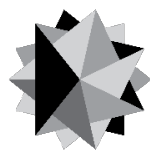


# Affin Hwang World Series - China A Opportunity Fund

Quarterly Report  
31 August 2020

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 – CHINA A OPPORTUNITY FUND

## Quarterly Report and Financial Statements As at 31 August 2020

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## QUARTERLY REPORT

### FUND INFORMATION

Fund Name	Affin Hwang World Series – China A Opportunity 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 China A Onshore
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 Aug 2020	As at 31 May 2020
Total NAV (million)	18.248	13.320
NAV per Unit (USD)	0.7663	0.6157
Unit in Circulation (million)	23.812	21.636

#### AUD-Hedged Class

Category	As at 31 Aug 2020	As at 31 May 2020
Total NAV (million)	16.968	20.811
NAV per Unit (AUD)	0.7435	0.5998
Unit in Circulation (million)	22.822	34.695

#### MYR-Hedged Class

Category	As at 31 Aug 2020	As at 31 May 2020
Total NAV (million)	298.069	184.802
NAV per Unit (RM)	0.7698	0.6175
Unit in Circulation (million)	387.223	299.292

#### MYR Class

Category	As at 31 Aug 2020	As at 31 May 2020
Total NAV (million)	77.506	45.066
NAV per Unit (RM)	0.7765	0.6511
Unit in Circulation (million)	99.820	69.221

### SGD-Hedged Class

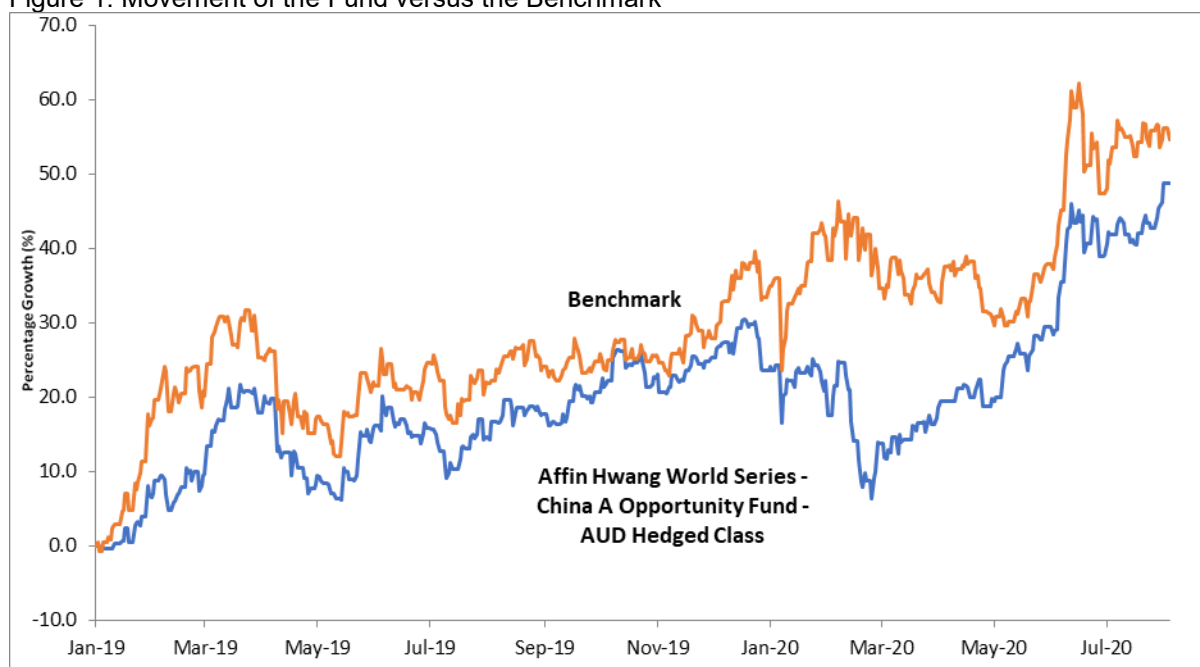
Category	As at 31 Aug 2020	As at 31 May 2020
Total NAV (million)	6.118	2.774
NAV per Unit (SGD)	0.7458	0.6008
Unit in Circulation (million)	8.204	4.617

