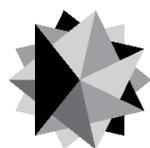


# Affin Hwang World Series - Global Disruptive Innovation Fund

Quarterly Report  
31 January 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
TMF Trustees Malaysia Berhad (610812-W)

**AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND**

**Quarterly Report and Financial Statements  
As at 31 January 2021**

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## QUARTERLY REPORT

### FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Disruptive Innovation Fund
Fund Type	Growth
Fund Category	Feeder (wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period.
Benchmark	MSCI World Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

### FUND PERFORMANCE DATA

#### USD Class

Category	As at 31 Jan 2021
Total NAV (USD'million)	12.447
NAV per Unit (USD)	0.6629
Unit in Circulation (million)	18.777

#### MYR Hedged-class

Category	As at 31 Jan 2021
Total NAV (RM'million)	747.247
NAV per Unit (RM)	0.6608
Unit in Circulation (million)	1,130.899

#### SGD Hedged-class

Category	As at 31 Jan 2021
Total NAV (SGD'million)	5.976
NAV per Unit (SGD)	0.6610
Unit in Circulation (million)	9.041

#### AUD Hedged-class

Category	As at 31 Jan 2021
Total NAV (AUD'million)	3.977
NAV per Unit (AUD)	0.6558
Unit in Circulation (million)	6.065

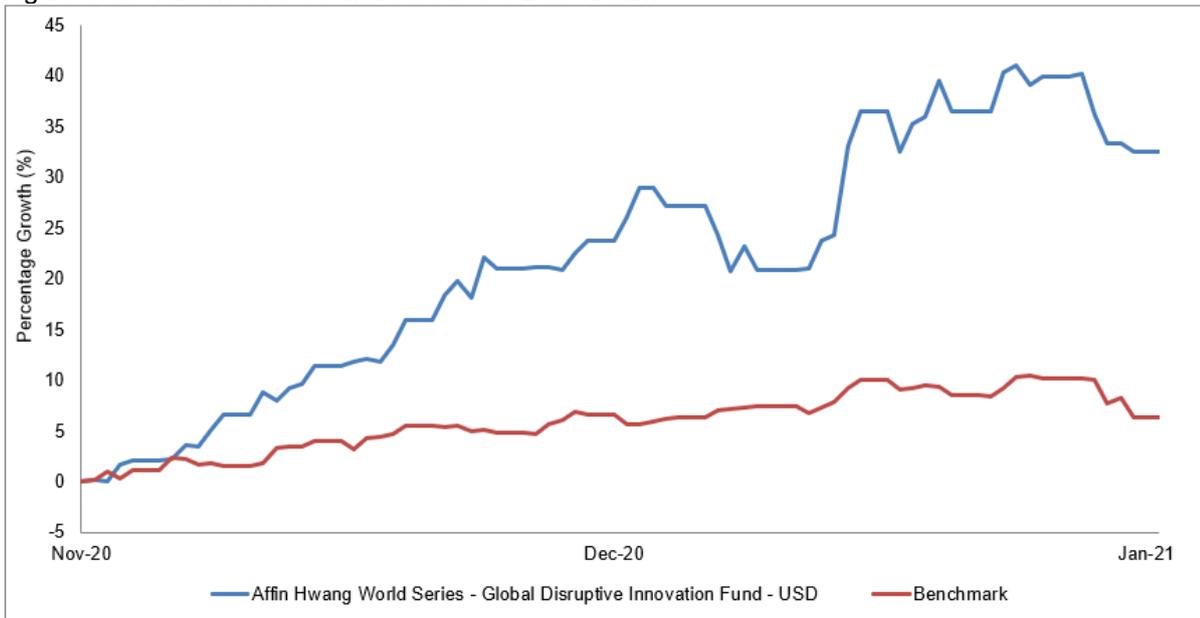
**USD Class**

Table 1: Performance as at 31 January 2021

	Since Commencement (10/11/20 - 31/1/21)
<b>Fund</b>	<b>32.58%</b>
<b>Benchmark</b>	<b>6.38%</b>
<b>Outperformance</b>	<b>26.20%</b>

