

Affin Hwang World Series - Global Quantum Fund

Quarterly Report
31 January 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 WORLD SERIES – GLOBAL QUANTUM FUND

Quarterly Report and Financial Statements As at 31 January 2022

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Quantum 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 AC World Small Cap 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 2022	As at 31 Jul 2021
Total NAV (USD'million)	3.544	8.225
NAV per Unit (USD)	0.6331	0.7625
Unit in Circulation (million)	5.598	10.787

AUD Class

Category	As at 31 Jan 2022	As at 31 Jul 2021
Total NAV (AUD'million)	0.436	0.765
NAV per Unit (AUD)	0.7228	0.8295
Unit in Circulation (million)	0.604	0.922

GBP Class

Category	As at 31 Jan 2022	As at 31 Jul 2021
Total NAV (GBP'million)	0.207	0.117
NAV per Unit (GBP)	0.6579	0.7615
Unit in Circulation (million)	0.315	0.153

MYR Class

Category	As at 31 Jan 2022	As at 31 Jul 2021
Total NAV (RM'million)	24.602	20.055
NAV per Unit (RM)	0.6789	0.8246
Unit in Circulation (million)	36.236	24.320

MYR Hedged-class

Category	As at 31 Jan 2022	As at 31 Jul 2021
Total NAV (RM'million)	26.900	41.977
NAV per Unit (RM)	0.6180	0.7394
Unit in Circulation (million)	43.526	56.769

SGD Class

Category	As at 31 Jan 2022	As at 31 Jul 2021
Total NAV (SGD'million)	1.323	1.895
NAV per Unit (SGD)	0.6539	0.7857
Unit in Circulation (million)	2.024	2.412

USD Class

Table 1: Performance as at 31 January 2022

	3 Months (1/11/21 - 31/1/22)	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	Since Commencement (8/2/18 - 31/1/22)
Fund	(20.22%)	(16.97%)	(6.51%)	37.12%	26.62%
Benchmark	(9.00%)	(6.72%)	3.57%	36.11%	29.15%
Outperformance	(11.22%)	(10.25%)	(10.08%)	1.01%	(2.53%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



