

QUARTERLY REPORT
30 November 2022

Affin Hwang World Series – **China** **Growth Fund**

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AFFIN HWANG WORLD SERIES – CHINA GROWTH FUND

Quarterly Report and Financial Statements As at 30 November 2022

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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 2022	As at 31 Aug 2022
Total NAV (million)	83.412	94.873
NAV per Unit (RM)	0.7436	0.8503
Unit in Circulation (million)	112.176	111.603

USD Class

Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	7.063	8.386
NAV per Unit (USD)	0.4135	0.4719
Unit in Circulation (million)	17.083	17.772

MYR-Hedged Class

Category	As at 30 Nov 2022	As at 31 Aug 2022
Total NAV (million)	146.014	163.795
NAV per Unit (RM)	0.4153	0.4779
Unit in Circulation (million)	351.380	342.735

Fund Performance

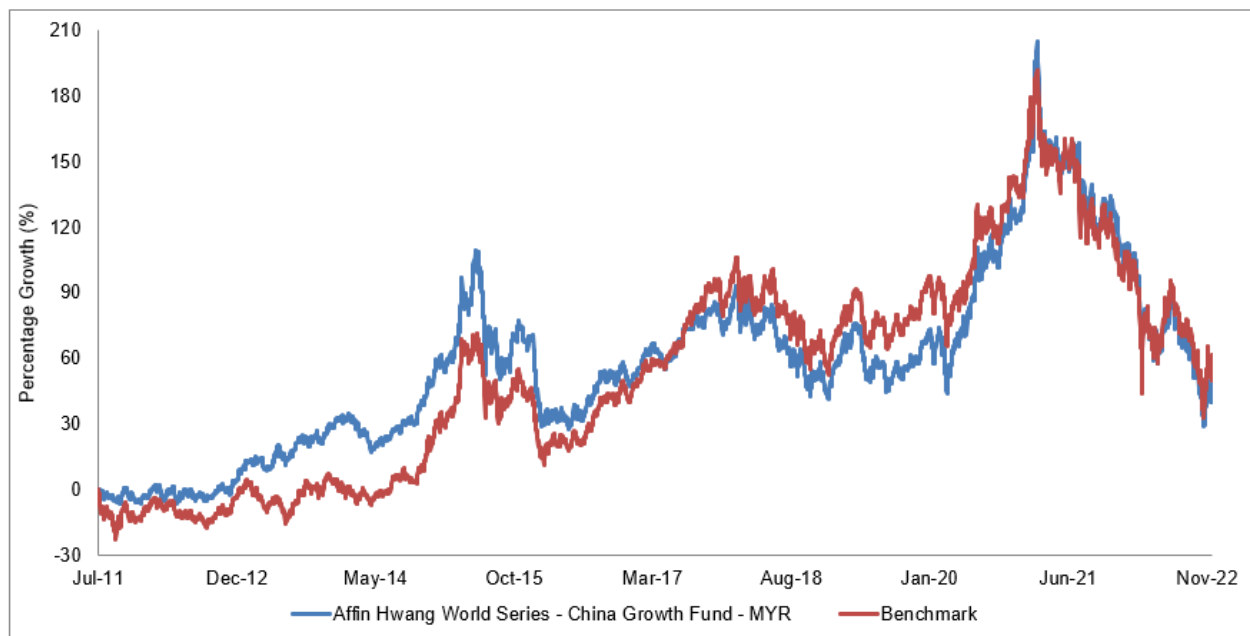
MYR Class

Performance as at 30 November 2022

	3 Months (1/9/22 - 30/11/22)	6 Months (1/6/22 - 30/11/22)	1 Year (1/12/21 - 30/11/22)	3 Years (1/12/19 - 30/11/22)	5 Years (1/12/17 - 30/11/22)	Since Commencement (1/8/11 - 30/11/22)
Fund	(11.28%)	(14.90%)	(33.90%)	(6.18%)	(15.85%)	48.72%
Benchmark	(8.34%)	(8.96%)	(23.52%)	(9.86%)	(13.27%)	61.88%
Outperformance	(2.94%)	(5.94%)	(10.38%)	3.68%	(2.58%)	(13.16%)