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: MSCI World Index

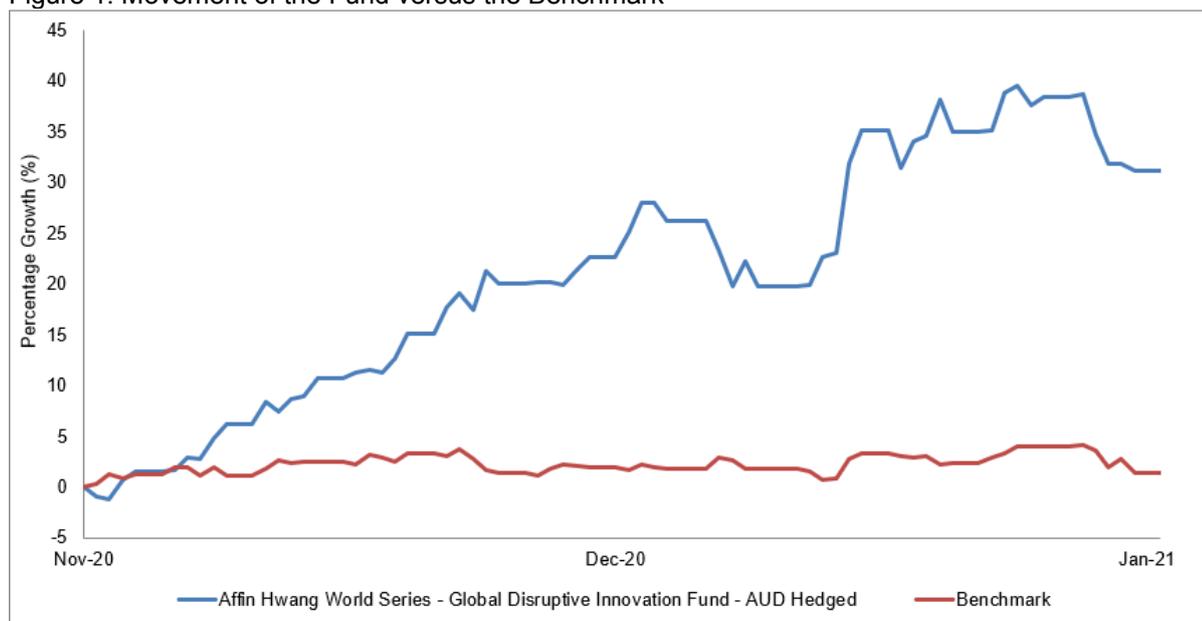
**AUD Hedged Class**

Table 1: Performance as at 31 January 2021

	Since Commencement (10/11/20 - 31/1/21)
<b>Fund</b>	<b>31.16%</b>
<b>Benchmark</b>	<b>1.42%</b>
<b>Outperformance</b>	<b>29.74%</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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Benchmark: MSCI World Index