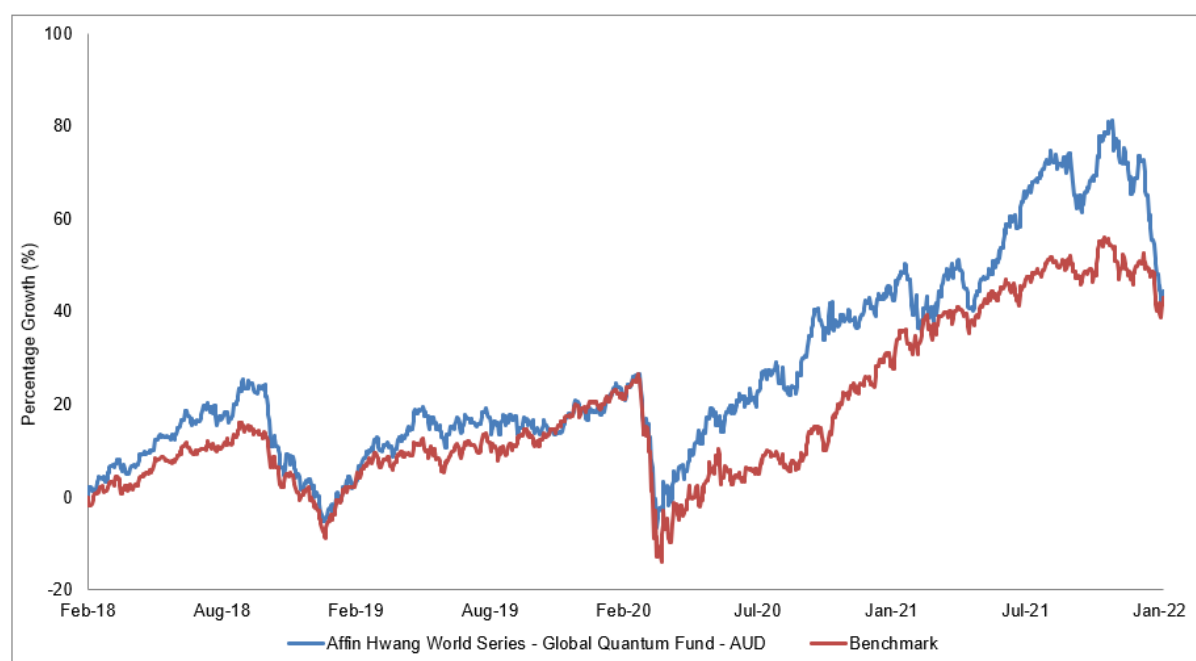
AUD Class

Table 1: Performance as at 31 January 2022

	3 Months (1/11/21 - 31/1/22)	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	Since Commencement (8/2/18 - 31/1/22)
Fund	(14.73%)	(12.86%)	1.55%	41.20%	44.56%
Benchmark	(3.21%)	(2.99%)	12.09%	40.15%	43.16%
Outperformance	(11.52%)	(9.87%)	(10.54%)	1.05%	1.40%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



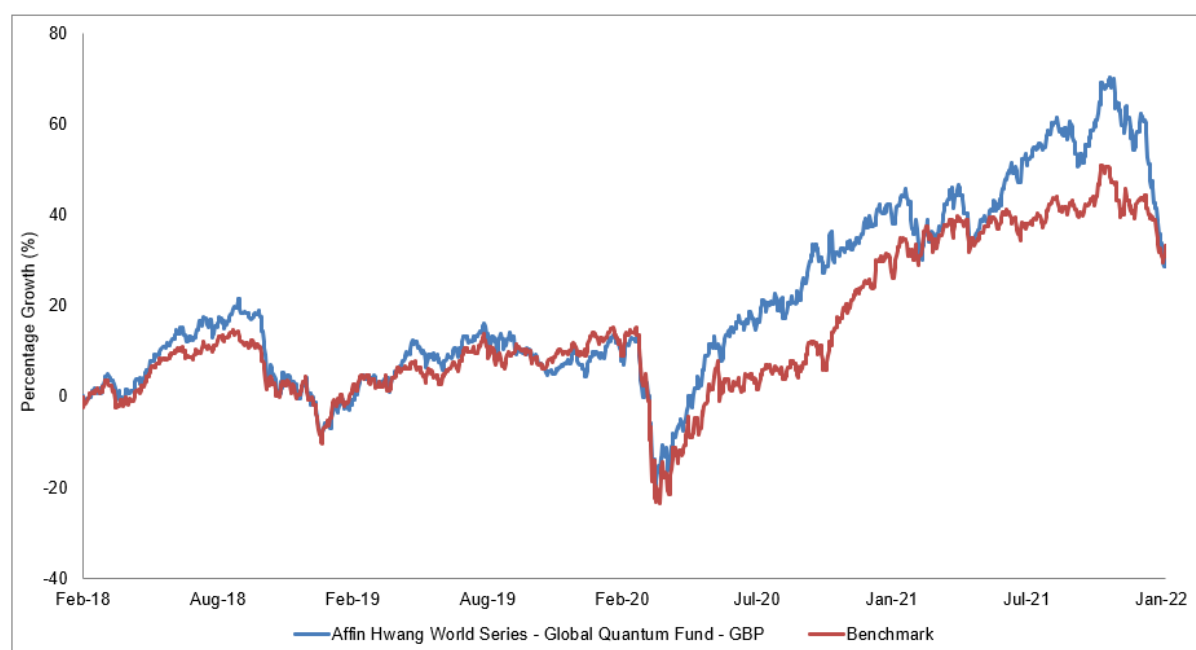
GBP Class

Table 1: Performance as at 31 January 2022

	3 Months (1/11/21 - 31/1/22)	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	Since Commencement (8/2/18 - 31/1/22)
Fund	(18.18%)	(13.60%)	(4.69%)	33.88%	31.58%
Benchmark	(7.40%)	(3.51%)	5.65%	32.92%	33.35%
Outperformance	(10.78%)	(10.09%)	(10.34%)	0.96%	(1.77%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



