

# Affin Hwang World Series - China A Opportunity Fund

Quarterly Report  
31 August 2022

Out **think.** Out **perform.**



**AFFIN HWANG**  
CAPITAL

**MANAGER**  
Affin Hwang Asset Management Berhad  
199701014290 (429786-T)

**TRUSTEE**  
TMF Trustees Malaysia Berhad  
(200301008392 [610812-W])

# AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

## Quarterly Report and Financial Statements As at 31 August 2022

---

<b>Contents</b>	<b>Page</b>
QUARTERLY REPORT .....	2
STATEMENT OF COMPREHENSIVE INCOME .....	10
STATEMENT OF FINANCIAL POSITION .....	11
STATEMENT OF CHANGES IN ASSET .....	13

## 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 2022	As at 31 May 2022
Total NAV (million)	30.330	31.954
NAV per Unit (USD)	0.5624	0.5754
Unit in Circulation (million)	53.929	55.533

#### AUD-Hedged Class

Category	As at 31 Aug 2022	As at 31 May 2022
Total NAV (million)	31.234	31.775
NAV per Unit (AUD)	0.5341	0.5466
Unit in Circulation (million)	58.482	58.134

#### MYR-Hedged Class

Category	As at 31 Aug 2022	As at 31 May 2022
Total NAV (million)	734.640	743.959
NAV per Unit (RM)	0.5744	0.5866
Unit in Circulation (million)	1278.942	1268.232

#### MYR Class

Category	As at 31 Aug 2022	As at 31 May 2022
Total NAV (million)	199.437	197.416
NAV per Unit (RM)	0.6091	0.6128
Unit in Circulation (million)	327.448	322.170

## SGD-Hedged Class

Category	As at 31 Aug 2022	As at 31 May 2022
Total NAV (million)	22.833	23.147
NAV per Unit (SGD)	0.5424	0.5553
Unit in Circulation (million)	42.095	41.683

## Fund Performance

### USD Class

Performance as at 31 August 2022

	3 Months (1/6/22 - 31/8/22)	6 Months (1/3/22 - 31/8/22)	1 Year (1/9/21 - 31/8/22)	3 Years (1/9/19 - 31/8/22)	Since Commencement (29/1/19 - 31/8/22)
<b>Fund</b>	<b>(4.28%)</b>	<b>(18.79%)</b>	<b>(19.08%)</b>	<b>(5.67%)</b>	<b>10.16%</b>
<b>Benchmark</b>	<b>(1.41%)</b>	<b>(17.16%)</b>	<b>(19.70%)</b>	<b>25.64%</b>	<b>44.07%</b>
<b>Outperformance</b>	<b>(2.87%)</b>	<b>(1.63%)</b>	<b>0.62%</b>	<b>(31.31%)</b>	<b>(33.91%)</b>

