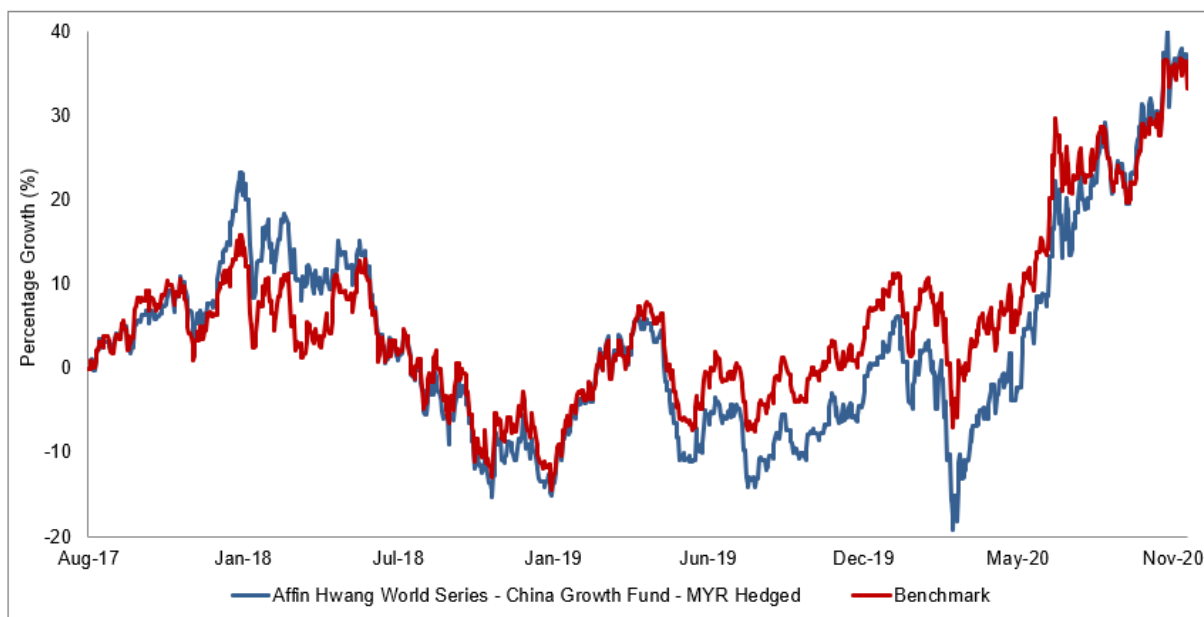
MYR Hedged-Class

	3 Months (1/9/20 - 30/11/20)	6 Months (1/6/20 - 30/11/20)	1 Year (1/12/19 - 30/11/20)	3 Years (1/12/17 - 30/11/20)	Since Commencement (15/8/17 - 30/11/20)
Fund	6.41%	37.67%	42.88%	25.89%	34.48%
Benchmark	5.14%	25.15%	32.05%	27.06%	33.31%
Outperformance	1.27%	12.52%	10.83%	(1.17%)	1.17%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark





"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) 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 China 10/40 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:

	30 November 2020
	(%)
Unit Trust	98.19
Derivative	1.50
Cash & money market	0.31
Total	100.00

Strategies Employed

The BGF China Fund adopts a flexible style and has a focus on the structural change and reform in China. The portfolio seeks to capture full spectrum of opportunities for a changing China through access to full range of China-focused stocks. The structural reform focus offers dynamic opportunity to uncover reform beneficiaries and optimal investment themes in new and old economies.

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month. In the US, the S&P 500 index closed 12.5% lower that month. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented relief package to cushion its economy. The relief package comes as the US also reports the greatest number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced since. By November, the S&P 500 index closed 10.8% higher from the previous month. This positive effect extended to Asia as well, with the Hang Seng Index and broader MSCI Asia ex Japan index rising 9.15% and 8.00% respective in the same period.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouses rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

On commodities, crude oil prices slid by about 40% YTD as at end of October, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

On the domestic front, the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. Targeted measures by this budget include extension of the Principal Hub incentive to Dec 2022, reduction of individual EPF contribution and review of income tax exemption on Green Sustainable and Responsible Investment Sukuk grant.

The Malaysia bond market saw foreign holdings increase by RM 2.7 billion in November making up 13.6% of total bonds outstanding, its highest since January 2020. Though foreign demand seems to be positive, overall yields still grew as selling concentrated on the lower end of the curve, as yields for the 15-year and 20-year MGS edged up 28 bps and 18 bps in the last week of November.

Investment Outlook

The COVID-19 outbreak looks set to derail the global economy and may even push it into recession. Policymakers may make the difference between a deep and shallow recession. We believe they have three key responses: prevent a sustained tightening of financial conditions; help stave off cash flow shocks that would threaten to shutter otherwise sound businesses; and support individuals whose incomes are eroded by the disruption. We see a need for a decisive and pre-emptive policy response that addresses these three areas.