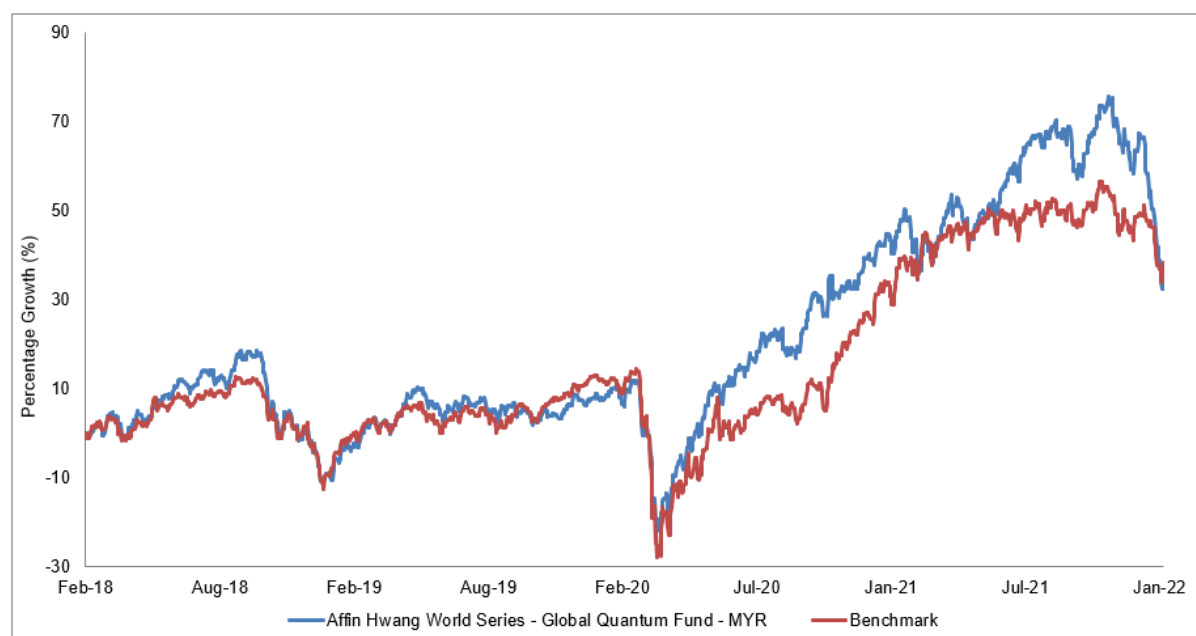
MYR Class

Table 1: Performance as at 31 January 2022

	3 Months (1/11/21 - 31/1/22)	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	Since Commencement (8/2/18 - 31/1/22)
Fund	(19.36%)	(17.67%)	(3.18%)	40.15%	35.78%
Benchmark	(8.08%)	(7.57%)	7.20%	38.94%	38.25%
Outperformance	(11.28%)	(10.10%)	(10.38%)	1.21%	(2.47%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



SGD Class

Table 1: Performance as at 31 January 2022

	3 Months (1/11/21 - 31/1/22)	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	Since Commencement (8/2/18 - 31/1/22)
Fund	(19.65%)	(16.77%)	(4.73%)	37.87%	30.78%
Benchmark	(8.88%)	(6.91%)	5.30%	36.64%	31.78%
Outperformance	(10.77%)	(9.86%)	(10.03%)	1.23%	(1.00%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



MYR Hedged Class

Table 1: Performance as at 31 January 2022

	3 Months (1/11/21 - 31/1/22)	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	Since Commencement (19/4/18 - 31/1/22)
Fund	(19.98%)	(16.42%)	(5.71%)	38.13%	23.60%
Benchmark	(8.08%)	(7.57%)	7.20%	38.94%	34.12%
Outperformance	(11.90%)	(8.85%)	(12.91%)	(0.81%)	(10.52%)

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 AC World Small Cap 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 2022
	(%)
Unit Trust	97.34
Derivatives	0.18
Cash & money market	2.48
Total	100.00

Strategies Employed

Over the period under review, the Target Fund Manager maintained their focus in investing in high-quality companies. Business that earn high returns on capital with the ability to reinvest cash flow to generate sustainable growth and have a clear, defendable competitive advantage are more likely to continue generating value for shareholders.

Market Review

Global equities started 2021 on a strong note buoyed by policy easing and optimism surrounding global vaccination rollouts. However, the global recovery grew at an uneven pace as developed markets posted stronger gains compared to emerging markets.

Developed markets have managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility. The S&P 500 index pierced new highs in the year underpinned by a strong earnings rebound as businesses clambered to meet renewed demand.