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



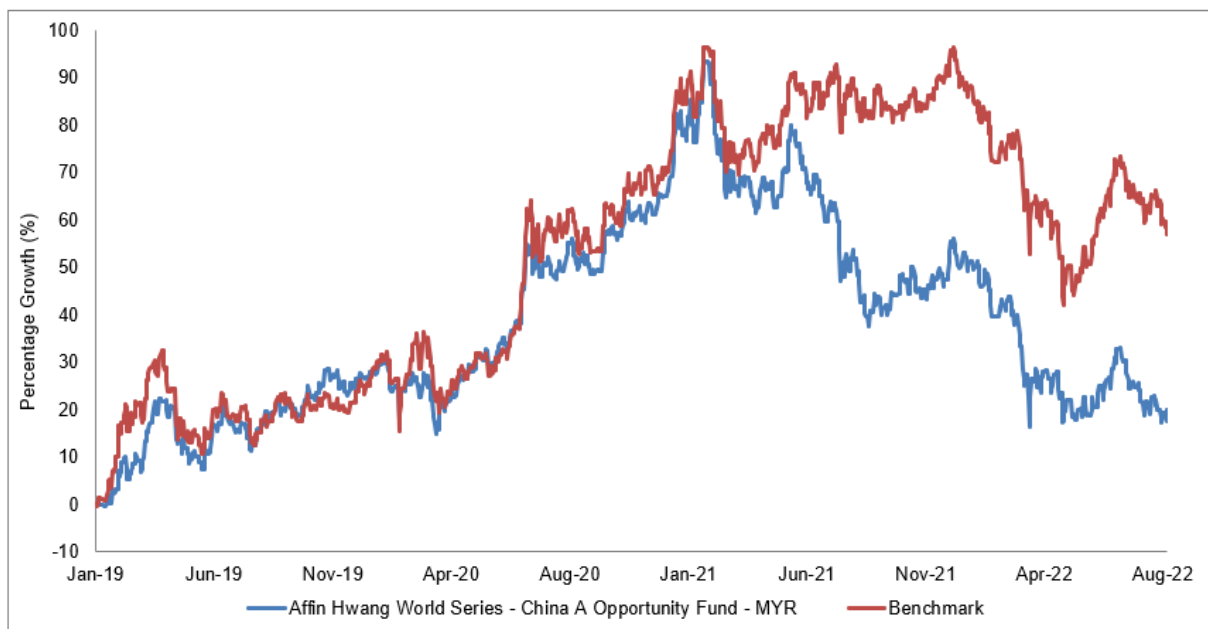
## MYR Class

Performance as at 31 August 2022

	<b>3 Months</b> (1/6/22 - 31/8/22)	<b>6 Months</b> (1/3/22 - 31/8/22)	<b>1 Year</b> (1/9/21 - 31/8/22)	<b>3 Years</b> (1/9/19 - 31/8/22)	<b>Since Commencement</b> (29/1/19 - 31/8/22)
<b>Fund</b>	<b>(2.11%)</b>	<b>(13.41%)</b>	<b>(12.82%)</b>	<b>0.38%</b>	<b>19.98%</b>
<b>Benchmark</b>	<b>0.80%</b>	<b>(11.54%)</b>	<b>(13.47%)</b>	<b>33.36%</b>	<b>57.03%</b>
<b>Outperformance</b>	<b>(2.91%)</b>	<b>(1.87%)</b>	<b>0.65%</b>	<b>(32.98%)</b>	<b>(37.05%)</b>