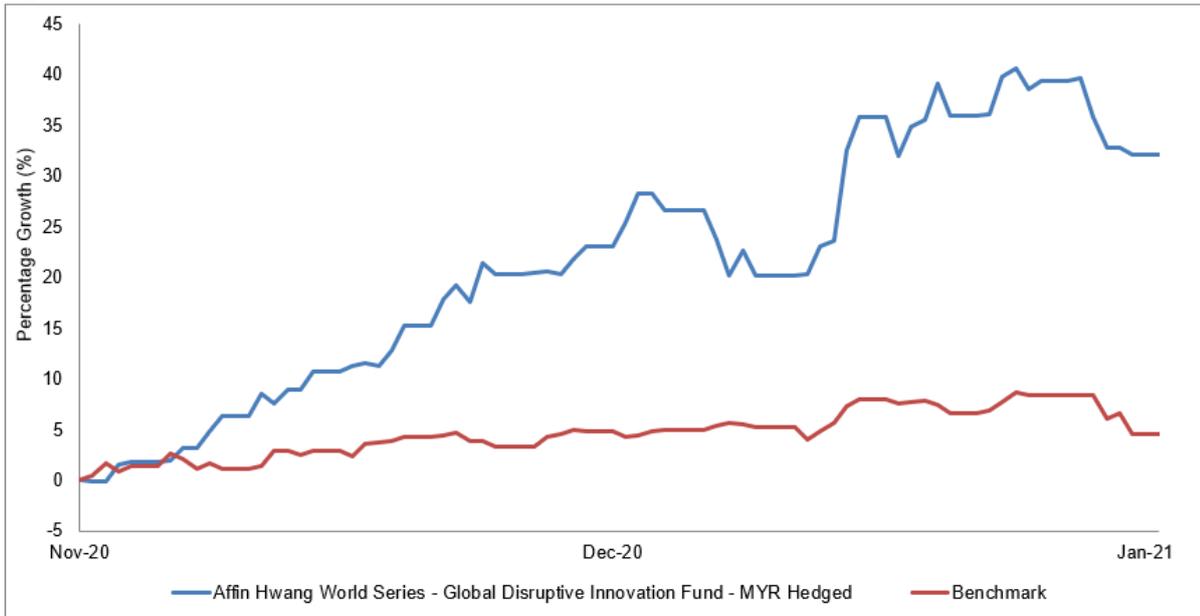
**MYR Hedged Class**

Table 1: Performance as at 31 January 2021

	Since Commencement (10/11/20 - 31/1/21)
<b>Fund</b>	<b>32.16%</b>
<b>Benchmark</b>	<b>4.61%</b>
<b>Outperformance</b>	<b>27.55%</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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Benchmark: MSCI World Index

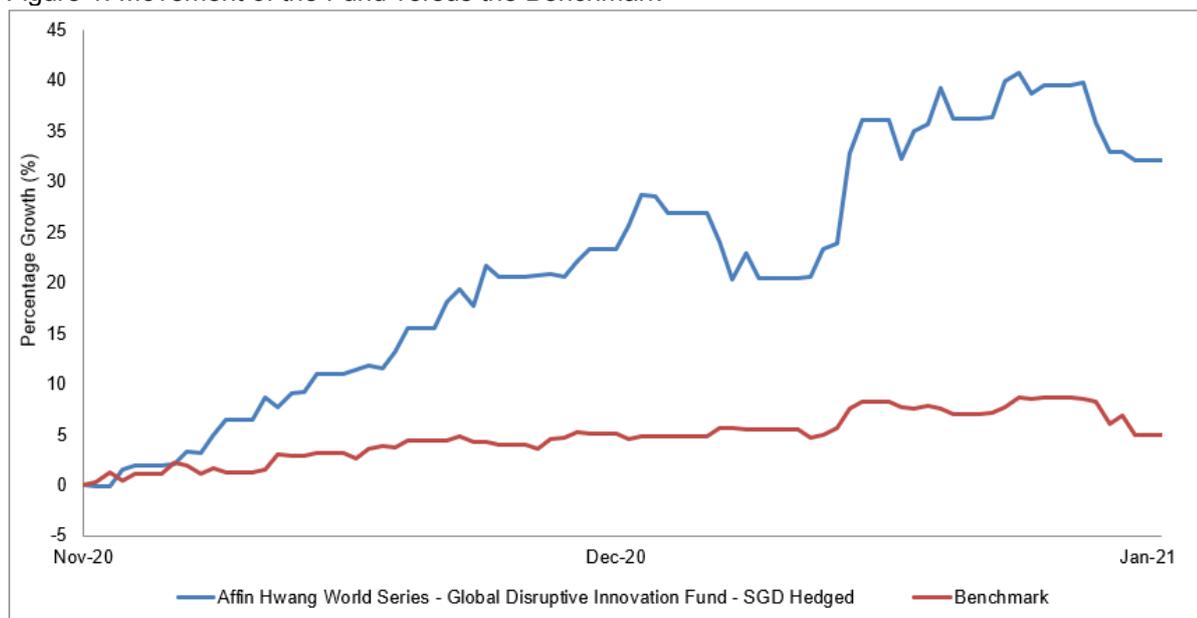
## **SGD Hedged Class**

Table 1: Performance as at 31 January 2021

	<b>Since Commencement (10/11/20 - 31/1/21)</b>
<b>Fund</b>	<b>32.20%</b>
<b>Benchmark</b>	<b>4.97%</b>
<b>Outperformance</b>	<b>27.23%</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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Benchmark: MSCI World 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:

