

Affin Hwang

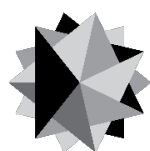
Aiiman Constant Cash Fund 2

(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

Quarterly Report

31 March 2022

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 2022

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Aiiman Constant Cash Fund 2
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

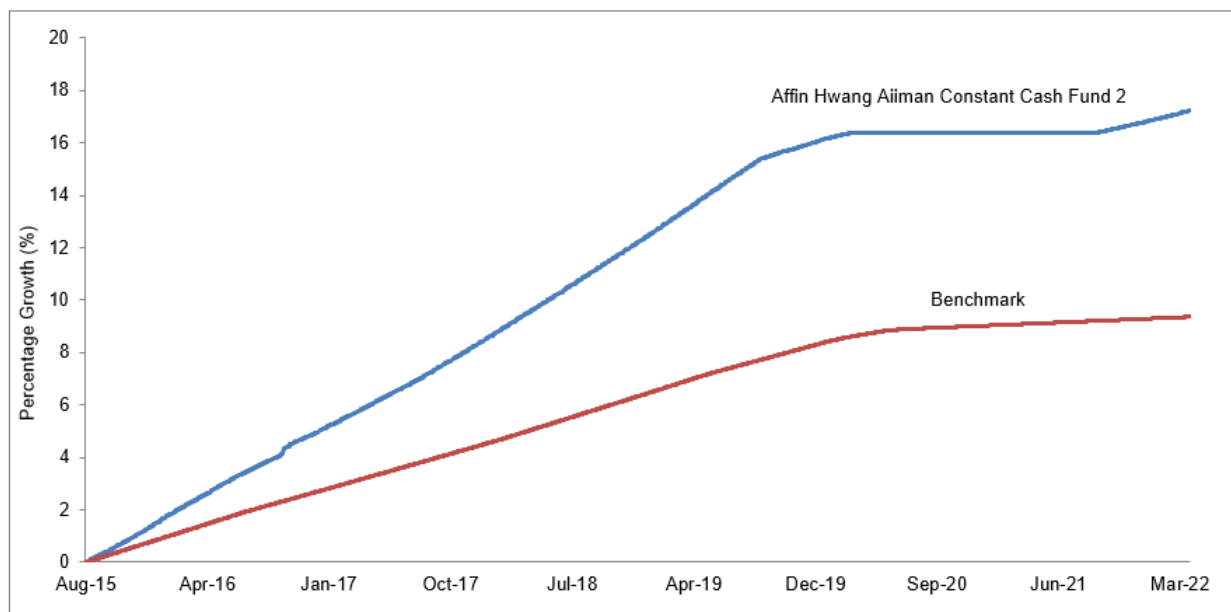
Category	As at 31 Mar 2022	As at 31 Dec 2021
Total NAV (RM'million)	2.091	8.032
NAV per Unit (RM)	1.0000	1.0000
Unit in Circulation (million)	2.091	8.032

Performance as at 31 March 2022

	3 Months (1/1/22 - 31/3/22)	6 Months (1/10/21 - 31/3/22)	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (4/8/15 - 31/3/22)
Fund	0.33%	0.65%	0.74%	3.18%	10.78%	17.23%
Benchmark	0.06%	0.12%	0.25%	2.22%	6.01%	9.36%
Outperformance	0.27%	0.53%	0.49%	0.96%	4.77%	7.87%

Source of Benchmark: Maybank

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 Maybank."

Benchmark: Malayan Banking Berhad Overnight 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:

	31 March 2022
	(%)
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

At the start of 2021, global equities started on a strong note due to policy easing and optimism surrounding vaccination rollout. However, 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.

The S&P 500 index pierced new highs in the year underpinned by strong earnings rebound as businesses clambered to meet renewed demand. However, although markets were initially soothed by dovish comments from the US Federal Reserve, a change in tone by the Fed to a more hawkish stance spooked markets as the S&P 500 closed 1.3% lower at the end of the year.