### AUD Hedged Class

Table 1: Performance as at 31 August 2020

	3 Months (1/6/20 - 31/8/20)	6 Months (1/3/20 - 31/8/20)	1 Year (1/9/19 - 31/8/20)	Since Commencement (29/1/19 - 31/8/20)
<b>Fund</b>	<b>23.96%</b>	<b>26.55%</b>	<b>27.38%</b>	<b>48.70%</b>
<b>Benchmark</b>	<b>18.18%</b>	<b>11.75%</b>	<b>26.60%</b>	<b>54.64%</b>
<b>Outperformance / (Underperformance)</b>	<b>5.78%</b>	<b>14.80%</b>	<b>0.78%</b>	<b>(5.94%)</b>

Figure 1: Movement of the Fund versus the Benchmark



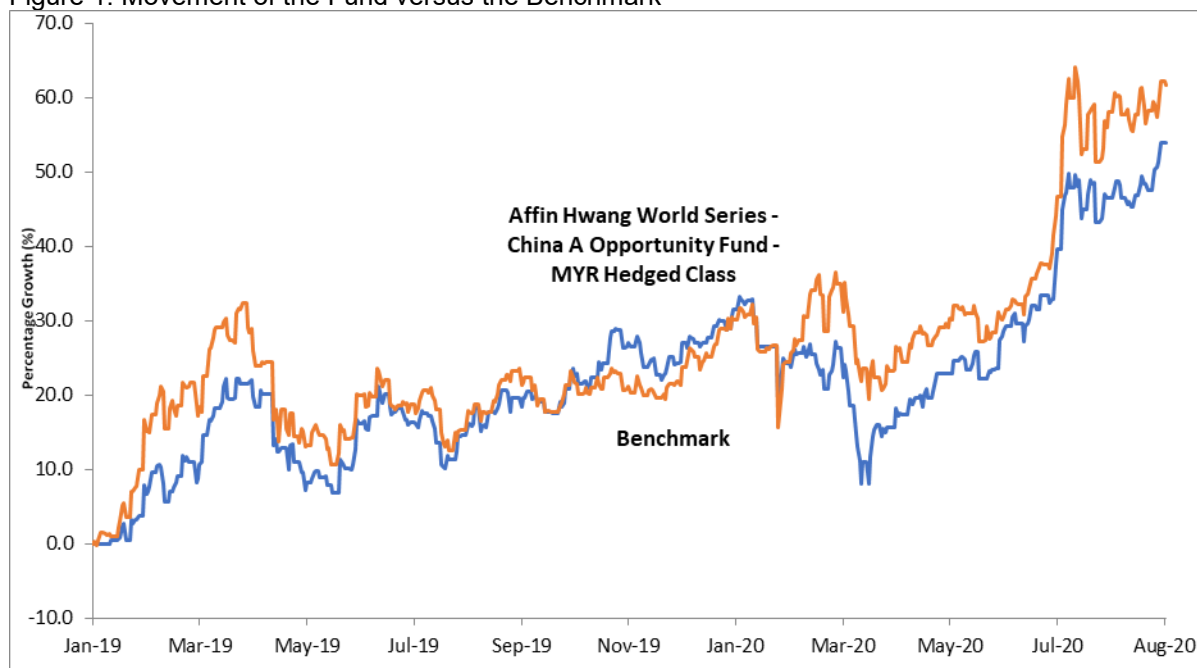
"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up."  
Benchmark: MSCI China A On shore

## MYR Hedged Class

Table 1: Performance as at 31 August 2020

	<b>3 Months</b> (1/6/20 - 31/8/20)	<b>6 Months</b> (1/3/20 - 31/8/20)	<b>1 Year</b> (1/9/19 - 31/8/20)	<b>Since Commencement</b> (29/1/19 - 31/8/20)
<b>Fund</b>	<b>24.66%</b>	<b>27.49%</b>	<b>30.87%</b>	<b>53.96%</b>
<b>Benchmark</b>	<b>25.92%</b>	<b>25.74%</b>	<b>37.37%</b>	<b>61.75%</b>
<b>Outperformance / (Underperformance)</b>	<b>(1.26%)</b>	<b>1.75%</b>	<b>(6.50%)</b>	<b>(7.79%)</b>