	<b>31 January 2021</b>
	(%)
Unit Trust	96.50
Derivative	0.19
Cash & money market	3.31
<b>Total</b>	<b>100.00</b>

## **Strategies Employed**

The portfolio benefited from sizeable moves in Tesla, Roku, Teladoc, Strataysys, and Proto Labs. In early January Tesla's fourth quarter deliveries of 180,570 cars surpassed expectations of roughly 174,000, putting full year vehicle numbers just shy of the 500,000 goal, at 499,550. Tesla also benefitted from positive electric vehicle sentiment after the Georgia runoff election confirmed a Blue sweep in the US Congress.

Later in the month, Tesla missed earnings expectations while revenue and cash flow figures were received positively by the street. Roku (ROKU) traded up in the month after announcing that it would expand further into Latin America. Roku inked a partnership with Philco to bring a Philco/Roku branded TV to consumers in Brazil. We believe that international expansion is critical to the future growth of Roku and are happy to see management taking a more aggressive approach.

Detracting from performance were Nintendo, Editas, Iovance, Intercontinental Exchange, and Shopify. Editas Medicine depreciated after the announcement that its chief scientific officer Charles Albright was pursuing another opportunity. The company disclosed that its Investigational New Drug (IND) application for EDIT-301 for the treatment of sickle cell disease was cleared, however it is on a partial hold for the efficacy portion of the trial because it needs to develop an improved potency assay.

Iovance Biotherapeutics depreciated this month potentially because of perceived sustained clinical trial disruption due to COVID-19 and potential constraints with manufacturing and scalability for its tumour infiltrating lymphocytes (TILs), especially during these turbulent times.

## **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. By the end of January however, we saw a divergence in equity performance as emerging markets ended the month higher compared to US markets which declined towards the end of the month.

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. This led to market jitters resulting in the S&P 500 closing 0.63% lower. Asian markets fared better, as the MSCI Asia ex-Japan index was up 4.48% in the month, largely ignoring the US retail frenzy and focusing instead on the region's improving economic conditions and gradual recovery, stemming from better pandemic controls.

Tensions between China and the US remain icy as Biden settles into the White House to handle domestic affairs and China moved forward to impose sanctions on Mike Pompeo and 27 other former officials who worked for the Trump administration.

Commodities saw strong returns in the month, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed and livestock markets. With rallying commodity prices, talks about a commodity super cycle in 2021 have surfaced, stemming from increased Chinese demand and supportive stimulus boosting inflation expectations.

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. The KLCI ended 2020 with a 2.4% gain, buoyed by the liquidity-driven rally that was seen throughout the year.

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.

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's latest Consumer Price Index (CPI) came in at -1.4%. 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.

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. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut has decreased.

The primary market continues to see strong interest despite a strong supply outlook, with the auction of a 10-year MGS at a size of RM 4 billion that was 2.0x covered. Corporate issuances were slow in the month, up till the final week which saw Pengurusan Air SPB Berhad raise RM 8000 million across two Sukuk tranches of 7 and 15 years at 3.02% and 3.90% respectively. Both rated AAA. The corporate space is expected to pick up in the following months.

### **Investment Outlook**

Since the bottom of the market during the coronavirus crisis, growth stocks—particularly those associated with companies solving problems created by the pandemic—have outperformed value stocks significantly. This divergence could be a function of the “creative destruction” that innovation is fomenting in traditional value sectors like financial services, energy, and industrials.

That said, cyclical sectors around the world are beginning to benefit as producers continue to catch up with consumer demand and as significant capital spending declines in energy and other disrupted industries curb supply, supporting prices. The consumer saving rate in the US dropped from a record high 34% in April but still is 13.7%, more than 50% above the 8% recorded in March, suggesting that pent-up demand will continue to support the recovery now underway. Indeed, given the low level of inventories relative to sales in the US, businesses still are scrambling to catch up, pointing to a continued V-shaped recovery in the US and Asia during the next year. At the same time, companies like Exxon are writing down fixed assets and cutting capital spending, pointing to a resurgence of oil prices if the V-shaped recovery continues apace.

