

Affin Hwang

Constant Cash Fund

Quarterly Report
31 March 2020

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 2020

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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

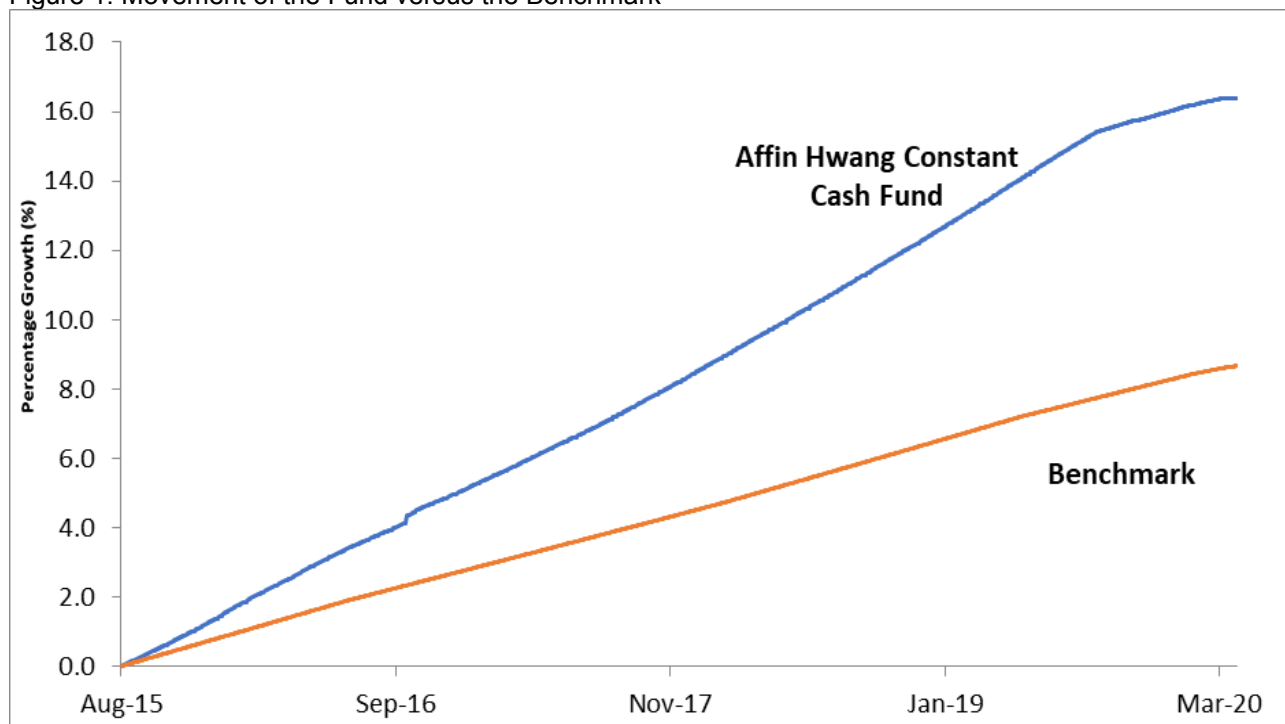
FUND PERFORMANCE DATA

Category	As at 31 Mar 2020	As at 31 Dec 2019
Total NAV (RM'million)	0.003	2.022
NAV per Unit (RM)	1.0000	1.0000
Unit in Circulation (million)	0.003	2.022

Table 1: Performance as at 31 March 2020

	3 Months (1/1/20 - 31/3/20)	6 Months (1/10/19 - 31/3/20)	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	Since Commencement (4/8/15 - 31/3/20)
Fund	0.27%	0.69%	2.43%	9.96%	16.37%
Benchmark	0.32%	0.72%	1.56%	5.32%	8.65%
Outperformance / (Underperformance)	(0.05%)	(0.03%)	0.87%	4.64%	7.72%

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: Malayan Banking Berhad Overnight Rate

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, kindly refer to Figure 2.