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



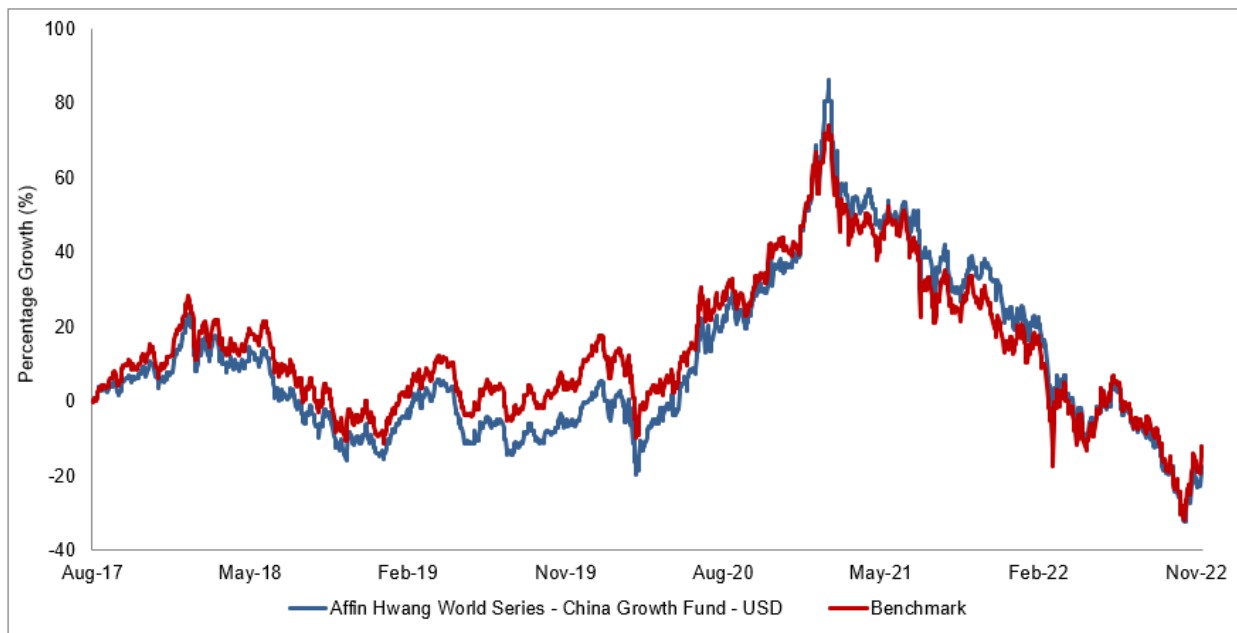
USD Class

Performance as at 30 November 2022

	3 Months (1/9/22 - 30/11/22)	6 Months (1/6/22 - 30/11/22)	1 Year (1/12/21 - 30/11/22)	3 Years (1/12/19 - 30/11/22)	5 Years (1/12/17 - 30/11/22)	Since Commencement (15/8/17 - 30/11/22)
Fund	(10.61%)	(16.14%)	(37.47%)	(11.72%)	(22.54%)	(17.30%)
Benchmark	(7.67%)	(10.31%)	(27.51%)	(15.26%)	(20.14%)	(12.09%)
Outperformance	(2.94%)	(5.83%)	(9.96%)	3.54%	(2.40%)	(5.21%)

