

Affin Hwang

Constant Cash Fund

Quarterly Report
31 March 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG CONSTANT CASH FUND

Quarterly Report and Financial Statements As at 31 March 2021

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Constant Cash Fund
Fund Type	Income
Fund Category	Money market (Wholesale)
Investment Objective	The Fund aims to provide investors with a regular income stream while aiming to maintain the NAV per Unit at RM1.00
Benchmark	The Fund shall benchmark itself against the Malayan Banking Berhad Overnight Rate
Distribution Policy	Subject to the availability of income, the Fund will provide Unit Holders with monthly income by way of reinvestment in the form of additional Units

FUND PERFORMANCE DATA

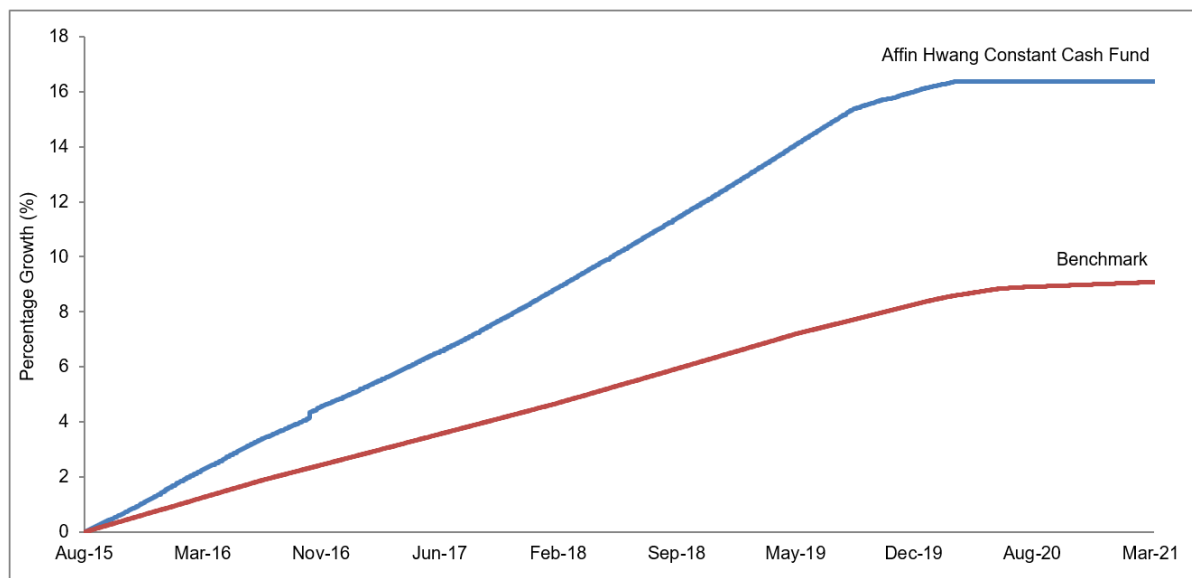
Category	As at 31 Mar 2020	As at 31 Dec 2020
Total NAV (RM'million)	0.003	0.003
NAV per Unit (RM)	1.0000	1.0000
Unit in Circulation (million)	0.003	0.003

Performance as at 31 March 2021

	3 Months (1/1/21 - 31/3/21)	6 Months (1/10/20 - 31/3/21)	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (4/8/15 - 31/3/21)
Fund	0.00%	0.00%	0.00%	6.28%	13.66%	16.37%
Benchmark	0.06%	0.12%	0.40%	3.90%	7.67%	9.09%
Outperformance	(0.06%)	(0.12%)	(0.40%)	2.38%	5.99%	7.28%

Source of Benchmark: Maybank

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 Maybank."

Benchmark: Malayan Banking Berhad Overnight Rate

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 March 2021</u>
	(%)
Cash & money market	100.00
Total	100.00

Strategies Employed

The Manager maintained a high level of investment in short-dated MYR fixed deposits. To date, the Manager remains comfortable with the deposits that have been placed by the Fund in respect of the bank's credit and fundamentals.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which are now facing short-term squeezes on their profit margins from

rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter.

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

Malaysia's Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

AFFIN HWANG CONSTANT CASH FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Financial period ended <u>31.3.2021</u> RM	Financial period ended <u>31.3.2020</u> RM
INVESTMENT INCOME		
Interest income for financial assets at fair value through profit or loss	-	251,130
Other income	-	38,281
	<hr/>	<hr/>
	-	289,411
	<hr/>	<hr/>
EXPENSES		
Management fee	-	(2,641)
Trustee fee	-	(1,304)
Auditors' remuneration	-	(4,839)
Tax agent's fee	-	(2,419)
Other expenses	-	(1,610)
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	-	(12,813)
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NET PROFIT BEFORE TAXATION	-	276,598
Taxation	-	(60,083)
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NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	-	216,515
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Net profit after taxation is made up of the following:		
Realised amount	-	216,515
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AFFIN HWANG CONSTANT CASH FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>2021</u> RM	<u>2020</u> RM
ASSETS		
Financial asset at fair value through profit or loss	-	-
Cash and cash equivalents	21,207	30,422
Amount due from Manager - management fee rebate receivable		21,126
Tax recoverable	34,684	-
TOTAL ASSETS	<u>55,891</u>	<u>51,548</u>
LIABILITIES		
Amount due to Manager - management fee	-	125
- others	34,454	-
Amount due to Trustee	-	10
Auditors' remuneration	4,839	4,839
Tax agent's fee	2,419	2,419
Tax provision	-	29,270
Distribution payable	-	699
Other payables and accruals	11,179	11,186
TOTAL LIABILITIES	<u>52,891</u>	<u>48,548</u>
NET ASSET VALUE OF THE FUND	<u>3,000</u>	<u>3,000</u>
EQUITY		
Unitholders' capital	3,000	3,000
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>3,000</u>	<u>3,000</u>
NUMBER OF UNITS IN CIRCULATION	<u>3,000</u>	<u>3,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.00</u>	<u>1.00</u>

AFFIN HWANG CONSTANT CASH FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2020	3,000	-	3,000
Balance as at 31 March 2021	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Balance as at 1 July 2019	52,752,000	-	52,752,000
Total comprehensive income for the financial period	-	216,515	216,515
Distributions	-	(216,515)	(216,515)
Movement in unitholders' capital:			
Creation of units arising from applications	8,007	-	8,007
Creation of units arising from distributions	488,712	-	488,712
Cancellation of units	<u>(53,245,719)</u>	<u>-</u>	<u>(53,245,718)</u>
Balance as at 31 March 2020	<u>3,000</u>	<u>-</u>	<u>3,000</u>

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