With inflation proving to be stickier than expected, the Fed signalled that it would start accelerating its tapering programme of bond purchases to tame inflation, paving 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 same trend can be seen continuing through the first quarter of 2022 as weak earnings and renewed delisting fears halted gains. US-listed Chinese companies are locked in a dispute with US regulators for not complying with US accounting and transparency guidelines.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A myriad of concerns sent the stock market on a volatile path. Although the KLCI rose 0.8% in the first quarter of 2022 buoyed by the slared international border reopening, tightening monetary conditions can cause further volatility.

Following the announcement of Prime Minister Datuk Seri Ismail Sabri Yaakob that the minimum wage could be increased to RM1,500 starting in May, sectors that are reliant on low-skilled labour could be vulnerable to higher labour costs.

Other notable news in March 2022 includes an announcement by the government to allow a special Employees Provident Fund ("EPF") withdrawal of up to RM10,000. This is the fourth round of withdrawal of EPF contribution since the pandemic first hit the country back in 2020. In addition to the EPF withdrawals, a hawkish FOMC meeting saw the local bond market traded cautiously for the most part with yields trending slightly higher.

The local bond market endured a relatively softer session at the end of 1Q2022 amid evident selling pressures from foreign investors as well as tighter liquidity conditions in general. On a week-on-week basis, MGS yields rose by some 7-8 bps across the curve.

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. 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 uncertain earnings.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures. 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 seems 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.

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 and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Financial period ended <u>31.3.2022</u> RM	Financial period ended <u>31.3.2021</u> RM
INVESTMENT INCOME		
Interest income for financial assets at fair value through profit or loss	87,984	-
	<u>87,984</u>	<u>-</u>
EXPENSES		
Management fee	(11,021)	-
Trustee fee	(882)	-
Other expenses	(122)	-
	<u>(12,025)</u>	<u>-</u>
NET PROFIT BEFORE TAXATION	75,959	-
Taxation	(20,852)	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>55,107</u>	<u>-</u>
Net profit after taxation is made up of the following:		
Realised amount	<u>55,107</u>	<u>-</u>

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	<u>2022</u> RM	<u>2021</u> RM
ASSETS		
Cash and cash equivalents	88,828	21,207
Financial asset at fair value through profit or loss	2,025,962	-
Tax recoverable	43,420	34,684
TOTAL ASSETS	<u>2,158,210</u>	<u>55,891</u>
LIABILITIES		
Amount due to Manager		
- management fee	499	-
- others	63,736	34,454
Amount due to Trustee	40	-
Auditors' remuneration	-	4,839
Tax agent's fee	-	2,419
Distribution payable	2,935	-
Other payables and accruals	-	11,179
TOTAL LIABILITIES	<u>67,210</u>	<u>52,891</u>
NET ASSET VALUE OF THE FUND	<u>2,091,000</u>	<u>3,000</u>
EQUITY		
Unitholders' capital	2,091,000	3,000
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>2,091,000</u>	<u>3,000</u>
NUMBER OF UNITS IN CIRCULATION	<u>2,091,000</u>	<u>3,000</u>
NET ASSET VALUE PER UNIT (RM)	<u>1.00</u>	<u>1.00</u>

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2021	3,000	-	3,000
Total comprehensive income for the financial period	-	55,107	55,107
Distributions	-	(55,107)	(55,107)
Movement in unitholders' capital:			
Creation of units arising from applications	10,064,370	-	10,064,370
Creation of units arising from distributions	55,107	-	55,107
Cancellation of units	(8,031,477)	-	(8,031,477)
Balance as at 31 March 2022	<u>2,091,000</u>	<u>-</u>	<u>2,091,000</u>
Balance as at 1 July 2020	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Balance as at 31 March 2021	<u>3,000</u>	<u>-</u>	<u>3,000</u>

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