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



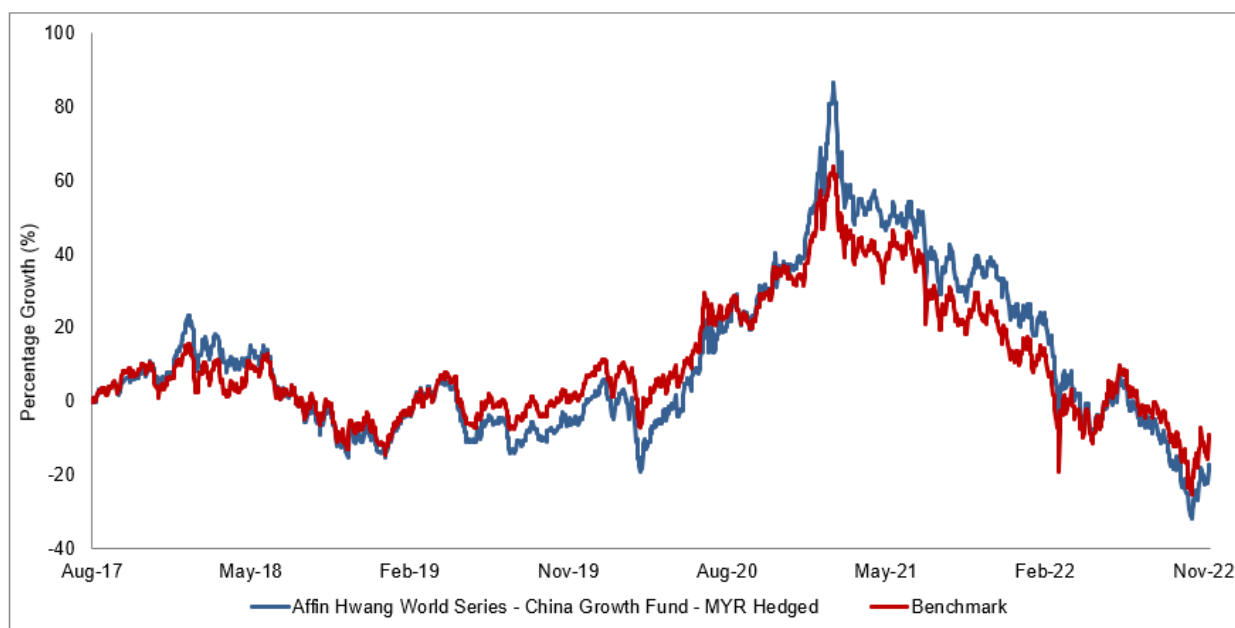
MYR Hedged-Class

Performance as at 30 November 2022

	3 Months (1/9/22 - 30/11/22)	6 Months (1/6/22 - 30/11/22)	1 Year (1/12/21 - 30/11/22)	3 Years (1/12/19 - 30/11/22)	5 Years (1/12/17 - 30/11/22)	Since Commencement (15/8/17 - 30/11/22)
Fund	(11.36%)	(16.74%)	(37.65%)	(11.75%)	(22.24%)	(16.94%)
Benchmark	(8.34%)	(8.96%)	(23.52%)	(9.86%)	(13.27%)	(9.00%)
Outperformance	(3.02%)	(7.78%)	(14.13%)	(1.89%)	(8.97%)	(7.94%)

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 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 2022
	(%)
Unit Trust	97.22
Derivative	0.26
Cash & money market	2.52
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

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions among investor concerns. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As we enter the last quarter of the year, numerous interest rates hikes have taken place over the year. The US Federal Reserve (Fed) has raised the fed funds rate to 4.00% by November 2022 to address inflationary pressures. All eyes will be on the upcoming Fed's policy meeting on the 14 December where a 50-75 basis points (bps) rate hike is widely baked into market expectations. Investors will be keeping a lookout on the Fed's forward commentary to see if there are any signs of a pivot.

In Asia, the broader MSCI Asia ex-Japan soared 18.7% as the US dollar weakened. China stocks rallied with the Shanghai Shenzhen CSI 300 index up 9.8% buoyed by reopening optimism. Beijing announced several new measures to tweak its strict zero-COVID strategy. These include an adjustment of categorisation of COVID risk areas to "high" and "low" - eliminating a "medium" category in a bid to minimise the number of people caught up in control measures. Authorities also shortened the quarantine period by two days and will also end its policy to identify "secondary" close contacts.

