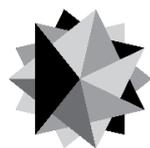


Affin Hwang

Single Bond Series 1

Quarterly Report
31 May 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
CIMB Commerce Trustee Berhad (313031-A)

AFFIN HWANG SINGLE BOND SERIES 1

Quarterly Report and Financial Statements As at 31 May 2020

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN ASSET	10

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Single Bond Series 1
Fund Type	Income
Fund Category	Bond (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
Benchmark	12-month Malayan Banking Berhad Fixed Deposit Rate
Distribution Policy	Subject to the availability of income, the Fund will provide distribution on an annual basis

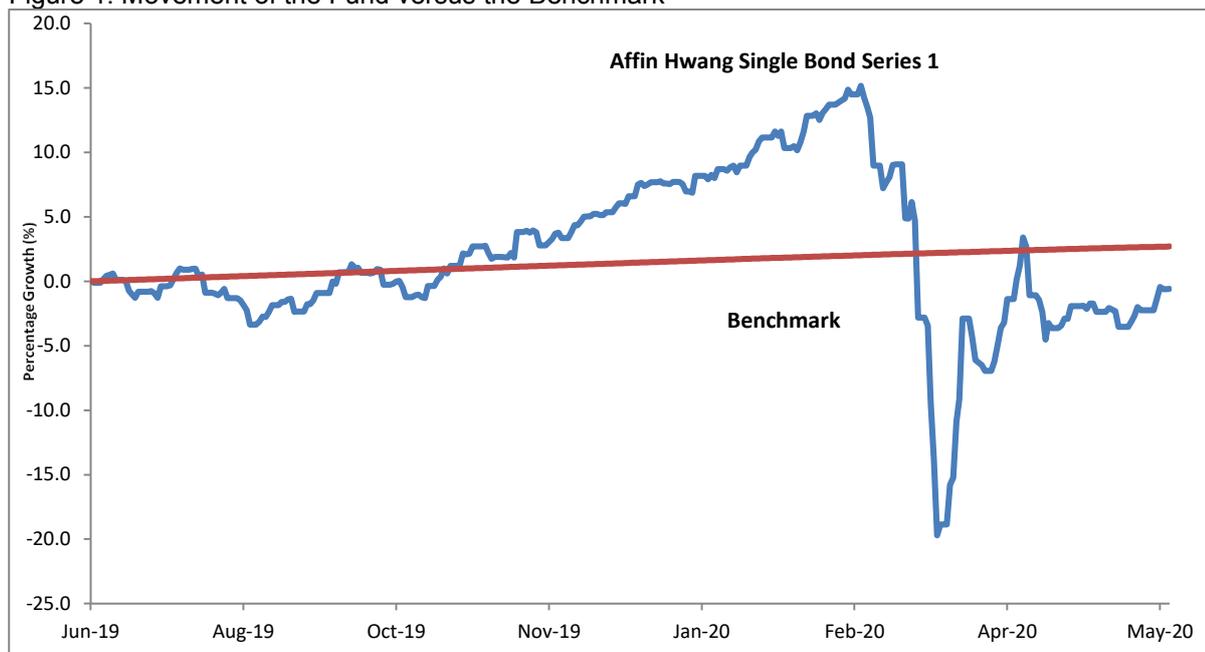
FUND PERFORMANCE DATA

Category	As at 31 May 2020	As at 29 Feb 2020
Total NAV (million)	50.869	17.161
NAV per Unit (USD)	0.9400	1.0722
Unit in Circulation (million)	235.139	67.446

Table 1: Performance as at 31 May 2020

	3 Months (1/3/20 - 31/5/20)	6 Months (1/12/19 - 31/5/20)	Since Commencement (28/6/19 - 31/5/20)
Fund	(8.79%)	(5.37%)	(0.60%)
Benchmark	0.62%	1.37%	2.70%
Outperformance / (Underperformance)	(9.41%)	(6.74%)	(3.30%)

Figure 1: 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.”
 Benchmark: Maybank 12M Fixed Deposit

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 May 2020
	(%)
Fixed Income	88.59
Derivatives	(2.03)
Cash & money market	13.44
Total	100.00

Strategies Employed

The Fund invests solely into a high-quality single bond paper and aims to provide regular income over the medium to long term period.

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 Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. 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 even lower in February 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. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCI Asia ex-Japan index fell 2.9%.

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 and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

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 by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

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.

On commodities, crude oil prices slid 8.0% in April as production cuts agreed by OPEC+ disappointed markets. The supply cuts were unlikely to be sufficient to mitigate the sharp collapse in demand which has also seen depleting storage space in the industry.

On the domestic front, the benchmark KLCI fell by 3% in February as 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.