Source of Benchmark: Bloomberg

### Movement of the Fund versus the Benchmark



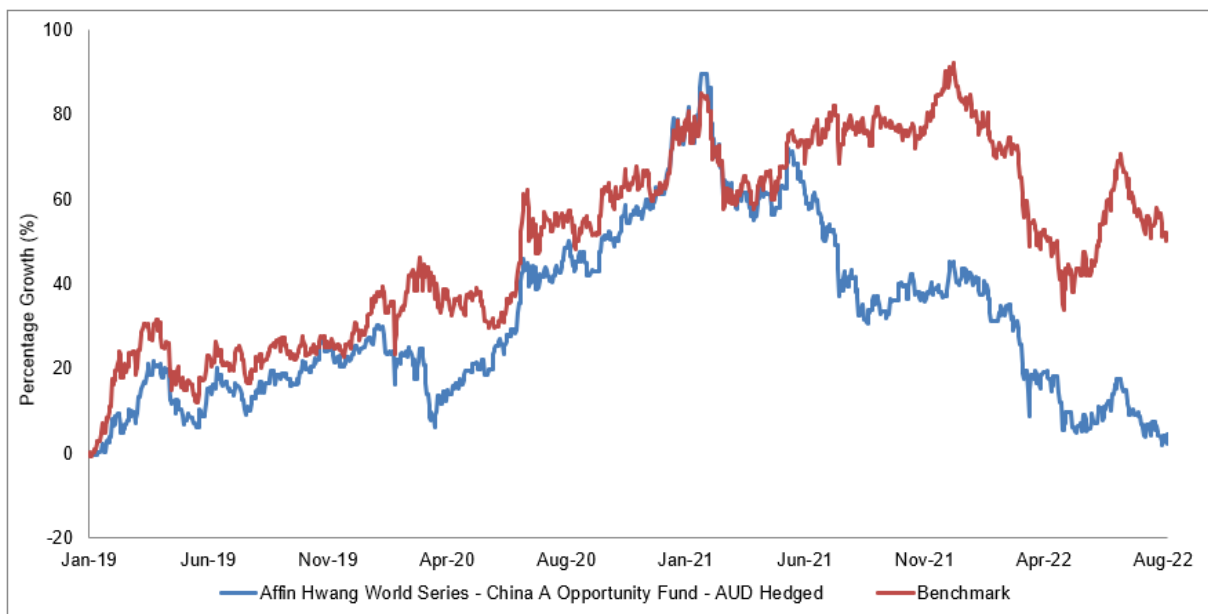
## AUD Hedged-Class

Performance as at 31 August 2022

	<b>3 Months</b> (1/6/22 - 31/8/22)	<b>6 Months</b> (1/3/22 - 31/8/22)	<b>1 Year</b> (1/9/21 - 31/8/22)	<b>3 Years</b> (1/9/19 - 31/8/22)	<b>Since Commencement</b> (29/1/19 - 31/8/22)
<b>Fund</b>	<b>(4.45%)</b>	<b>(19.57%)</b>	<b>(20.05%)</b>	<b>(10.52%)</b>	<b>4.46%</b>
<b>Benchmark</b>	<b>3.35%</b>	<b>(12.37%)</b>	<b>(14.37%)</b>	<b>23.28%</b>	<b>50.58%</b>
<b>Outperformance</b>	<b>(7.80%)</b>	<b>(7.20%)</b>	<b>(5.68%)</b>	<b>(33.80%)</b>	<b>(46.12%)</b>