Economic growth and markets have historically responded with a V-shaped pattern to temporary disruptions caused by past epidemics, with the recovery in economic activity often fuelled by the pent-up demand in retail and a restart of manufacturing sector. Yet key uncertainties around this outbreak may make history an unreliable guide. It is still too soon to gauge the magnitude and duration of this outbreak as well as its overall impact on the global economy.

Prior to the outbreak, growth prospects had started to improve in key developed economies since late 2019 with improving data for the US, the euro area, Japan and the UK. Growth momentum was also starting to recover in EM late last year.

However, economic numbers have already started to decline in the face of the COVID-19 outbreak. For the time being, we see it delaying, but not derailing, a growth uptick that should take root this year, though we recognise that there is a risk of a more serious scenario. China's central bank has already started to ease policy, and we are likely to see more support from Chinese authorities to shore up growth. There has been monetary support from central banks across the globe.

For markets, the shock impact of COVID-19 has been large and sharp, but we believe investors should be level headed. Market movements have been reminiscent of the financial crisis of 2008, but the global economy and financial system are on a much stronger footing. Investors should take a long term perspective.

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020

	Financial period ended 30.11.2020 USD	Financial period ended 30.11.2019 USD
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	1,629	2,291
Net gain on foreign currency exchange	13,071	175
Net gain on forward foreign currency contract at fair value through profit or loss	1,207,399	121,964
Net gain on financial assets at fair value through profit or loss	12,300,245	3,438,020
	<u>13,522,344</u>	<u>3,562,450</u>
EXPENSES		
Management fee	(313,616)	(518,886)
Trustee fee	(8,784)	(14,483)
Auditors' remuneration	(930)	(961)
Tax agent's fee	(796)	(448)
Other expenses	(660)	(909)
	<u>(324,786)</u>	<u>(535,687)</u>
NET PROFIT BEFORE TAXATION	13,197,558	3,026,763
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>13,197,558</u>	<u>3,026,763</u>
Increase of net asset attributable to unitholders is made up of the following:		
Realised amount	2,559,710	(1,951,496)
Unrealised amount	10,637,848	4,978,259
	<u>13,197,558</u>	<u>3,026,763</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020

	<u>2020</u> USD	<u>2019</u> USD
ASSETS		
Cash and cash equivalents	650,762	1,277,722
Amount due from brokers	947,849	313,697
Amount due from Manager		
- creation of units	1,299,137	-
- management fee rebate receivable	38,888	33,095
Financial assets at fair value through profit or loss	35,335,397	52,256,539
Forward foreign currency contracts at fair value through profit or loss	538,728	19,987
TOTAL ASSETS	<u>38,810,761</u>	<u>53,901,040</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	108	177,284
Amount due to brokers	2,527,821	352,413
Amount due to Manager		
- management fee	49,867	80,637
- cancellation of units	241,528	377,243
Amount due to Trustee	1,385	2,240
Auditors' remuneration	1,105	1,113
Tax agent's fee	1,620	1,333
Other payables and accruals	1,354	691
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>2,824,788</u>	<u>992,954</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u><u>35,985,973</u></u>	<u><u>52,908,086</u></u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020 (CONTINUED)

	<u>2020</u> USD	<u>2019</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- MYR Class	14,948,645	18,983,758
- MYR-Hedged Class	15,723,671	26,523,405
- USD Class	5,313,657	7,400,923
	<u>35,985,973</u>	<u>52,908,086</u>
NUMBER OF UNITS IN CIRCULATION		
- MYR Class	54,891,000	100,030,000
- MYR-Hedged Class	95,219,000	235,285,000
- USD Class	7,900,000	15,799,000
	<u>158,010,000</u>	<u>351,114,000</u>
NET ASSET VALUE PER UNIT (USD)		
- MYR Class	0.2723	0.1898
- MYR-Hedged Class	0.1651	0.1127
- USD Class	0.6726	0.4684
	<u>0.6726</u>	<u>0.4684</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- MYR Class	RM1.1089	RM0.7926
- MYR-Hedged Class	RM0.6724	RM0.4706
- USD Class	USD0.6726	USD0.4684
	<u>USD0.6726</u>	<u>USD0.4684</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020

	Financial period ended 30.11.2020 USD	Financial period ended 30.11.2019 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	40,610,344	58,474,061
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	9,745,587	2,580,436
- MYR Class	4,748,972	1,044,131
- MYR-Hedged Class	2,681,571	1,290,701
- USD Class	2,315,044	245,604
Cancellation of units	(27,567,516)	(11,173,174)
- MYR Class	(9,287,796)	(3,482,055)
- MYR-Hedged Class	(14,282,276)	(6,704,929)
- USD Class	(3,997,444)	(986,190)
Increase in net assets attributable to unitholders during the financial period	13,197,558	3,026,763
- MYR Class	4,646,134	1,064,302
- MYR-Hedged Class	7,058,727	1,544,626
- USD Class	1,492,697	417,835
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	35,985,973	52,908,086

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)