In May, the benchmark KLCI rose 4.7% buoyed by positive sentiment and surge in momentum. Retail investors have piled into the local stock market as trading volumes reach new highs. Malaysia released its first quarterly GDP print. Malaysia's economic growth slowed to 0.7% in the 1Q2020 which is its slowest pace of growth since 2009. Most sectors of the economy contracted except for private consumption which was likely supported by additional spending during the Chinese New Year festivities. Moving into the 2Q2020, economic growth will likely come off even more sharply as the quarter captures the full impact of the movement control order (“MCO”) period where most businesses were temporarily shuttered. Against a challenging backdrop for the economy, the full year GDP growth forecast is expected to shrink between -5.0% and 0.7% in 2020.

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 RM25 billion. 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 RM10 billion package to help SMEs cope during the pandemic.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country's coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Recent placement exercises by Tenaga Nasional Bhd (“TNB”) and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

Investment Outlook

Economic lockdowns have triggered a rapid and sharp decline in growth. It may take time for the global economy and corporates to recover back to pre-COVID-19 levels. Though, massive stimulus from central banks and governments will help alleviate economic pain.

Although the number of daily new cases may rise again as economies re-open, we are seeing a number of positive developments that may help prevent infection and mortality rates from rising back to its peak in March/April for many countries. The general public is much more careful now by wearing masks in public areas and maintaining hygiene as they adapt to a new normal. Thus, behavioural changes within society can help to stem the spread of infection.

The supply of masks and PPEs are also much higher today than a few months ago as manufacturers increase production to meet demand. Hospitals and medical facilities are also much more prepared after increasing ICU beds and ventilators. Governments have also ramped-up contact tracing capabilities that will help in the process of reopening economies. The research and development process to find a cure is also gathering pace with a number of vaccines already in Phase 3 trials. With a better medical arsenal to combat against the pandemic, expectations are that the second wave will not result in higher mortality rates unlike past pandemics.

AFFIN HWANG SINGLE BOND SERIES 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020

Financial
period ended
31.05.2020
USD

INVESTMENT INCOME

Interest income from financial assets at amortised cost	22,085
Interest income from financial assets at fair value through profit or loss	1,064,831
Net gain on foreign currency exchange	(9,896)
Net loss on forward foreign currency contracts at fair value through profit or loss	(92,520)
Net loss on currency swap at fair value through profit or loss	(768,414)
Net gain on financial assets at fair value through profit or loss	492,282
	<hr/>
	708,368

EXPENSES

Management fee	(92,945)
Trustee fee	(8,082)
Fund accounting fee	(686)
Auditors' remuneration	(1,273)
Tax agent's fee	(557)
Other expenses	(22,294)
	<hr/>
	(125,837)

PROFIT BEFORE FINANCE COST AND TAXATION

582,531

FINANCE COST (EXCLUDING INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)

Distributions	(889,759)
	<hr/>

NET LOSS BEFORE TAXATION

(307,228)

Taxation

-

DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER

(307,228)

AFFIN HWANG SINGLE BOND SERIES 1

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

	Financial period ended <u>31.05.2020</u> USD
Decrease of net asset attributable to unitholders is made up of the following:	
Realised amount	(229,276)
Unrealised amount	(77,952)
	<hr/>
	<u>(307,228)</u>

AFFIN HWANG SINGLE BOND SERIES 1

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

2020
USD

ASSETS

Cash and cash equivalents	10,044,795
Financial assets at fair value through profit or loss	45,625,351
Forward foreign currency contracts at fair value through profit or loss	352
TOTAL ASSETS	61,121,374

LIABILITIES

Currency swap at fair value through profit or loss	969,895
Amount due to Manager - management fee	14,266
Amount due to Trustee	1,141
Amount due to brokers	9,251,042
Auditors' remuneration	1,273
Tax agent's fee	557
Other payables and accruals	146
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	10,238,320

NET ASSET VALUE OF THE FUND **50,883,054**

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS **50,883,054**

AFFIN HWANG SINGLE BOND SERIES 1

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020 (CONTINUED)

2020
USD

REPRESENTED BY:

FAIR VALUE OF OUTSTANDING UNITS

- MYR-Hedged Class	<u>50,883,054</u>
--------------------	-------------------

NUMBER OF UNITS IN CIRCULATION

- MYR-Hedged Class	<u>235,139,000</u>
--------------------	--------------------

NET ASSET VALUE PER UNIT (USD)

- MYR-Hedged Class	<u>0.2164</u>
--------------------	---------------

NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCY

- MYR-Hedged Class	<u>RM0.9402</u>
--------------------	-----------------

AFFIN HWANG SINGLE BOND SERIES 1

STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 MAY 2020

	Financial period ended <u>31.05.2020</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	-
Movement due to units created and cancelled during the financial period	
Creation of units arising from applications	59,843,415
- MYR-Hedged Class	59,843,415
Creation of units arising from distributions	105,389
- MYR-Hedged Class	105,389
Cancellation of units	(8,758,522)
- MYR-Hedged Class	(8,758,522)
Net decrease in net assets attributable to unitholders during the financial period	
- MYR-Hedged Class	(307,228)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<hr/> <u>(8,758,522)</u>

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)