Affin Hwang World Series -
Global Target Return Fund

Quarterly Report
31 August 2021

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 TARGET RETURN FUND

Quarterly Report and Financial Statements
As at 31 August 2021

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Target Return Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long term period
Benchmark	USD LIBOR 3 Months
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 2021	As at 31 May 2021
Total NAV (million)	0.492	0.485
NAV per Unit (USD)	0.5894	0.5813
Unit in Circulation (million)	0.835	0.835

MYR-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	4.210	4.140
NAV per Unit (RM)	0.6048	0.5946
Unit in Circulation (million)	6.960	6.963

SGD-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	0.399	0.011
NAV per Unit (SGD)	0.5636	0.5572
Unit in Circulation (million)	0.708	0.019

AUD-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	0.890	0.820
NAV per Unit (AUD)	0.5700	0.5648
Unit in Circulation (million)	1.562	1.451

GBP-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	0.949	0.085
NAV per Unit (GBP)	0.5480	0.5433
Unit in Circulation (million)	1.732	0.156

EUR-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	0.014	0.009
NAV per Unit (EUR)	0.5126	0.5070
Unit in Circulation (million)	0.028	0.018

RMB-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	0.013	0.013
NAV per Unit (RMB)	0.6043	0.5924
Unit in Circulation (million)	0.022	0.022

HKD-Hedged class

Category	As at 31 Aug 2021	As at 31 May 2021
Total NAV (million)	1.288	1.271
NAV per Unit (HKD)	0.6881	0.6789
Unit in Circulation (million)	1.872	1.872

