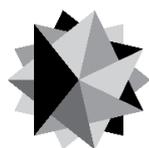


Affin Hwang

Single Bond Series 5

Quarterly Report
30 April 2022

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 5

Quarterly Report and Financial Statements As at 30 April 2022

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang Series Bond Series 5
Fund Type	Income
Fund Category	Bond (wholesale)
Investment Objective	The Fund aims to provide regular income over 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

MYR Class

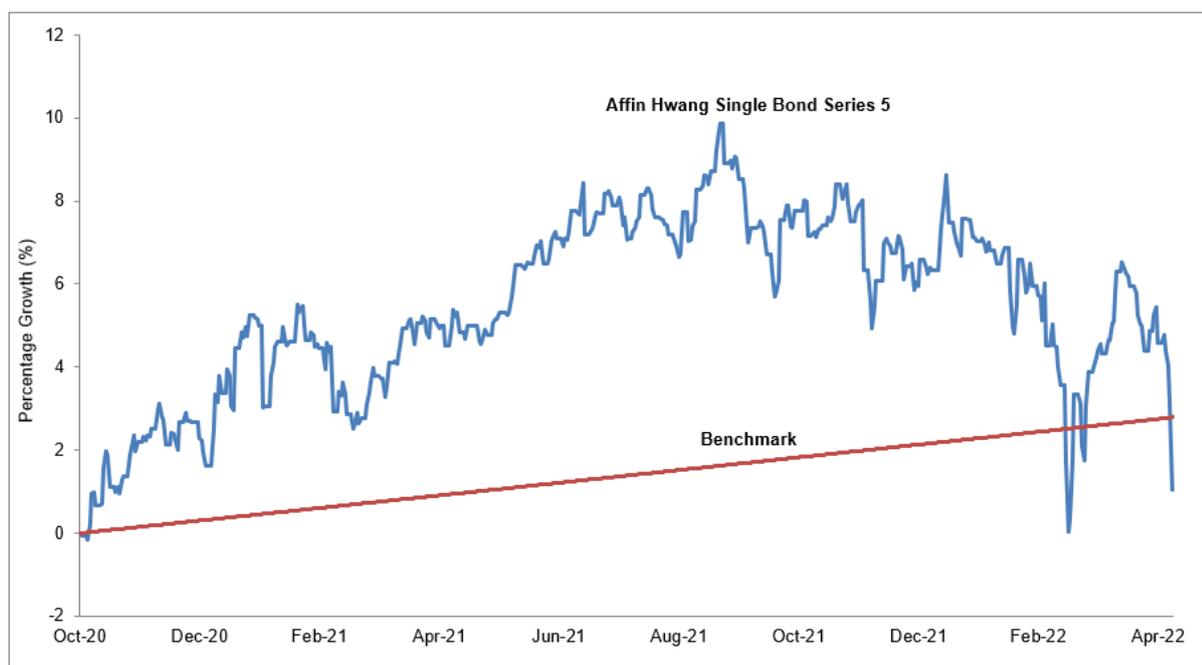
Category	As at 30 Apr 2022	As at 31 Jan 2022
Total NAV (RM'million)	47.322	51.547
NAV per Unit (RM)	0.9604	1.0119
Unit in Circulation (million)	49.271	50.942

Table 1: Performance as at 30 April 2022

	3 Months (1/2/22 - 30/4/22)	6 Months (1/11/21 - 30/4/22)	1 Year (1/5/21 - 30/4/22)	Since Commencement (30/10/20 - 30/4/22)
Fund	(5.09%)	(5.71%)	(3.31%)	1.06%
Benchmark	0.45%	0.91%	1.85%	2.79%
Outperformance	(5.54%)	(6.62%)	(5.16%)	(1.73%)

Source of Benchmark: Bloomberg

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. Source of Benchmark is from Bloomberg."

Benchmark: 12-month Malayan Banking Berhad Fixed Deposit 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:

	30 April 2022
	(%)
Fixed Income	98.93
Derivatives	-4.57
Cash & money market	5.64
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

Uncertainty has been an ongoing theme in economies and markets. While global equities started on a strong note at the start of 2021 due to policy easing and optimism surrounding vaccination rollout, global recovery was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook. For the most of 2H 2021, expensive valuations in both

fixed income and equities loomed over investors. However, the challenging market conditions in the first quarter of 2022 addressed some of these concerns as Chinese equities both onshore and offshore traded below their 15-year average and the S&P plummeted 8.7% in April 2022.

In general, government policies to encourage demand throughout one of the largest economic contractions produced one of the fastest recoveries. Developed market output reached its pre-pandemic peak in the third quarter of 2021.

Real GDP growth for US in 1Q 2022 was weaker than expected, falling 1.4% on an annualized basis. The weakness can be largely attributed to a decline in the real trade deficit, lower government spending and a decrease in fiscal stimulus that was initiated to improve spending during the pandemic. Economic data showed sign of weakening while inflationary pressures continued to prompt the Federal Reserve into a more aggressive stance on interest rate hikes. However, domestic demand continues to be resilient, with personal consumption expenditures up 2.7% on an annualized basis.

In the Eurozone, equities continue to decline as the conflict between Ukraine and Russia persist, further placing upward pressure on inflation – annual eurozone inflation reached 7.5% in April, an increase from 7.4% in March. The sectors that performed best included energy due to continued strong demand and communication services given their defensive profile. Information technology, consumer discretionary and industrials fared weaker as these sectors tend to be affected by supply chain disruptions and concerns over consumer confidence the most.