Figure 1: Movement of the Fund versus the Benchmark



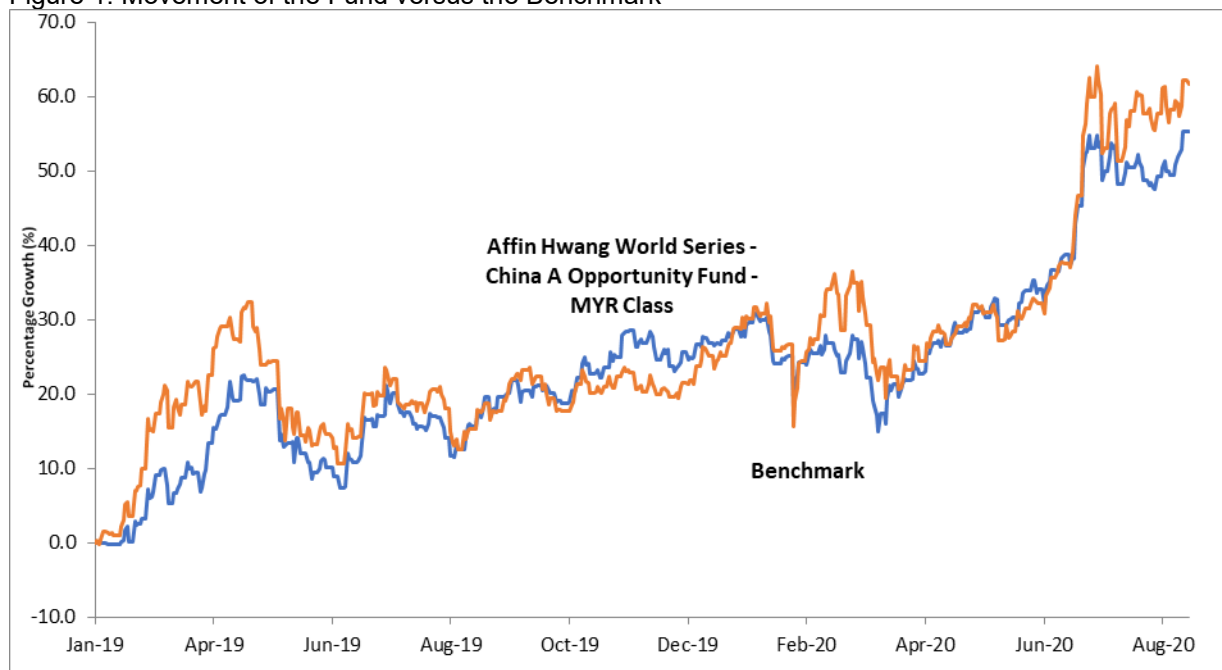
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Benchmark: MSCI China A On shore

## MYR Class

Table 1: Performance as at 31 August 2020

	<b>3 Months</b> (1/6/20 - 31/8/20)	<b>6 Months</b> (1/3/20 - 31/8/20)	<b>1 Year</b> (1/9/19 - 31/8/20)	<b>Since Commencement</b> (29/1/19 - 31/8/20)
<b>Fund</b>	<b>19.26%</b>	<b>26.47%</b>	<b>29.94%</b>	<b>55.30%</b>
<b>Benchmark</b>	<b>25.92%</b>	<b>25.74%</b>	<b>37.37%</b>	<b>61.75%</b>
<b>Outperformance / (Underperformance)</b>	<b>(6.66%)</b>	<b>0.73%</b>	<b>(7.43%)</b>	<b>(6.45%)</b>

Figure 1: Movement of the Fund versus the Benchmark



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 Benchmark: MSCI China A On shore

### SGD Hedged Class

Table 1: Performance as at 31 August 2020

	<b>3 Months</b> (1/6/20 - 31/8/20)	<b>6 Months</b> (1/3/20 - 31/8/20)	<b>1 Year</b> (1/9/19 - 31/8/20)	<b>Since Commencement</b> (29/1/19 - 31/8/20)
<b>Fund</b>	<b>24.13%</b>	<b>26.00%</b>	<b>28.52%</b>	<b>49.16%</b>
<b>Benchmark</b>	<b>26.48%</b>	<b>24.08%</b>	<b>36.21%</b>	<b>60.26%</b>
<b>Outperformance / (Underperformance)</b>	<b>(2.35%)</b>	<b>1.92%</b>	<b>(7.69%)</b>	<b>(11.10%)</b>

Figure 1: Movement of the Fund versus the Benchmark



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 Benchmark: MSCI China A On shore