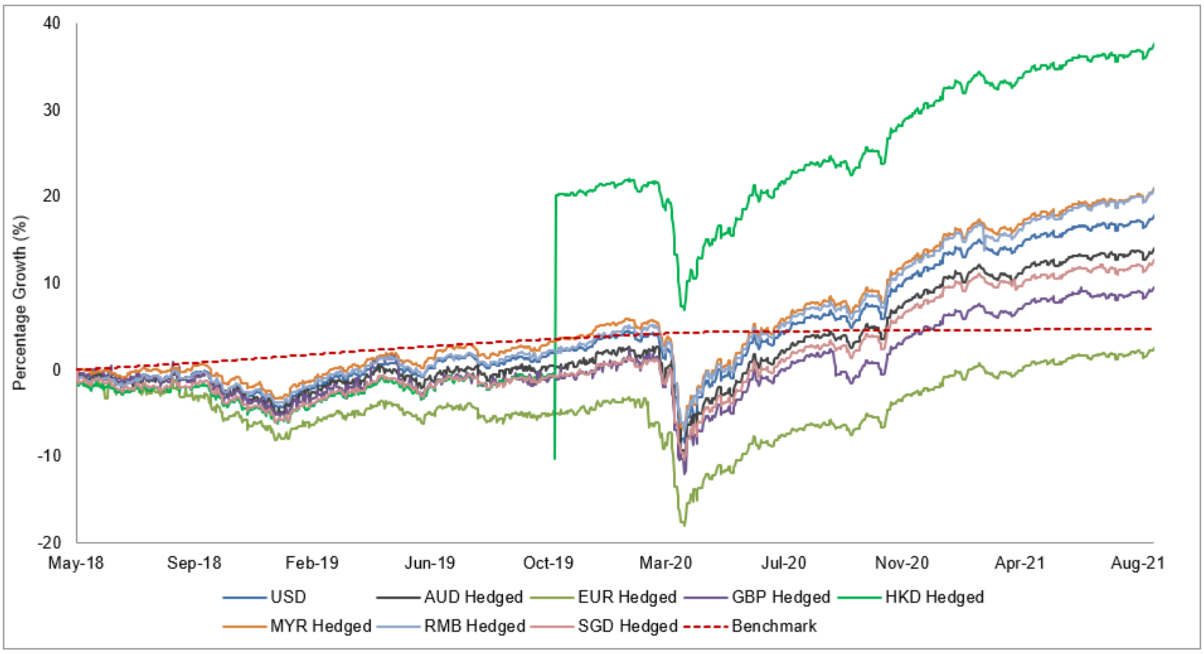
Performance as at 31 August 2021

	3 Months (1/6/21 - 31/8/21)	6 Months (1/3/21 - 31/8/21)	1 Year (1/9/20 - 31/8/21)	3 Years (1/9/18 - 31/8/21)	Since Commencement (14/5/18 - 31/8/21)
Benchmark	**0.03%**	**0.08%**	**0.19%**	**3.99%**	**4.71%**
USD	**1.39%**	**3.49%**	**10.85%**	**18.54%**	**17.88%**
Outperformance	**1.36%**	**3.41%**	**10.66%**	**14.55%**	**13.17%**
AUD Hedged	**0.92%**	**2.76%**	**9.57%**	**14.55%**	**14.00%**
Outperformance	**0.89%**	**2.68%**	**9.38%**	**10.56%**	**9.29%**
EUR Hedged	**1.10%**	**2.91%**	**9.41%**	**4.74%**	**2.52%**
Outperformance	**1.07%**	**2.83%**	**9.22%**	**0.75%**	**(2.19%)**
GBP Hedged	**0.87%**	**2.83%**	**7.47%**	**9.93%**	**9.60%**
Outperformance	**0.84%**	**2.75%**	**7.28%**	**5.94%**	**4.89%**
HKD Hedged	**1.36%**	**3.43%**	**10.91%**	**39.38%**	**37.62%**
Outperformance	**1.33%**	**3.35%**	**10.72%**	**35.39%**	**32.91%**
MYR Hedged	**1.72%**	**4.08%**	**12.04%**	**20.65%**	**20.96%**
Outperformance	**1.69%**	**4.00%**	**11.85%**	**16.66%**	**16.25%**

RMB Hedged	**2.01%**	**4.79%**	**12.55%**	**20.96%**	**20.86%**
Outperformance	**1.98%**	**4.71%**	**12.36%**	**16.97%**	**16.15%**

SGD Hedged	**1.15%**	**2.51%**	**9.54%**	**14.25%**	**12.72%**
Outperformance	**1.12%**	**2.43%**	**9.35%**	**10.26%**	**8.01%**

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: USD LIBOR 3 Months

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 August 2021
	(%)
Unit Trust	96.76
Derivative	0.20
Cash & money market	3.04
Total	**100.00**

Strategies Employed

Given our more sanguine view on the likely taper outcome and the recent value unlocked within emerging markets, we added 2.5% to emerging market equities. While the regulatory crackdown in China is of concern, we believe this risk is reflected in current prices. The authorities have shown reluctance to overly hinder financial conditions by cutting the Reserve Requirement Ratio to arrest the economic slowdown. In addition, leading economic indicators remain well supported, mainly due to strong global trade and manufacturing conditions. We also reduced the UK equity allocation in favour of Japanese equities due to improved valuations in the latter, and added another 2% to US equities, bringing our overall equity exposure to 33%. Earnings in the US continue to be strong and margins have not only recovered to pre-COVID levels but surpassed them. We view this as a barbell approach of adding to more risky cyclical exposure that is offering value (emerging markets) and quality companies likely to deliver on their earnings expectations (the US).

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. 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. 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.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets, while the Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed's dovish testimony. The S&P 500 and Nasdaq index rose, buoyed by stimulus optimism after early indication of bipartisan support of the proposed US$1.2 trillion infrastructure bill in the US Congress. US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank's view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker in June as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The Group of Seven ("G7") nations and North Atlantic Treaty Organisation ("NATO") held its annual summit with political leaders from US and Europe vowing to toughen its stance on China.
Asia was dragged by the weakness in the Chinese market in July. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions.

The local equity market's performance was muted relative to regional peers. In the February result season, the tech sector was largely reporting earnings that beat expectations on the back of robust demand. Meanwhile, Finance Minister clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government was mulling new taxes to widen its revenue base once the economy is on a more stable footing.
The performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Fiscal deficit is expected to breach above the government's target of 6.0%. With the unveiled stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers. During its quarterly GDP briefing, BNM said that Malaysia's GDP grew 16.1% y-o-y in the 2Q'21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

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. With political stability expected until the next General Election (GE) due by 2023, the local market could see further support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

In August, Prime Minister Datuk Seri Ismail Sabri Yaakob unveiled his cabinet line-up with familiar faces at the helm. Foreigners turned net buyers in the last week of the month with net inflows rising to the tune of RM960 million which is the strongest weekly inflow since 2019.

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. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise in Asia ex-Japan. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has creeped up above historical averages as well as a power crunch in China sent shockwaves across the region's supply chain. The crackdown on power consumption is being driven by rising demand for electricity and surging coal and gas prices, as well as strict targets from Beijing to cut emissions. 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. News of the potential default of China's leading real estate developer Evergrande also sent chills down investors' spines. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery is on tracked as backed by positive vaccine roll-outs 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. The 12th Malaysia Plan also aims to revive the economy as well as move up the supply value chain, with an emphasis of clean & sustainable energy at the forefront. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

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. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2021

