

Affin Hwang World Series - US Dollar Liquidity Fund

Quarterly Report
31 August 2022

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



AFFIN HWANG
CAPITAL

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AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

Quarterly Report and Financial Statements As at 31 August 2022

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – US Dollar Liquidity Fund
Fund Type	Income
Fund Category	Feeder Wholesale
Investment Objective	The Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation.
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income on a monthly basis, after the end of its first financial year.

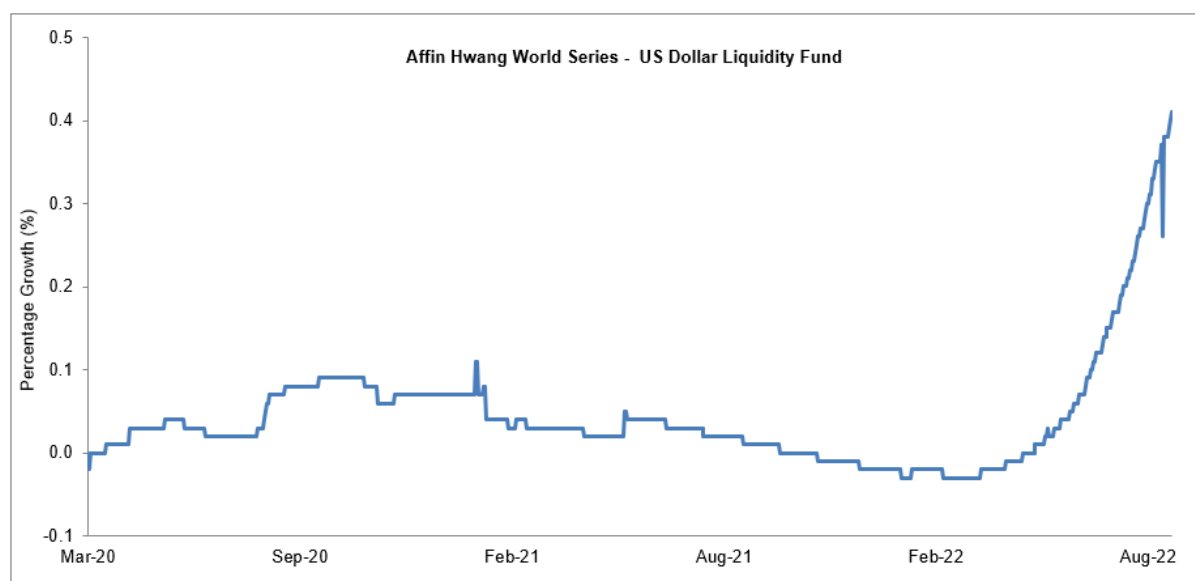
FUND PERFORMANCE DATA

Category	As at 31 Aug 2022	As at 31 May 2022
Total NAV (million)	0.631	0.704
NAV per Unit (USD)	1.0004	0.9986
Unit in Circulation (million)	0.631	0.705

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)	Since Commencement (10/3/20 - 31/8/22)
Fund	0.37%	0.44%	0.39%	0.41%

Movement of the Fund since commencement



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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 2022
	(%)
Unit Trust	99.86
Cash & money market	0.14
Total	100.00

Strategies Employed & Investment Outlook

The Manager continue to maintain higher levels of liquidity than in the past. We remain comfortable purchasing securities out to 1-year and we have been looking for attractive fixed and floating rates in the 1-12 months' space.

Market Review

Uncertainty has been an ongoing theme in economies over the past year. Fiscal and monetary adjustments as governments and central banks strive to rein in inflation for a soft landing continue to affect markets, increasing volatility. Geopolitical instability also remains a major concern due to the protracted Russia-Ukraine conflict. The double whammy of a global pandemic coupled with geopolitical tensions has been troubling markets as economic activities were limited and the friction between the two nations further exacerbated market volatility by inciting supply chain disruptions.

At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As the last quarter of 2022 draws closer, we have seen numerous interest rates hikes over the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points within the span of 6 months to address inflationary pressures.

Global markets slumped lower in August as the Fed signalled that there will be no let-up in its quest to quell inflation by tightening monetary policy. As a result, the Standard & Poor (S&P) 500 index fell 4.3% as hopes that the Fed would pivot anytime soon to loosen monetary policy is dampened. At the annual Jackson Hole economic symposium in August this year, Fed Chair Jerome Powell reiterated that the Fed is committed to raising interest rates until it is confident that inflation is sufficiently brought under control. Powell acknowledged that a tighter monetary policy may adversely affect US consumers and businesses due to higher borrowing costs but added that a premature loosening policy could lead to a much worse outcome if inflation continued unchecked.

Similar to US markets, Eurozone shares fell in August due to ongoing inflationary worries. The euro area annual inflation rate was 9.1% in August, a considerable increase compared to 3.0% a year ago. The highest contributor to the annual inflation rate is the energy sector, followed by food, alcohol and tobacco. The energy crisis across Europe was exacerbated as Russia said it would halt the Nord Stream 1 pipeline. Russia has already cut its gas supplies to EU states by 88% over the year.