### USD Class

Table 1: Performance as at 31 August 2020

	<b>3 Months</b> (1/6/20 - 31/8/20)	<b>6 Months</b> (1/3/20 - 31/8/20)	<b>1 Year</b> (1/9/19 - 31/8/20)	<b>Since Commencement</b> (29/1/19 - 31/8/20)
<b>Fund</b>	<b>24.46%</b>	<b>27.99%</b>	<b>31.24%</b>	<b>53.26%</b>
<b>Benchmark</b>	<b>31.51%</b>	<b>27.25%</b>	<b>39.08%</b>	<b>59.47%</b>
<b>Outperformance / (Underperformance)</b>	<b>(7.05%)</b>	<b>0.74%</b>	<b>(7.84%)</b>	<b>(6.21%)</b>

Figure 1: Movement of the Fund versus the Benchmark



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 Benchmark: MSCI China A On shore

**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 August 2020</b>
	(%)
Collective Investment Scheme	96.35
Cash & money market	3.65
<b>Total</b>	<b>100.00</b>

### **Strategies Employed**

The Fund returned positively, but was behind the index performance in July. Positive stock selection in Consumer Staples added most value. On the other hand, stock selection in Financials, Consumer Discretionary and Health Care dragged on performance. However, the Fund returned positively and was ahead of the benchmark performance in August. Stock selection in Health Care and Materials was most positive, while overweight in Consumer Discretionary and negative stock selection in Communication services offset partial gains.

We continue to overweight the large cap, blue chips in our portfolio. In addition, our China portfolio is oriented to domestic consumption and have little direct exposure to tariffs. At the same time, we believe that the long-term investible trends remain intact, such as the increasing share of discretionary spending and premiumization, China's rebalancing into services and consumption, increasing spending on R&D and technology leading to innovations and under-penetration in the servicing sectors. As such, our portfolio continues to focus on stock selection and invests in industry leaders with strong fundamentals that are less impacted by the external shocks.



## **Market Review**

China A equities posted strong gains in June/Q2, supported by improving economic indicators and abundant liquidity in the market. Markets have shrugged off COVID 19 and geopolitical overhang and returned to positive territories year to date. Small-scale local outbreak of COVID-19 in Beijing were brought under control swiftly, meanwhile the US-China tensions have not escalated further. On the macro front, domestic economy indicators are largely in line with expectation. Activity indicators continue to improve on a board base with manufacturing and non-manufacturing PMI rose in June.

Coming into July, China A-share recorded a very strong month with the MSCI China A onshore index jumped 15%. COVID-19 contagion is relatively under control in mainland China. We see domestic activities continued to recover and more industries reported expansionary PMI production readings in July. As the tension with the US escalated, China's export data was surprisingly resilience. Chinese companies have overall reported better-than-expected 1H 2020 results given the pandemic and its disruptions to the economy. Material sector rebounded sharply, when the infrastructure segment benefited from credit support in Q2.

Positive earnings releases and strong IPO debuts supported China market in August. US and China reaffirmed their commitment to the Phase I trade deal, providing some comfort to investors despite rising US-China tensions. While US-China tension remained a key talking point, companies that focus more on domestic growth drivers outperformed, especially the online players, as they posted strong earnings growth in 1H 2020 as well. In the onshore market, Staples and Utilities outperformed, while the IT sector was the key underperformer after a strong run YTD, as investors took profit.

## **Investment Outlook**

While the market had rebounded meaningfully, the Chinese stock market is nowhere near as extreme as 2015. Particularly, we believe that China A-shares market's rally since March is mostly fundamental based, while liquidity has certainly played a part. We have seen retail volume picked up in recent months, when margin financing has only risen modestly given regulatory crackdowns. We reiterate that US-China rivalry will last for a period of time and geopolitical risks are an ever present reality of investing. However, in the long run, most geopolitical events have proven not to have any meaningful lasting impact on markets.

Overall we maintain our focus on long term domestic themes, such as China's rebalancing into services and consumption, increasing share of discretionary spending and premiumization, increasing spending on R&D and technology leading to innovations and market consolidation within segments.