However, the rally was tested by surging bond yields in the 1Q'2021 as well as the spectre of inflation that would spook investors for the rest of the year. Inflation vaulted strongly from a low-base effect as supply chain disruptions associated with the pandemic led to a sharp increase in input prices.

Markets were soothed initially by dovish comments from the US Federal Reserve which pledged to keep monetary policy accommodative. Fed Chair Jerome Powell held the view that inflation was transitional and that supply-demand imbalances would begin to ease which would cool down inflation.

However with inflation proving stickier than expected, the Fed relented towards the end of year and pivoted towards a hawkish stance. At its policy meeting, the Fed signaled that it would start accelerating its tapering of bond purchases that would pave the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates.

The region was also pulled down by weaker performance in China as authorities cast a wide regulatory dragnet which impacted a range of sectors including technology, education and e-commerce. This was part of a wider 'common prosperity' drive by Beijing to narrow the income gap and increase the political legitimacy of the Communist Party which celebrated its 100th anniversary in 2021.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A litany of concerns sent the stock market on a volatile path with fresh lockdowns, political instability as well as new taxes proposed under Budget 2022.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The appointment provided some clarity by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin who faced a turbulent tenure due to the mishandling of the pandemic as well as a rare royal rebuke.

Markets were also jolted when the government announced a one-off prosperity tax (Cukai Makmur) during the tabling of Budget 2022 for companies that earned super profits. This quelled the initial optimism from economic reopening as earnings forecasts are pared down.

However, the government made U-turns on other tax measures proposed under Budget 2022 including reinstating the exemption of all types of foreign incomes for individuals from tax as well as stamp duty cap. Markets were concerned that these initial measures would dampen sentiment and reduce market vibrancy as well as velocity of trading. However, the local market saw support on the back of easing policy headwinds as investors also price-in better growth prospects.

Coming into January 2022, the local market mirrored regional movements with the benchmark KLCI closing 3.5% lower during the month as a deepening tech rout dampened sentiment. Bursa Malaysia Technology Index slid by 15.3% in January as the sector was rattled by the Fed's hawkish pivot.

Investment Outlook

2022 is set to be a year of transition for markets as investors contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

Market environment is challenging given rising rates, slowing growth and waning earnings expectations. The key indicators of policies, growth and earnings have not inflected. That said, the positives are that valuations have become less excessive and sentiments have turned bearish.

Russia-Ukraine tension is also weighing on sentiments. However, history suggest that the market impact from geopolitical events tend to be short. Moving forward, we expect markets to shift the focus back to tighter monetary conditions and slowing growth.

While a total lockdown caused by the Omicron variant is not a base-case for now, there will probably be need to make adjustments as we go along. However, developments of new medical treatments such as oral pills can help in the fight against COVID. This would lay the planks for a more sustainable reopening of the economy once we have a complete medical arsenal that is effective against all known variants. There could also be room for the Fed to adjust policy should Omicron turn out to be more destructive than what the market anticipates.

After a wide regulatory dragnet was casted in 2021 by the Chinese government specifically on targeted sectors including education, technology, and e-commerce, recent policy signals by Beijing suggested that the worst of tightening cycle is over. We see the focus of policymakers shifting from that of regulatory tightening to now supporting growth as its economy wanes.

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.

In terms of sector opportunities, we see banks as positive, benefit from a rising interest rate cycle as well as improvement in asset quality. Valuations of the sector is also attractive with banking stocks trading at a discount to its book value. Though seeing a lot of pressure now due to ESG headwinds especially pertaining to the welfare of foreign workers, technology and exporters are another key segment that could see potential upside underpinned by strong earnings visibility driven by secular growth trends such as 5G, electric vehicles (EV) and solar energy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation, a less hawkish Fed policy, and subside Russia-Ukraine tension as potential turnarounds for the market to improve.

AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2022

	Financial period ended 31.1.2022 USD	Financial period ended 31.1.2021 USD
INVESTMENT (LOSS)/INCOME		
Interest income from financial assets at amortised cost	1,234	714
Net gain on foreign currency exchange	23,174	25,208
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(203,083)	281,443
Net (loss)/gain on financial assets at fair value through profit or loss	(1,468,450)	6,620,994
	<u>(1,647,125)</u>	<u>6,928,359</u>
EXPENSES		
Management fee	(321,478)	(215,899)
Trustee fee	(7,154)	(4,828)
Fund accounting fee	(7,893)	(7,926)
Auditors' remuneration	(1,474)	(1,399)
Tax agent's fee	(645)	(370)
Other expenses	(7,254)	(5,956)
	<u>(345,898)</u>	<u>(236,378)</u>
NET (LOSS)/PROFIT BEFORE TAXATION	(1,993,023)	6,691,981
Taxation	-	-
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER	<u>(1,993,023)</u>	<u>6,691,981</u>
(Decrease)/increase in net asset attributable to unitholders is made up of the following:		
Realised amount	2,737,377	1,091,224
Unrealised amount	(4,730,400)	5,600,757
	<u>(1,993,023)</u>	<u>6,691,981</u>

AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022

	<u>2022</u> USD	<u>2021</u> USD
ASSETS		
Cash and cash equivalents	497,785	180,002
Amount due from Manager		
- creation of units	21,927	725,624
- management fee rebate receivable	13,952	16,689
Financial assets at fair value through profit or loss	16,953,752	22,881,672
Forward foreign currency contracts at fair value through profit or loss	33,722	194,933
TOTAL ASSETS	<u>17,521,138</u>	<u>23,998,920</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	3,092	-
Amount due to broker	1,294	-
Amount due to Manager		
- management fee	28,878	34,914
- cancellation of units	66,176	217,208
Amount due to Trustee	642	776
Auditors' remuneration	1,474	1,399
Tax agent's fee	1,456	612
Other payables	1,192	1,080
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>104,204</u>	<u>255,989</u>
NET ASSET VALUE OF THE FUND	<u>17,416,934</u>	<u>23,742,931</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>17,416,934</u>	<u>23,742,931</u>

AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022 (CONTINUED)

	<u>2022</u> USD	<u>2021</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Class	307,912	265,015
- GBP Class	278,419	176,813
- MYR Class	5,880,059	4,245,469
- MYR-Hedged Class	6,429,403	10,469,124
- SGD Class	977,017	1,304,899
- USD Class	3,544,124	7,281,611
	<u>17,416,934</u>	<u>23,742,931</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Class	604,000	486,000
- GBP Class	315,000	187,000
- MYR Class	36,236,000	24,456,000
- MYR-Hedged Class	43,526,000	64,515,000
- SGD Class	2,024,000	2,527,000
- USD Class	5,598,000	10,752,000
	<u>88,303,000</u>	<u>102,923,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD Class	0.5098	0.5453
- GBP Class	0.8839	0.9455
- MYR Class	0.1623	0.1736
- MYR-Hedged Class	0.1477	0.1623
- SGD Class	0.4827	0.5164
- USD Class	<u>0.6331</u>	<u>0.6772</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Class	AUD0.7228	AUD0.7118
- GBP Class	GBP0.6579	GBP0.6903
- MYR Class	RM0.6789	RM0.7012
- MYR-Hedged Class	RM0.6180	RM0.6554
- SGD Class	SGD0.6539	SGD0.6864
- USD Class	<u>USD0.6331</u>	<u>USD0.6772</u>

AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM FUND

STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2022

	Financial period ended <u>31.1.2022</u> USD	Financial period ended <u>31.1.2021</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	27,136,704	15,070,751
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	12,420,219	13,350,133
- AUD Class	513,320	190,102
- GBP Class	205,913	127,320
- MYR Class	4,808,940	1,515,702
- MYR-Hedged Class	5,369,310	9,283,578
- SGD Class	401,567	499,227
- USD Class	1,121,169	1,734,204
Cancellation of units	(20,146,966)	(11,369,934)
- AUD Class	(1,019,344)	(90,005)
- GBP Class	-	(321,721)
- MYR Class	(2,557,955)	(2,928,132)
- MYR-Hedged Class	(9,994,397)	(5,303,903)
- SGD Class	(655,310)	(378,988)
- USD Class	(5,919,960)	(2,347,185)
Net (decrease)/increase in net assets attributable to unitholders during the financial period	(1,993,023)	6,691,981
- AUD Class	(6,331)	49,409
- GBP Class	(47,197)	88,954
- MYR Class	(883,890)	1,647,607
- MYR-Hedged Class	(804,609)	2,195,444
- SGD Class	(107,455)	362,963
- USD Class	(143,541)	2,347,604
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>17,416,934</u>	<u>23,742,931</u>

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