Asia credit market posted a positive return in November. Overall, two-year yields were down 17 bps while 10-year yields were down 44 bps. High yield bonds outperformed investment grade bonds over the month as the overall spreads narrowed to a larger extent in the former, amid a 25 bps RRR cut to inject liquidity in China and positive news on major Chinese banks signing strategic agreements to provide new credit lines to some property developers. 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. Meanwhile, spreads of IG corporate bonds generally tightened.

Investment Outlook

Markets are set to remain challenging as the global economy waddles through several turbulent changes. The effects of Russia's invasion of Ukraine, the highest level of inflation seen in several decades and lingering COVID-19 pandemic effects all contribute heavily to the outlook. As policymakers aim to lower inflation back to a sustainable range, monetary and fiscal policy that provided support during the pandemic has started to normalise. However, without careful calibration of policies, more economies could potentially see a larger degree of slowing growth or outright contraction. The possibility of another pandemic induced supply chain reduction on top of the continuing Russia-Ukraine conflict could affect the global economy's health.

Economists are expecting a weaker growth in 2023 compared to 2022 with the proliferation of slow global growth induced by the effects of rapid rate hikes and inflation to name a few. However, Asian market is expected to benefit from the from China's stabilization and the hope of re-opening. We remain positive on quality businesses with durable competitive advantages, which provide stability should uncertainty persist, and economic fundamentals deteriorate. Within China, the offshore shares are expected to offer better risk-adjusted return profile than the onshore equities at this juncture as global appetite turns more positive with signs of lower of inflation pressure.

US economic data that was released in the month posted its first positive growth for 2022. Although the November Federal Open Market Committee (FOMC) decision – a fourth consecutive 75-basis point (75-bp) rate increase – and the post-decision press conference was interpreted as hawkish, the language added to the FOMC statement opened the door for a less hawkish stance in the future. Chair Powell's speech on the last day of the month further supported that view. Together these developments may have reduced the tail risk of a much higher terminal rate in 2023, pressuring the US dollar, Treasury yields, and equity volatility. In

addition, consumer spending and the labour market remained resilient, and the Q3 earnings season was better than feared.

The sharp recovery and significant credit spread tightening in Asia credit market this month was led by China. Whilst the Asia credit market has generated some decent returns and outperformed its global peers, the sustainability of the recovery has immediately come into question. The strong market sentiment came mainly from the news that more credit lines would be granted by the big Chinese banks to 17 property developers and more easing of covid rules in major cities in China. These policy measures came faster than the markets expected, reflecting the Chinese authorities' stronger commitment to restore confidence and property sales. Although the impact on the economy would depend on the effectiveness of the transmission mechanism, we could see some positive signs of the authorities recognizing the urgency of addressing these issues, which should lead to a more sustained recovery in the Chinese credit market especially in the property space. In the high yield space, credit spreads tightened with the Chinese names tightening most dramatically, driven by the sharp rebound in the property sector.

We expect markets to remain volatile as markets continue to shift between competing narratives of elevated inflation and rising risk of a recession, which will take time to play out. In addition to global rate hikes, geopolitical risk could further increase volatility. Risks to the outlook continue to remain large and for the most part, to the downside. Central banks and policymakers could misjudge the right stance to contain inflation and reign it in for a soft landing. If policy paths in the largest economies continue to diverge, further US dollar appreciation and cross-border tension could be observed.

