

Affin Hwang World Series - Long Term Global Growth 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 – LONG TERM GLOBAL GROWTH FUND

Quarterly Report and Financial Statements As at 31 January 2021

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN NET ASSETS	12

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Long Term Global Growth 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 All Country 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)	16.037
NAV per Unit (USD)	0.6169
Unit in Circulation (million)	25.996

MYR Hedged-class

Category	As at 31 Jan 2021
Total NAV (RM'million)	190.380
NAV per Unit (RM)	0.6160
Unit in Circulation (million)	309.035

SGD Hedged-class

Category	As at 31 Jan 2021
Total NAV (SGD'million)	4.530
NAV per Unit (SGD)	0.6104
Unit in Circulation (million)	7.422

AUD Hedged-class

Category	As at 31 Jan 2021
Total NAV (AUD'million)	3.182
NAV per Unit (AUD)	0.6300
Unit in Circulation (million)	5.051

USD Class

Table 1: Performance as at 31 January 2021

	3 Months (1/11/20 - 31/1/21)	Since Commencement (29/9/20 - 31/1/21)
Fund	19.95%	23.38%
Benchmark	16.68%	13.95%
Outperformance	3.27%	9.43%

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 All Country World Index

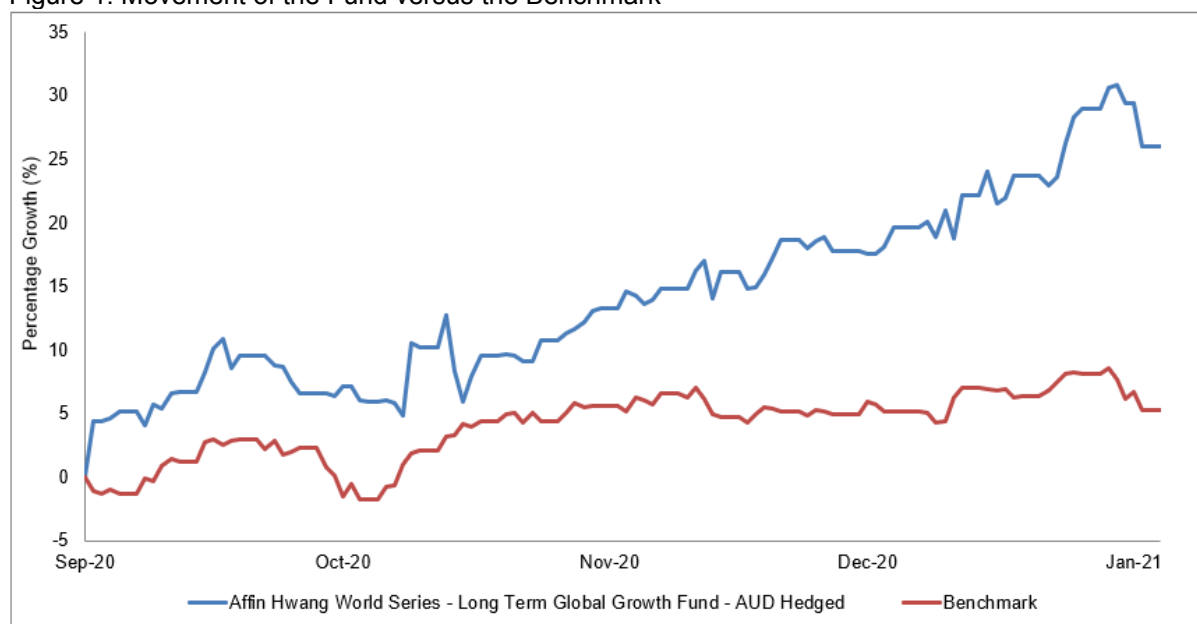
AUD Hedged Class

Table 1: Performance as at 31 January 2021

	3 Months (1/11/20 - 31/1/21)	Since Commencement (29/9/20 - 31/1/21)
Fund	18.87%	26.00%
Benchmark	7.15%	5.32%
Outperformance	11.72%	20.68%