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020

	Financial period ended <u>31.8.2020</u> USD	Financial period ended <u>31.8.2019</u> USD
<b>INVESTMENT INCOME</b>		
Interest income from financial assets at amortised cost	1,014	1,321
Net gain on foreign currency exchange	46,487	17,680
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss	3,809,286	(544,679)
Net gain on financial assets at fair value through profit or loss	23,220,853	1,743,550
	<u>27,077,640</u>	<u>1,217,872</u>
<b>EXPENSES</b>		
Management fee	(479,441)	(33,180)
Trustee fee	(15,749)	(6,656)
Auditors' remuneration	5,579	(3,285)
Tax agent's fee	2,441	(1,438)
Fund accounting fee	(827)	-
Other expenses	(592)	(3,096)
	<u>(488,589)</u>	<u>(47,655)</u>
<b>NET PROFIT BEFORE FINANCE COST AND TAXATION</b>	26,589,051	1,170,217
<b>FINANCE COST</b>		
Distributions	-	-
<b>NET PROFIT BEFORE TAXATION</b>	26,589,051	1,170,217
Taxation	-	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER</b>	<u>26,589,051</u>	<u>1,170,217</u>
Increase of net asset attributable to unitholders is made up of the following:		
Realised amount	5,799,455	112,451
Unrealised amount	20,789,596	1,057,766
	<u>26,589,051</u>	<u>1,170,217</u>

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	<u>2020</u> USD	<u>2019</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	3,899,780	951,225
Amount due from broker	-	441,466
Amount due from Manager		
- creation of units	1,320,032	107,649
- management fee rebate receivable	151,106	-
Financial assets at fair value through profit or loss	120,827,044	29,993,810
Forward foreign currency contracts at fair value through profit or loss	2,137,825	1,475
<b>TOTAL ASSETS</b>	<u>128,335,787</u>	<u>31,495,625</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	100,364	371,920
Amount due to broker	1,000,000	1,885
Amount due to Manager		
- management fee	183,808	7,491
- cancellation of units	1,643,948	516,285
Amount due to Trustee	5,961	1,512
Auditors' remuneration	541	3,285
Tax agent's fee	1,063	1,438
Other expenses	268	754
<b>TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>2,935,953</u>	<u>904,570</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>125,399,834</u>	<u>30,591,055</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>125,399,834</u>	<u>30,591,055</u>
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- AUD Hedged-class	12,430,903	3,347,102
- MYR Class	18,617,755	4,180,306
- MYR Hedged-class	71,599,642	16,026,663
- SGD Hedged-class	4,503,563	677,747
- USD Class	18,247,971	6,359,237
	<u>125,399,834</u>	<u>30,591,055</u>

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020 (CONTINUED)

	<u>2020</u> USD	<u>2019</u> USD
<b>REPRESENTED BY (CONTINUED):</b>		
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- AUD Hedged-class	22,822,000	8,518,000
- MYR Class	99,820,000	29,416,000
- MYR Hedged-class	387,223,000	114,582,000
- SGD Hedged-class	8,204,000	1,618,000
- USD Class	23,812,000	10,891,000
	<u>541,881,000</u>	<u>165,025,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- AUD Hedged-class	0.5447	0.3929
- MYR Class	0.1865	0.1421
- MYR Hedged-class	0.1849	0.1399
- SGD Hedged-class	0.5489	0.4189
- USD Class	<u>0.7663</u>	<u>0.5839</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- AUD Hedged-class	AUD0.7435	AUD0.5837
- MYR Class	RM0.7765	RM0.5976
- MYR Hedged-class	RM0.7698	RM0.5882
- SGD Hedged-class	SGD0.7458	SGD0.5803
- USD Class	<u>USD0.7663</u>	<u>USD0.5839</u>

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020

	Financial period ended <u>31.8.2020</u> USD	Financial period ended <u>31.8.2019</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD/ DATE OF LAUNCH</b>	82,020,100	-
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	41,757,789	42,256,833
- AUD Hedged-class	5,305,789	3,902,405
- MYR Class	7,976,044	5,011,757
- MYR Hedged-class	22,704,702	25,192,741
- SGD Hedged-class	2,441,445	900,142
- USD Class	3,329,809	7,249,788
Cancellation of units	(24,967,106)	(12,835,995)
- AUD Hedged-class	(11,211,829)	(537,973)
- MYR Class	(2,659,296)	(951,633)
- MYR Hedged-class	(8,672,202)	(9,596,761)
- SGD Hedged-class	(657,803)	(219,224)
- USD Class	(1,765,976)	(1,530,404)
Increase in net assets attributable to unitholders during the financial period	26,589,051	1,170,217
- AUD Hedged-class	4,505,198	(17,330)
- MYR Class	2,928,986	120,182
- MYR Hedged-class	15,034,975	430,683
- SGD Hedged-class	756,069	(3,171)
- USD Class	3,363,823	639,853
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>125,399,834</u>	<u>30,591,055</u>

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

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