In Asia the broader MSCI Asia ex-Japan index plunged 12.9% in August, Taiwan and Korea being among the worst performers in the region as the two export-driven countries saw waning demand for tech goods on the back of a global slowdown. Indonesia on the other hand was the best-performing major Asia-Pacific index for the year, with the Jakarta composite index up 6.51% since the start of the year.

According to state media, China plans to launch a real estate fund of up to 300.0 billion yuan (US\$44.0 billion) to help developers complete stalled projects. The People's Bank of China (PBoC) is also said to be issuing 1.0 trillion yuan (US\$148.2 billion) to ease a liquidity crunch in the sector. China went through a sharp slowdown in April and May this year due to strict lockdown in major cities in the country. However, despite having relaxed Covid-19 restrictions as the number of new cases decline, and the government's effort in stimulating the economy from both monetary and fiscal perspective, the path to economic recovery seems rocky and non-

linear. The Shanghai Shenzhen CSI300 Index was down 2.2% for the month of August as the region continue to reel from a property slump.

Bond yields continue to rise in August 2022 as central banks maintained hawkishness, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. The US 10-year Treasury rose from 2.64% in July to 3.13% in August, with the two-year rising from 2.90% to 3.45%. The UK gilt market performed relatively worse than most government bond markets as inflation in UK hit 10% in July, surprising markets and raised expectations of a faster pace of rate hikes.

In the domestic market, the Kuala Lumpur Composite Index (KLCI) edged 1.3% higher in August 2022 as earnings season roll-out. Most companies' results were in line with expectations with exporters coming out on top as beneficiaries of a weaker Ringgit. All eyes will be on the upcoming tabling of Budget 2023 slated in October.

On local fixed income, the 10-year MGS yield rose 9 basis points (bps) to end the month at 3.99%. Malaysia's gross domestic product (GDP) expanded by 8.9% in the second quarter of 2022 year on year, buoyed by an improvement seen in consumption for both manufacturing and services segment as well as exports since Malaysia's border reopening in April this year.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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
INVESTMENT INCOME		
Dividend income	3,508	20
Net gain on financial assets at fair value through profit or loss	322	302
	<u>3,830</u>	<u>322</u>
EXPENSES		
Management fee	(561)	(506)
Trustee fee	(45)	(41)
	<u>(606)</u>	<u>(547)</u>
NET PROFIT/(LOSS) BEFORE TAXATION	3,224	(225)
Taxation	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	<u><u>3,224</u></u>	<u><u>(225)</u></u>
Net profit/(loss) after taxation is made up of the following:		
Realised amount	<u>3,224</u>	<u>(225)</u>
	<u><u>3,224</u></u>	<u><u>(225)</u></u>

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022

	<u>2022</u> USD	<u>2021</u> USD
ASSETS		
Cash and cash equivalents	1,718	5,092
Amount due from Manager		
- management fee rebate receivable	124	111
Dividend receivable	1,727	6
Financial assets at fair value through profit or loss	2,373,326	755,727
TOTAL ASSETS	<u>2,376,895</u>	<u>760,936</u>
LIABILITIES		
Amount due to Manager		
- management fee	220	166
Amount due to Trustee	17	13
TOTAL LIABILITIES	<u>237</u>	<u>179</u>
NET ASSET VALUE OF THE FUND	<u>2,376,658</u>	<u>760,757</u>
EQUITY		
Unitholders' capital	2,376,086	763,154
Retained earnings/(accumulated losses)	572	(2,397)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>2,376,658</u>	<u>760,757</u>
NUMBER OF UNITS IN CIRCULATION	<u>2,372,000</u>	<u>762,000</u>
NET ASSET VALUE PER UNIT (USD)	<u>1.0020</u>	<u>0.9984</u>

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

	Unitholders' capital USD	Retained earnings/ (accumulated losses) USD	Total USD
Balance as at 1 June 2022	706,471	(2,471)	704,000
Total comprehensive income for the financial period	-	3,224	3,224
Distributions	-	(181)	(181)
Movement in unitholders' capital:			
Creation of units arising from applications	2,241,387	-	2,241,387
Creation of units arising from distributions	181	-	181
Cancellation of units	(571,953)	-	(571,953)
Balance as at 31 August 2022	<u>2,376,086</u>	<u>572</u>	<u>2,376,658</u>
Balance as at 1 June 2021	901,962	(2,172)	899,790
Total comprehensive loss for the financial period	-	(225)	(225)
Movement in unitholders' capital:			
Creation of units arising from applications	165,752	-	165,752
Cancellation of units	(304,560)	-	(304,560)
Balance as at 31 August 2021	<u>763,154</u>	<u>(2,397)</u>	<u>760,757</u>

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