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



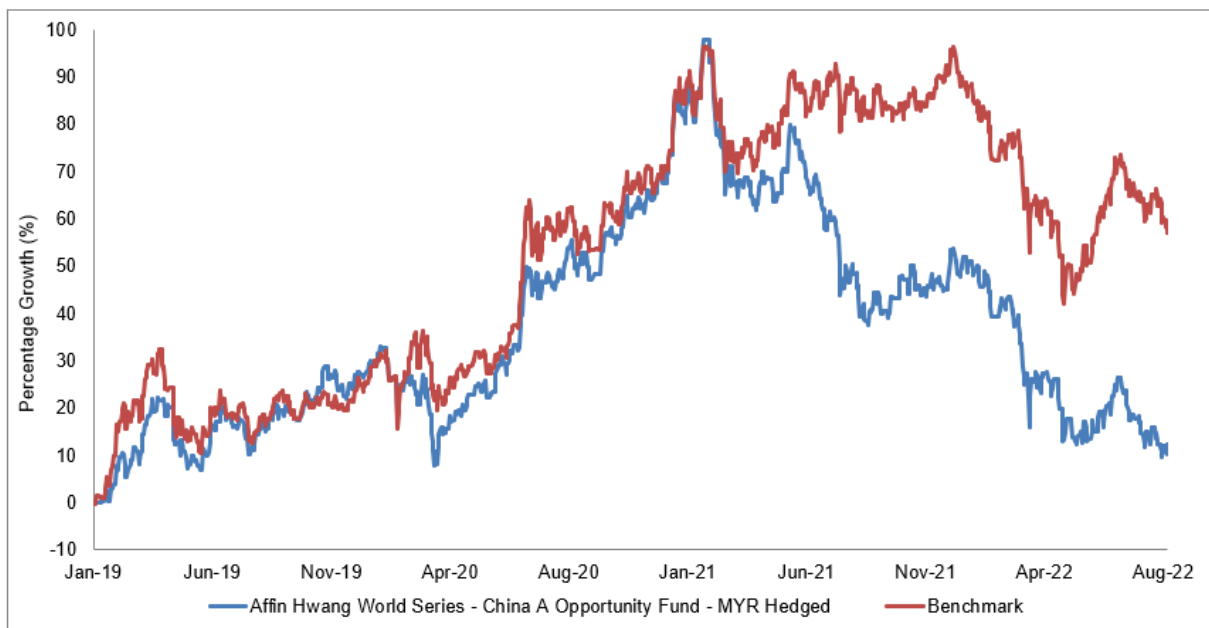
## MYR Hedged-Class

Performance as at 31 August 2022

	<b>3 Months</b> (1/6/22 - 31/8/22)	<b>6 Months</b> (1/3/22 - 31/8/22)	<b>1 Year</b> (1/9/21 - 31/8/22)	<b>3 Years</b> (1/9/19 - 31/8/22)	<b>Since Commencement</b> (29/1/19 - 31/8/22)
<b>Fund</b>	<b>(4.11%)</b>	<b>(18.55%)</b>	<b>(18.16%)</b>	<b>(4.37%)</b>	<b>12.50%</b>
<b>Benchmark</b>	<b>0.80%</b>	<b>(11.54%)</b>	<b>(13.47%)</b>	<b>33.36%</b>	<b>57.03%</b>
<b>Outperformance</b>	<b>(4.91%)</b>	<b>(7.01%)</b>	<b>(4.69%)</b>	<b>(37.73%)</b>	<b>(44.53%)</b>

Source of Benchmark: Bloomberg

### Movement of the Fund versus the Benchmark



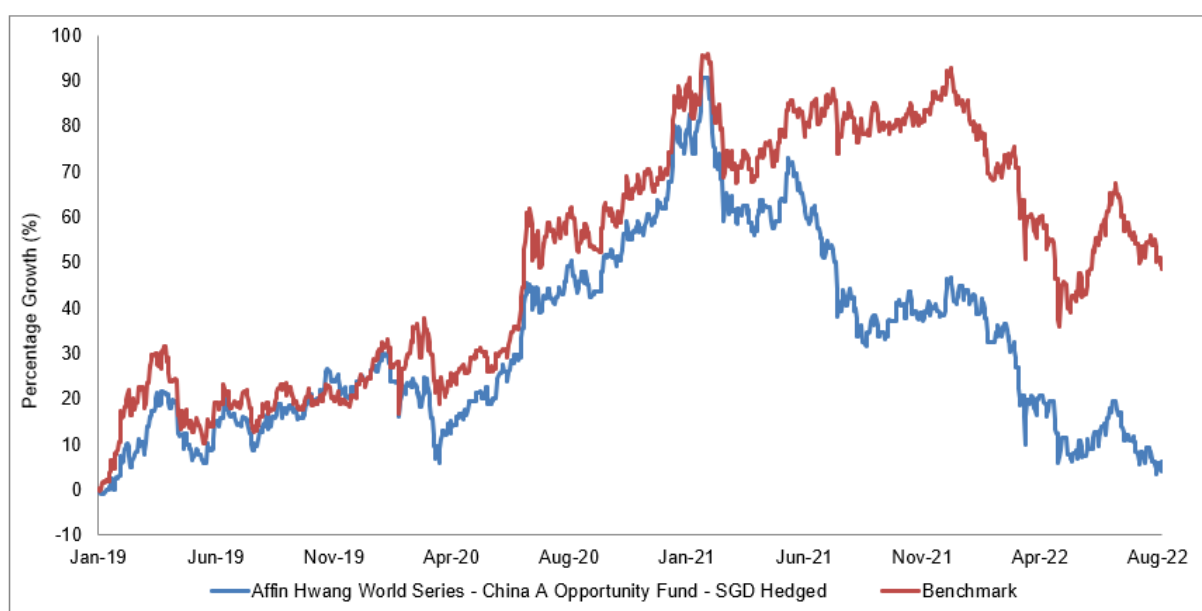
## SGD Hedged-Class

Performance as at 31 August 2022

	3 Months (1/6/22 - 31/8/22)	6 Months (1/3/22 - 31/8/22)	1 Year (1/9/21 - 31/8/22)	3 Years (1/9/19 - 31/8/22)	Since Commencement (29/1/19 - 31/8/22)
<b>Fund</b>	<b>(4.36%)</b>	<b>(19.00%)</b>	<b>(19.31%)</b>	<b>(8.48%)</b>	<b>6.22%</b>
<b>Benchmark</b>	<b>0.51%</b>	<b>(14.69%)</b>	<b>(16.62%)</b>	<b>26.35%</b>	<b>48.67%</b>
<b>Outperformance</b>	<b>(4.87%)</b>	<b>(4.31%)</b>	<b>(2.69%)</b>	<b>(34.83%)</b>	<b>(42.45%)</b>

Source of Benchmark: Bloomberg

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 China A Onshore 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:

	<b>31 August 2022</b>
	(%)
Unit Trust	97.87
Derivative	-1.98
Cash & money market	4.11
<b>Total</b>	<b>100.00</b>



## **Strategies Employed**

The Manager tend not to overly focus on short-term periods of pullbacks in the market –our objective remains to deliver strong long-term returns and to take advantage of such volatility, and we have demonstrated this ability over the history of managing the funds. The Manager focus on companies which have the consistent ability to deliver on the earnings front. As part of the disciplined investment approach, the Manager avoided rushing into sectors and names where valuations were overextended, and instead, have been deploying cash into high-quality companies which have lagged last year –one area has been in Financials, where the Manager have been adjusting key positions since last year. Overall, global investors' allocation to Chinese equities will probably remain strong, and short-term volatility provides an opportunity to buy the quality names at better prices.

## **Market Review**

China A shares further consolidated in August as property downturn and Covid restrictions are still impeding economic growth. Although the recent State Council meeting saw more policy financing for property and power producers, that is still insufficient to quell homebuyer fears of further defaults and unfinished projects.

The lower August Caixin manufacturing PMI reflected slower export growth due to softening global demand. On the other hand, the central bank, PBoC, further reduced loan prime rates unexpectedly in efforts to boost the economy. Another positive news is related to the ADR delisting issue which we saw some respite with preliminary agreements made with the US on audit inspections.

Sector performance wise, Energy and Utilities outperformed, while Consumer Discretionary, Materials and Industrials underperformed and weighed the market down.

## **Investment Outlook**

The Fund is currently overweight in financials, healthcare and consumer staples. The target fund manager believes from a long-term perspective, there are long term drivers supporting the structural growth within the financials and healthcare sectors. They also believe banks would outperform when the economy stabilizes or when sentiment improves.

Due to the mortgage boycott, investors are cautious about a contagion risk and weakened balance sheets of the banks. However, they believe that the real risk is low after considering the actual exposures to the stalled projects. As the homebuyers see progress of the construction, they may not want to risk lowering their credit scores and thus would look to continue with mortgage payments. In China, a poor credit score may affect travel prospects employment, access to finance, and the ability to enter contracts. This justifies the target manager's overweight in China Merchants Bank and Ping An Bank that have very attractive valuations and have more exposure to first tier cities not impacted by the issues of project delivery.

The Fund's overweight in insurance was built on the long-term thesis of highly underpenetrated China life insurance industry, growing middle class and ageing population. Ping An Insurance initiated an agency force reform last year and it was also impacted by the COVID related factors. The Target Fund Manager believe those are transitional and Ping An Insurance will be able to attract and retain top agents moving forward.

For consumer staples, the fund manager continue to prefer Moutai due to its strong pricing power and growth visibility. Besides the ultra-premium Moutai, the Fund also holds two other white liquor brands as the Target Fund Manager believes the demand for white liquor would recover when covid lockdown restrictions are gradually eased. The Fund also have a dairy company Inner Mongolia Yili and a yeast company Angel Yeast that are positioned to benefit from mass consumption.

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

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

	Financial period ended <u>31.8.2022</u> USD	Financial period ended <u>31.8.2021</u> USD
<b>INVESTMENT LOSS</b>		
Interest income from financial assets at amortised cost	1,054	3,897
Net loss on foreign currency exchange	(12,509)	(108,697)
Net loss on forward foreign currency contracts at fair value through profit or loss	(4,650,889)	(3,478,322)
Net loss on financial assets at fair value through profit or loss	<u>(10,760,226)</u>	<u>(91,872,031)</u>
	<u>(15,422,570)</u>	<u>(95,455,153)</u>
<b>EXPENSES</b>		
Management fee	(1,327,646)	(1,648,110)
Trustee fee	(43,065)	(53,481)
Fund accounting fee	(788)	(833)
Auditors' remuneration	(472)	(482)
Tax agent's fee	(208)	(211)
Other expenses	<u>(2,286)</u>	<u>(2,946)</u>
	<u>(1,374,465)</u>	<u>(1,706,063)</u>
<b>NET LOSS BEFORE TAXATION</b>	(16,797,035)	(97,161,216)
Taxation	<u>-</u>	<u>-</u>
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER</b>	<u>(16,797,035)</u>	<u>(97,161,216)</u>
Decrease of net asset attributable to unitholders is made up of the following:		
Realised amount	(6,207,147)	(729,613)
Unrealised amount	<u>(10,589,888)</u>	<u>(96,431,603)</u>
	<u>(16,797,035)</u>	<u>(97,161,216)</u>