	Financial period ended 31.8.2021 USD	Financial period ended 31.8.2020 USD
INVESTMENT (LOSS)/INCOME		
Net (loss)/gain on foreign currency exchange	(6,434)	1,255
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(68,485)	207,134
Net gain on financial assets at fair value through profit or loss	66,643	176,855
	(8,276)	385,244
EXPENSES		
Management fee	(13,795)	(13,382)
Trustee fee	(368)	(358)
Auditors' remuneration	(489)	(495)
Tax agent's fee	(214)	(216)
Other expenses	(1,187)	(2,100)
	(16,053)	(16,551)
NET (LOSS)/PROFIT BEFORE TAXATION	(24,329)	368,693
Taxation	-	-
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER	(24,329)	368,693
(Decrease)/increase of net asset attributable to unitholders is made up of the following:		
Realised amount	(69,836)	146,160
Unrealised amount	45,507	222,533
	(24,329)	368,693

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	2021 USD	2020 USD
ASSETS		
Cash and cash equivalents	142,722	101,273
Amount due from broker	-	603
Amount due from Manager		
- creation of units	5,793	-
- management fee rebate receivable	4,077	3,181
Financial assets at fair value through profit or loss	3,815,810	2,903,375
Forward foreign currency contracts at fair value through profit or loss	23,693	115,027
TOTAL ASSETS	3,992,095	3,123,459
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	15,774	-
Amount due to Manager		
- management fee	5,024	4,092
- cancellation of units	23,983	-
Amount due to Trustee	134	109
Auditors' remuneration	489	684
Tax agent's fee	1,346	1,352
Other payables and accruals	1,816	1,356
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	48,566	7,593
NET ASSET VALUE OF THE FUND	3,943,529	3,115,866
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	3,943,529	3,115,866

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

	2021 USD	2020 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD - Hedged Class	649,106	933,353
- EUR - Hedged Class	16,934	10,060
- GBP - Hedged Class	1,307,503	172,966
- HKD - Hedged Class	165,420	240
- MYR - Hedged Class	1,013,659	1,365,191
- RMB - Hedged Class	2,056	15,643
- SGD - Hedged Class	296,717	144,671
- USD Class	492,134	473,742
	3,943,529	3,115,866
NUMBER OF UNITS IN CIRCULATION		
- AUD - Hedged Class	1,562,000	2,449,000
- EUR - Hedged Class	28,000	18,000
- GBP - Hedged Class	1,732,000	255,000
- HKD - Hedged Class	1,872,000	3,000
- MYR - Hedged Class	6,960,000	10,529,000
- RMB - Hedged Class	22,000	200,000
- SGD - Hedged Class	708,000	382,000
- USD Class	835,000	891,000
	13,719,000	14,727,000
NET ASSET VALUE PER UNIT (USD)		
- AUD - Hedged Class	0.4156	0.3811
- EUR - Hedged Class	0.6048	0.5589
- GBP - Hedged Class	0.7549	0.6783
- HKD - Hedged Class	0.0884	0.0800
- MYR - Hedged Class	0.1456	0.1297
- RMB - Hedged Class	0.0935	0.0782
- SGD - Hedged Class	0.4191	0.3787
- USD Class	0.5894	0.5317

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

	2021 USD	2020 USD
REPRESENTED BY (CONTINUED):		
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD - Hedged Class	AUD0.5700	AUD0.5202
- EUR - Hedged Class	EUR0.5126	EUR0.4685
- GBP - Hedged Class	GBP0.5480	GBP0.5099
- HKD - Hedged Class	HKD0.6881	HKD0.6204
- MYR - Hedged Class	RM0.6048	RM0.5398
- RMB - Hedged Class	RMB0.6043	RMB0.5369
- SGD - Hedged Class	SGD0.5636	SGD0.5145
- USD Class	USD0.5894	USD0.5317

STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2021

	Financial period ended 31.8.2021 USD	Financial period ended 31.8.2020 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	2,429,528	3,839,782
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	1,683,088	59,378
- AUD - Hedged Class	106,343	40,508
- EUR - Hedged Class	6,008	-
- GBP - Hedged Class	1,197,264	-
- MYR - Hedged Class	80,823	13,720
- SGD - Hedged Class	292,650	-
- USD Class	-	5,150
Cancellation of units	(144,758)	(1,151,987)
- AUD - Hedged Class	(57,188)	(433,060)
- GBP - Hedged Class	-	(53,801)
- MYR - Hedged Class	(80,974)	(568,629)
- SGD - Hedged Class	(6,596)	(35,545)
- USD Class	-	(60,952)
Net (decrease)/increase in net assets attributable to unitholders during the financial period	(24,329)	368,693
- AUD - Hedged Class	(34,937)	160,336
- EUR - Hedged Class	(224)	1,022
- GBP - Hedged Class	(9,988)	23,032
- HKD - Hedged Class	1,667	10
- MYR - Hedged Class	9,789	147,838
- RMB - Hedged Class	11	1,341
- SGD - Hedged Class	2,644	13,672
- USD Class	6,709	21,442
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	3,943,529	3,115,866

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