In China, although 1Q 2022 GDP has shown that the Chinese economy began to rebound in January and February, the impact the pandemic had on consumption, investment and production overshadowed the growth as Covid-19 continued to put downward pressure on the Chinese economy. The tightened credit conditions that persisted until early 2022 and regulatory policies in place as a result of the government's common prosperity initiative have slowed growth. A decline in new Covid infection numbers could be the first step in restoring market confidence, however, with parts of China in lockdown since April 2022 resulting in a decrease in both the manufacturing and services sector, investor confidence remained cautious. The Chinese Yuan also experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in April as China fought hard to contain its worst outbreak of Covid-19, implementing measures that affected the market adversely. Expectations of higher interest rates and the still ongoing conflict between Russia and Ukraine also weakened investor sentiment. Taiwan performed worst in terms of index market as major electronics manufacturers and chip slumped due to supply chain disruptions brought upon by lockdowns in Shanghai and neighbouring cities.

Bond yields continued to rise in April 2022, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. US consumer price inflation accelerated to 8.5% year on year in March though the core personal consumption expenditure index fell slightly to an annualised 5.2% from 5.3%. Corporate bonds garnered negative total returns and underperformed government bonds in general.

The S&P GSCI Index reported a positive return in April 2022. Higher prices in agricultural and energy components supported weaker prices for livestock, industrial and precious metals. Energy was the top performing component of the index as the global economy normalises after the Covid-19 pandemic and supplies are disrupted due to geopolitical unrest.

On the domestic front, March exports jumped 25.4% year on year, exceeding consensus estimates. The growth was largely attributed to electrical & electronic and commodities-based products such as palm oil. In the local bond market, Malaysia's sovereign bonds' trading volume declined to RM55.3b in April 2022, a 25% reduction since March 2022. A decline in trading volume of corporate bonds from RM9.1b in March to RM5.7b in April was also recorded.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalization of growth rates and monetary policy tightening. Both equities and bonds are down year-to-date as uncertain policy outlooks, an energy shock and weak growth outlook in China continue to stir markets. With the most impactful effects of the pandemic likely behind us, peak policy support and with it peak GDP growth during

the pandemic era also likely realized in 2021. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures and it is no surprise that commodities are on track to outperform equities for the second consecutive year. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs. Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this is much less likely this time as battling inflation is seen as a more pressing matter.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

AFFIN HWANG SINGLE BOND SERIES 5

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

	Financial period ended <u>30.4.2022</u> RM	Financial period ended <u>30.4.2021</u> RM
INVESTMENT (LOSS)/INCOME		
Interest income from financial assets at amortised cost	8,276	20,453
Interest income from financial assets at fair value through profit or loss	588,981	1,239,770
Net gain/(loss) on foreign currency exchange	808	(84,734)
Net loss on forward foreign currency contracts at fair value through profit or loss	(92,755)	(1,608)
Net loss on currency swap at fair value through profit or loss	(930,253)	(1,069,433)
Net (loss)/gain on financial assets at fair value through profit or loss	(2,055,825)	2,073,687
	<u>(2,480,768)</u>	<u>2,178,135</u>
EXPENSES		
Management fee	(59,807)	(139,701)
Trustee fee	(4,786)	(11,392)
Fund accounting fee	(2,000)	(4,656)
Auditors' remuneration	(1,951)	(3,368)
Tax agent's fee	(853)	(1,474)
Other expenses	(2,013)	(7,128)
	<u>(71,410)</u>	<u>(167,719)</u>
NET (LOSS)/PROFIT BEFORE TAXATION	(2,552,178)	2,010,416
Taxation	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL PERIOD	<u>(2,552,178)</u>	<u>2,010,416</u>
Net (loss)/profit after taxation is made up of the following:		
Realised amount	694,657	1,663,540
Unrealised amount	(3,246,835)	346,876
	<u>(2,552,178)</u>	<u>2,010,416</u>

AFFIN HWANG SINGLE BOND SERIES 5

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022

	<u>2022</u> RM	<u>2021</u> RM
ASSETS		
Cash and cash equivalents	1,419,625	2,017,119
Financial assets at fair value through profit or loss	48,094,649	61,337,847
TOTAL ASSETS	<u>49,514,274</u>	<u>63,354,966</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	70,375	5,675
Currency swap at fair value through profit or loss	1,990,832	1,041,935
Amount due to Manager		
- management fee	19,597	25,715
- cancellation of units	94,915	-
Amount due to Trustee	1,568	2,057
Auditors' remuneration	9,951	3,368
Tax agent's fee	4,353	1,474
Other payables and accruals	979	421
TOTAL LIABILITIES	<u>2,192,570</u>	<u>1,080,645</u>
NET ASSET VALUE OF THE FUND	<u>47,321,704</u>	<u>62,274,321</u>
EQUITY		
Unitholders' capital	49,601,431	60,263,905
(Accumulated losses)/Retained earnings	(2,279,727)	2,010,416
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>47,321,704</u>	<u>62,274,321</u>
NUMBER OF UNITS IN CIRCULATION	<u>49,271,000</u>	<u>59,583,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>0.9604</u>	<u>1.0452</u>

AFFIN HWANG SINGLE BOND SERIES 5

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2022	51,274,980	272,451	51,547,431
Total comprehensive loss for the financial period	-	(2,552,178)	(2,552,178)
Movement in unitholder's capital:			
Cancellation of units	(1,673,549)	-	(1,673,549)
Balance as at 30 April 2022	<u>49,601,431</u>	<u>(2,279,727)</u>	<u>47,321,704</u>
Balance as at 15 September 2020 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	2,010,416	2,010,416
Movement in unitholder's capital:			
Creation of units arising from application	65,299,068	-	65,299,068
Cancellation of units	(5,035,163)	-	(5,035,163)
Balance as at 30 April 2021	<u>60,263,905</u>	<u>2,010,416</u>	<u>62,274,321</u>

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