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022

	<u>2022</u> USD	<u>2021</u> USD
<b>ASSETS</b>		
Cash and cash equivalents	11,278,089	16,735,370
Amount due from broker	1,194,649	-
Amount due from Manager		
- creation of units	48,515	2,823,081
- management fee rebate receivable	364,122	450,068
Financial assets at fair value through profit or loss	265,470,160	324,761,097
Forward foreign currency contracts at fair value through profit or loss	114,887	875,862
<b>TOTAL ASSETS</b>	<u>278,470,422</u>	<u>345,645,478</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	5,489,190	2,706,180
Amount due to broker	498,292	7,497,392
Amount due to Manager		
- management fee	430,710	536,022
- cancellation of units	781,720	81,546
Amount due to Trustee	13,969	17,385
Auditors' remuneration	469	595
Tax agent's fee	987	1,046
Other payables and accruals	32	144
<b>TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>7,215,369</u>	<u>10,840,310</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>271,255,053</u>	<u>334,805,168</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>271,255,053</u>	<u>334,805,168</u>

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022 (CONTINUED)

	<u>2022</u> USD	<u>2021</u> USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- AUD Hedged-class	21,217,408	27,381,307
- MYR Class	44,253,375	45,207,230
- MYR Hedged-class	159,843,526	201,817,599
- SGD Hedged-class	16,017,587	19,629,612
- USD Class	29,923,157	40,769,420
	<u>271,255,053</u>	<u>334,805,168</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- AUD Hedged-class	58,469,000	57,486,000
- MYR Class	330,100,000	272,865,000
- MYR Hedged-class	1,271,554,000	1,219,455,000
- SGD Hedged-class	42,050,000	40,103,000
- USD Class	54,326,000	59,892,000
	<u>1,756,499,000</u>	<u>1,649,801,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- AUD Hedged-class	0.3629	0.4763
- MYR Class	0.1341	0.1657
- MYR Hedged-class	0.1257	0.1655
- SGD Hedged-class	0.3809	0.4895
- USD Class	0.5508	0.6807
	<u>0.5508</u>	<u>0.6807</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- AUD Hedged-class	AUD0.5223	AUD0.6533
- MYR Class	RM0.5999	RM0.6881
- MYR Hedged-class	RM0.5625	RM0.6873
- SGD Hedged-class	SGD0.5311	SGD0.6582
- USD Class	USD0.5508	USD0.6807
	<u>USD0.5508</u>	<u>USD0.6807</u>

## AFFIN HWANG WORLD SERIES – CHINA A OPPORTUNITY FUND

### UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2022

	Financial period ended <u>31.8.2022</u> USD	Financial period ended <u>31.8.2021</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	286,833,250	388,598,956
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	5,998,401	64,881,592
- AUD Hedged-class	237,207	2,755,547
- MYR Class	1,604,721	14,370,386
- MYR Hedged-class	3,405,925	40,792,078
- SGD Hedged-class	334,710	2,535,935
- USD Class	415,838	4,427,646
Cancellation of units	(4,779,563)	(21,514,164)
- AUD Hedged-class	(102,027)	(1,658,018)
- MYR Class	(490,116)	(5,248,150)
- MYR Hedged-class	(2,878,243)	(10,231,314)
- SGD Hedged-class	(187,012)	(2,045,179)
- USD Class	(1,122,165)	(2,331,503)
Decrease in net assets attributable to unitholders during the financial period	(16,797,035)	(97,161,216)
- AUD Hedged-class	(1,741,998)	(10,131,556)
- MYR Class	(1,979,801)	(12,959,941)
- MYR Hedged-class	(10,712,506)	(55,887,978)
- SGD Hedged-class	(1,038,615)	(6,151,872)
- USD Class	(1,324,115)	(12,029,869)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>271,255,053</u>	<u>334,805,168</u>

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

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)