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 All Country World Index

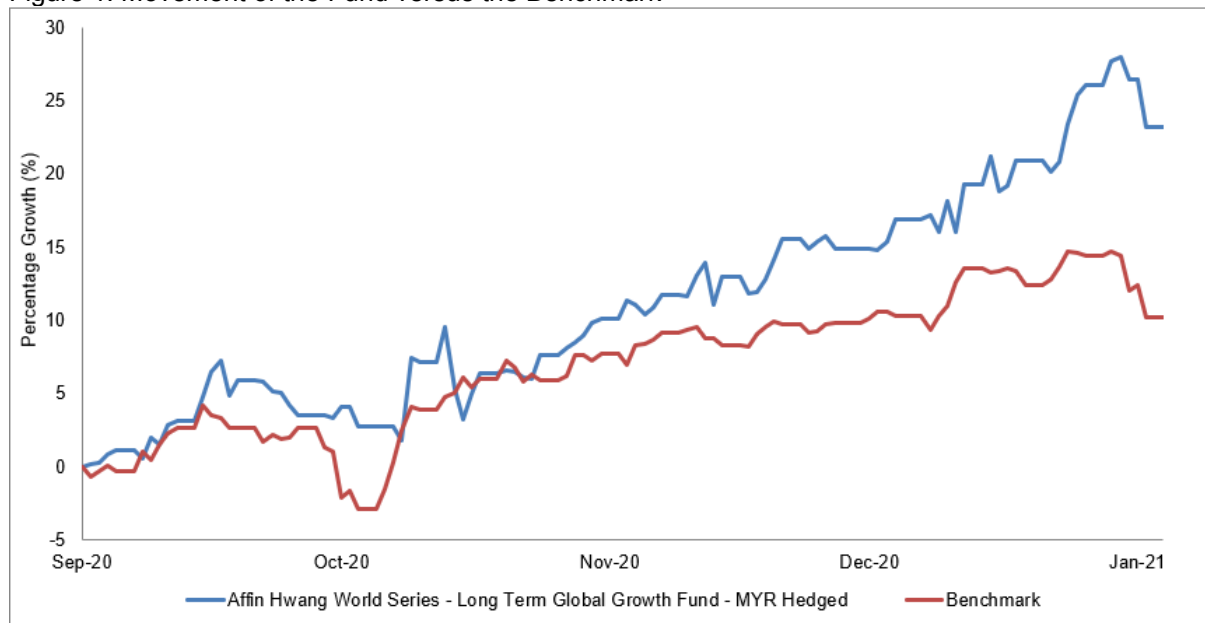
MYR Hedged Class

Table 1: Performance as at 31 January 2021

	3 Months (1/11/20 - 31/1/21)	Since Commencement (29/9/20 - 31/1/21)
Fund	19.84%	23.20%
Benchmark	13.49%	10.26%
Outperformance	6.35%	12.94%

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 All Country World Index

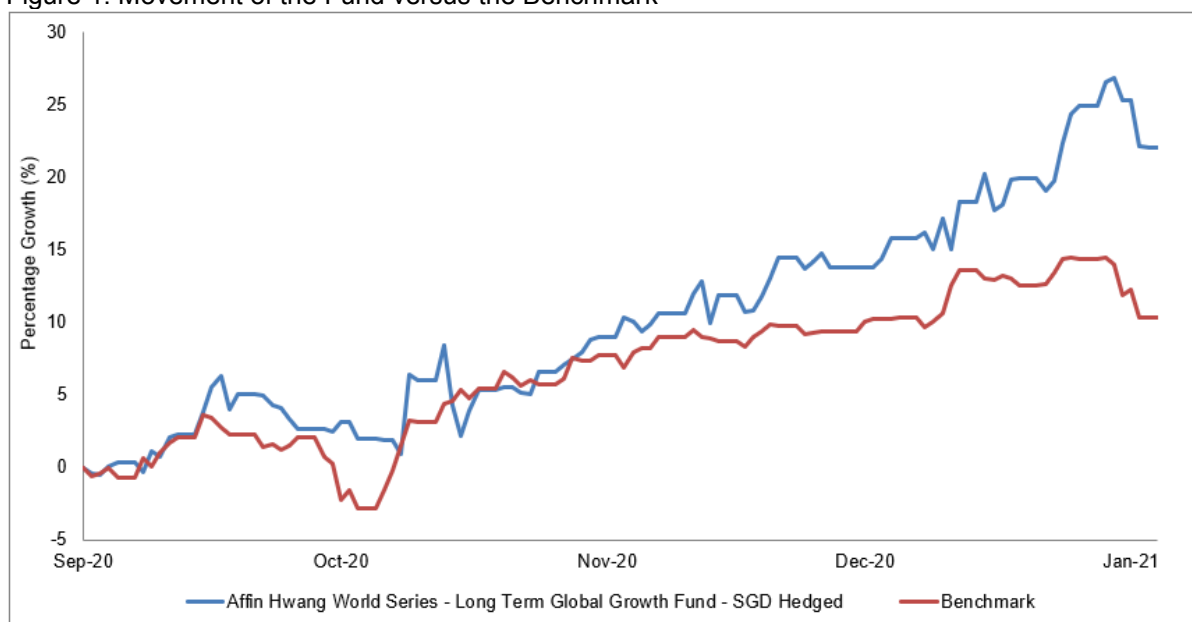
SGD Hedged Class

Table 1: Performance as at 31 January 2021

	3 Months (1/11/20 - 31/1/21)	Since Commencement (29/9/20 - 31/1/21)
Fund	19.76%	22.08%
Benchmark	13.48%	10.32%
Outperformance	6.28%	11.76%