As the coronavirus strengthened its grip on the globe this year, we have been gratified that government policymakers were laser-focused on cushioning the blow and on partnering with companies offering innovative solutions to the problems the disease is causing. During times of fear, uncertainty, and doubt, businesses and consumers are more willing to change their behaviour and seek innovative products and services that are more productive, cost-effective, faster, and/or creative. As a result, innovation takes root and typically gains significant market share during and after tumultuous times.

## AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2021

Financial  
period ended  
31.1.2021  
USD

#### INVESTMENT INCOME

Interest income from financial assets at amortised cost	2,415
Net loss on foreign currency exchange	(31,341)
Net gain on forward foreign currency contracts at fair value through profit or loss	682,385
Net gain on financial assets at fair value through profit or loss	14,453,332
	<hr/>
	15,106,791

#### EXPENSES

Management fee	(390,457)
Trustee fee	(12,837)
Fund accounting fee	(289)
Auditors' remuneration	(431)
Tax Agent's fee	(201)
Other expenses	(2,089)
	<hr/>
	(406,304)

#### NET PROFIT BEFORE TAXATION

14,700,487

Taxation

-

#### INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER

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14,700,487

Increase of net asset attributable to unitholders  
is made up of the following:

Realised amount	3,157,787
Unrealised amount	11,542,700
	<hr/>
	14,700,487

## AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

2021  
USD

#### ASSETS

Cash and cash equivalents	229,415
Amount due from Manager	
- creation of units	26,520,783
- management fee rebate receivable	90,616
Financial assets at fair value through profit or loss	197,821,561
Forward foreign currency contracts at fair value through profit or loss	538,636
<b>TOTAL ASSETS</b>	<b>225,201,011</b>

#### LIABILITIES

Forward foreign currency contracts at fair value through profit or loss	152,377
Amount due to broker	18,770,000
Amount due to Manager	
- management fee	247,225
- cancellation of units	1,025,559
Amount due to Trustee	8,018
Auditors' remuneration	433
Tax agent's fee	202
Other payables and accruals	36
<b>TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)</b>	<b>20,203,850</b>

**NET ASSET VALUE OF THE FUND** 204,997,161

**NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** 204,997,161

## AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021 (CONTINUED)

2021  
USD

#### REPRESENTED BY:

#### FAIR VALUE OF OUTSTANDING UNITS

- AUD Hedged-class	3,046,680
- MYR Hedged-class	185,007,859
- SGD Hedged-class	4,495,856
- USD Class	12,446,766
	<hr/>
	204,997,161
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#### NUMBER OF UNITS IN CIRCULATION

- AUD Hedged-class	6,065,000
- MYR Hedged-class	1,130,899,000
- SGD Hedged-class	9,041,000
- USD Class	18,777,000
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	1,164,782,000
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#### NET ASSET VALUE PER UNIT (USD)

- AUD Hedged-class	0.5023
- MYR Hedged-class	0.1636
- SGD Hedged-class	0.4973
- USD Class	0.6629
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#### NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES

- AUD Hedged-class	AUD0.6558
- MYR Hedged-class	RM0.6608
- SGD Hedged-class	SGD0.6610
- USD Class	USD0.6629
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## AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

### STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2021

Financial  
period ended  
31.1.2021  
USD

#### NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH

-

Movement due to units created and cancelled during  
the financial period

Creation of units arising from applications

228,394,380

- AUD Hedged-class
- MYR Hedged-class
- SGD Hedged-class
- USD Class

3,165,730
205,138,603
5,052,723
15,037,324

Cancellation of units

(38,097,706)

- AUD Hedged-class
- MYR Hedged-class
- SGD Hedged-class
- USD Class

(376,144)
(32,883,735)
(844,716)
(3,993,111)

Increase in net assets attributable to  
unitholders during the financial period

14,700,487

- AUD Hedged-class
- MYR Hedged-class
- SGD Hedged-class
- USD Class

257,094
12,752,991
287,849
1,402,553

#### NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD

204,997,161

[www.affinhwangam.com](http://www.affinhwangam.com)

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)