Figure 2: Asset Allocation of the Fund

	31 March 2020
	(%)
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 markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

On monetary policy, the US Federal Reserve ("Fed") kept its benchmark rates unchanged in its policy meeting in January, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed's balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed's target of 2.0%.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

The local market suffered losses with the benchmark KLCI closing 8.9% lower in March as pandemic fears gripped the country with cases continuing to rise. Malaysia has the highest number of known infections in Southeast Asia with more than 3,000 confirmed cases in the country at the time of writing.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises ("SMEs") and RM2 billion to strengthen the country's economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country's coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. The rate cut is expected to boost economic growth amid price stability.

Investment Outlook

Whilst we see unprecedented steps taken by governments and global central banks to stimulate the economy and provide liquidity, such measures are unlikely to fuel a full recovery as we are dealing with a global pandemic that has caused economies to come to a virtual standstill. Cutting interest rates, injecting liquidity or even putting money directly in the hands of consumers is unlikely to lead to its desired effects if people's health are at stake.

Any signs of a peak in the pandemic can fuel a gradual recovery in markets. However, it is crucial to monitor any risk of a second wave or reacceleration in infection rates especially countries that have passed its peak like South Korea and China.

In Asia, we continue to see a resumption of activities in China where the coronavirus was first detected. Almost all factories have reopened as lockdowns are gradually lifted in the country. However, the utilisation rates have yet to return to full scale, perhaps due to a lack of demand and strict social distancing measures in place that prevent factories from operating at full capacity. Recent reports also point to most hotels and tourist sites reopening in China. There has also been a marked recovery in automobile sales.

Treading ahead, the Manager will continue to keep a vigilant watch on further market developments.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Financial period ended <u>31.3.2020</u> RM	Financial period ended <u>31.3.2019</u> RM
INVESTMENT INCOME		
Interest income for financial assets at fair value through profit or loss	251,130	17,085,227
Other income	38,281	-
	<u>289,411</u>	<u>17,085,227</u>
EXPENSES		
Management fee	(2,641)	(391,599)
Trustee fee	(1,304)	(66,345)
Auditors' remuneration	(4,839)	(5,255)
Tax agent's fee	(2,419)	(2,627)
Other expenses	(1,610)	(2,483)
	<u>(12,813)</u>	<u>(468,309)</u>
NET PROFIT BEFORE TAXATION	276,598	16,616,918
TAXATION	(60,083)	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>216,515</u>	<u>16,616,918</u>
Net profit after taxation is made up of the following:		
Realised amount	<u>216,515</u>	<u>16,616,918</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	<u>2020</u> RM	<u>2019</u> RM
ASSETS		
Financial asset at fair value through profit or loss	-	128,886,014
Cash and cash equivalents	30,422	6,748
Amount due from Manager		
- management fee rebate receivable	21,126	-
TOTAL ASSETS	<u>51,548</u>	<u>128,892,762</u>
LIABILITIES		
Amount due to Manager		
- management fee	125	31,411
- cancellation of units	-	8,280,000
Amount due to Trustee	10	2,513
Auditors' remuneration	4,839	1,755
Tax agent's fee	2,419	6,328
Tax provision	29,270	-
Distribution payable	699	483,062
Other payables and accruals	11,186	10,693
TOTAL LIABILITIES	<u>48,548</u>	<u>8,815,762</u>
NET ASSET VALUE OF THE FUND	<u>3,000</u>	<u>120,077,000</u>
EQUITY		
Unitholders' capital	3,000	120,077,000
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>3,000</u>	<u>120,077,000</u>
NUMBER OF UNITS IN CIRCULATION	<u>3,000</u>	<u>120,077,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.00</u>	<u>1.00</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
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	(53,245,719)	-	(53,245,718)
Balance as at 31 March 2020	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Balance as at 1 July 2018	585,638,000	-	585,638,000
Total comprehensive income for the financial period	-	16,616,918	16,616,918
Distributions	-	(16,616,918)	(16,616,918)
Movement in unitholders' capital:			
Creation of units arising from applications	691,194,551	-	691,194,551
Creation of units arising from distributions	17,722,409	-	17,722,409
Cancellation of units	(1,174,477,960)	-	(1,174,477,960)
Balance as at 31 March 2019	<u>120,077,000</u>	<u>-</u>	<u>120,077,000</u>

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