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 All Country 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:

	31 January 2021
	(%)
Unit Trust	96.15
Derivative	0.46
Cash & money market	3.39
Total	100.00

Strategies Employed

Long Term Global Growth is a purely stock-driven, unconstrained global equity strategy focused on investing in exceptional growth companies from around the world. The approach is committed and expressly long-term because we believe that investing in companies with the scope to grow to multiples of their current size over the next decade has the potential to transform the returns achieved for investors over time. Portfolio holding

sizes are based purely on our view of the magnitude of the potential upside and our associated level of conviction. The turnover in the portfolio is low, reflecting our long-term perspective and resistance to trading on short-term news-flow.

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

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 following the low death rates despite the rise in infections. With most markets recovering the year's losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500 surpasses far beyond its historical P/E average of 15x -17x. It would not be far fetched to assume that correction will take place very soon.

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.

Lack of communication between US and China will only prolong market instability. We expect dialogue to resume shortly but given Biden is taking a more assertive stance, markets will remain largely sensitive to any indication of deteriorating relations. Both countries will have to be pragmatic in their approach as cooler heads prevail.

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

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. 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.

AFFIN HWANG WORLD SERIES – LONG TERM GLOBAL GROWTH 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	841
Net gain on foreign currency exchange	18,915
Net gain on forward foreign currency contracts at fair value through profit or loss	546,824
Net gain on financial assets at fair value through profit or loss	6,316,659
	<u>6,883,239</u>

EXPENSES

Management fee	(190,621)
Trustee fee	(6,236)
Fund accounting fee	(806)
Auditors' remuneration	(688)
Tax agent's fee	(268)
Other expenses	(3,141)
	<u>(201,760)</u>

NET PROFIT BEFORE TAXATION

6,681,479

Taxation

-

INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

6,681,479

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

Realised amount	172,446
Unrealised amount	6,509,033
	<u>6,681,479</u>

AFFIN HWANG WORLD SERIES – LONG TERM GLOBAL GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

	<u>2021</u> USD
ASSETS	
Cash and cash equivalents	108,286
Amount due from Manager	
- creation of units	7,298,387
- management fee rebate receivable	27,638
Financial assets at fair value through profit or loss	66,359,783
Forward foreign currency contracts at fair value through profit or loss	351,271
TOTAL ASSETS	<u>74,145,365</u>
LIABILITIES	
Forward foreign currency contracts at fair value through profit or loss	35,739
Amount due to broker	4,910,000
Amount due to Manager	
- management fee	87,305
- cancellation of units	90,529
Amount due to Trustee	2,832
Auditors' remuneration	696
Tax agent's fee	271
Other payable and accruals	(1)
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>5,127,371</u>
NET ASSET VALUE OF THE FUND	<u>69,017,994</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>69,017,994</u>

AFFIN HWANG WORLD SERIES – LONG TERM GLOBAL GROWTH FUND

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

2021
USD

REPRESENTED BY:

FAIR VALUE OF OUTSTANDING UNITS

- AUD Hedged-class	2,437,429
- MYR Hedged-class	47,135,549
- SGD Hedged-class	3,408,357
- USD Class	16,036,659
	69,017,994

NUMBER OF UNITS IN CIRCULATION

- AUD Hedged-class	5,051,000
- MYR Hedged-class	309,035,000
- SGD Hedged-class	7,422,000
- USD Class	25,996,000
	347,504,000

NET ASSET VALUE PER UNIT (USD)

- AUD Hedged-class	0.4826
- MYR Hedged-class	0.1525
- SGD Hedged-class	0.4592
- USD Class	0.6169

NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES

- AUD Hedged-class	AUD0.6300
- MYR Hedged-class	RM0.6160
- SGD Hedged-class	SGD0.6104
- USD Class	USD0.6169

AFFIN HWANG WORLD SERIES – LONG TERM GLOBAL GROWTH FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER 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

63,062,967

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

2,173,742
43,545,980
3,157,723
14,185,522

Cancellation of units

(726,452)

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

(3,708)
(616,253)
(78,114)
(28,377)

Net increase in net assets attributable to
unitholders during the financial period

6,681,479

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

267,395
4,205,822
328,748
1,879,514

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

69,017,994

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)