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2022

	Financial period ended <u>30.11.2022</u> USD	Financial period ended <u>30.11.2021</u> USD
INVESTMENT LOSS		
Interest income from financial assets at amortised cost	5,683	1,880
Net loss on foreign currency exchange	(40,041)	(34,272)
Net loss on forward foreign currency contract at fair value through profit or loss	(980,090)	(605,844)
Net (loss)/gain on financial assets at fair value through profit or loss	(10,969,550)	(9,738,518)
	<u>(11,983,998)</u>	<u>(10,376,754)</u>
EXPENSES		
Management fee	(563,735)	(718,124)
Trustee fee	(15,667)	(19,966)
Auditors' remuneration	(973)	(973)
Tax agent's fee	(426)	(426)
Other expenses	(232)	(257)
	<u>(581,033)</u>	<u>(739,746)</u>
NET LOSS BEFORE TAXATION	(12,565,031)	(11,116,500)
Taxation	-	-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>(12,565,031)</u>	<u>(11,116,500)</u>
Decrease of net asset attributable to unitholders is made up of the following:		
Realised amount	(5,236,200)	(989,556)
Unrealised amount	(7,328,831)	(10,126,944)
	<u>(12,565,031)</u>	<u>(11,116,500)</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022

	<u>2022</u> USD	<u>2021</u> USD
ASSETS		
Cash and cash equivalents	1,259,566	1,919,402
Amount due from brokers	99,965	1,112,280
Amount due from Manager		
- creation of units	206,502	265,296
- management fee rebate receivable	32,159	50,019
Financial assets at fair value through profit or loss	57,080,338	78,592,113
Forward foreign currency contracts at fair value through profit or loss	326,128	69,522
TOTAL ASSETS	<u>59,004,658</u>	<u>82,008,632</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	176,289	345,380
Amount due to brokers	19,587	-
Amount due to Manager		
- management fee	78,971	122,468
- cancellation of units	11,668	1,016,078
Amount due to Trustee	2,193	3,402
Auditors' remuneration	1,268	1,117
Tax agent's fee	1,253	1,237
Other payables and accruals	967	1,071
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>292,196</u>	<u>1,490,753</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>58,712,462</u>	<u>80,517,879</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022 (CONTINUED)

	<u>2022</u> USD	<u>2021</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- MYR Class	18,778,052	27,974,773
- MYR-Hedged Class	32,871,311	41,382,387
- USD Class	7,063,099	11,160,719
	<u>58,712,462</u>	<u>80,517,879</u>
NUMBER OF UNITS IN CIRCULATION		
- MYR Class	112,176,000	104,483,000
- MYR-Hedged Class	351,380,000	261,043,000
- USD Class	17,083,000	16,877,000
	<u>480,639,000</u>	<u>382,403,000</u>
NET ASSET VALUE PER UNIT (USD)		
- MYR Class	0.1674	0.2677
- MYR-Hedged Class	0.0935	0.1585
- USD Class	0.4135	0.6613
	<u>0.1674</u>	<u>0.2677</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- MYR Class	RM0.7436	RM1.1250
- MYR-Hedged Class	RM0.4153	RM0.6661
- USD Class	USD0.4135	USD0.6613
	<u>RM0.7436</u>	<u>RM1.1250</u>

AFFIN HWANG WORLD SERIES - CHINA GROWTH FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2022

	Financial period ended <u>30.11.2022</u> USD	Financial period ended <u>30.11.2021</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	70,029,598	76,085,304
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	7,951,308	34,952,759
- MYR Class	2,658,543	20,463,861
- MYR-Hedged Class	5,221,199	11,973,790
- USD Class	71,566	2,515,108
Cancellation of units	(6,703,413)	(19,403,684)
- MYR Class	(2,692,502)	(15,007,581)
- MYR-Hedged Class	(3,654,124)	(3,424,696)
- USD Class	(356,787)	(971,407)
Decrease in net assets attributable to unitholders during the financial period	(12,565,031)	(11,116,500)
- MYR Class	(3,553,946)	(3,543,934)
- MYR-Hedged Class	(7,586,822)	(5,965,271)
- USD Class	(1,424,263)	(1,607,295)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>58,712,462</u>	<u>80,517,879</u>

AHAM Asset Management Berhad

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