

QUARTERLY REPORT

31 August 2023

Affin Hwang World Series - Asian High Yield Fund

MANAGER

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AFFIN HWANG WORLD SERIES – ASIAN HIGH YIELD FUND

Quarterly Report and Financial Statements As at 31 August 2023

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN ASSET	9

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Asian High Yield Fund
Fund Type	Income
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period
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

USD Class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.367	0.378
NAV per Unit (USD)	0.2974	0.3109
Unit in Circulation (million)	1.233	1.216

MYR-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	12.597	14.873
NAV per Unit (RM)	0.2944	0.3103
Unit in Circulation (million)	42.761	47.908

SGD-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.239	0.256
NAV per Unit (SGD)	0.2912	0.3057
Unit in Circulation (million)	0.821	0.837

AUD-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.559	0.598
NAV per Unit (AUD)	0.2894	0.3036
Unit in Circulation (million)	1.930	1.969

Performance as at 31 August 2023

	3 Months (1/6/23 - 31/8/23)	6 Months (1/3/23 - 31/8/23)	1 Year (1/9/22 - 31/8/23)	Since Commencement (28/9/20 - 31/8/23)
USD Class	(4.34%)	(11.06%)	(7.18%)	(36.99%)
AUD Hedged-Class	(4.68%)	(11.85%)	(8.91%)	(38.29%)
MYR Hedged-Class	(5.12%)	(12.35%)	(9.50%)	(37.30%)
SGD Hedged-Class	(4.74%)	(11.76%)	(8.43%)	(38.01%)

Movement of the Fund since commencement



"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) 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."

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 2023
	(%)
Unit Trust	98.01
Derivative	-0.71
Cash & money market	2.70
Total	100.00

Strategies Employed

The fund returned negatively and underperformed the benchmark for August amid higher US treasury yields. On a relative basis, the fund's credit exposure detracted the most, mainly from its exposure to China developers on the back of the indiscriminate selloff in the sector triggered by negative news around the missing coupons by a big developer. Meanwhile, our exposure to perpetual bonds with high coupon step-up also detracted. Furthermore, our selection in Indonesia IG corporates dragged the relative performance, despite partly offset by our overweight in the sector. Conversely, the fund's underweight in fixed-for-life perpetual bonds lifted the relative performance. Also, the fund benefited from its underweight in Hong Kong property in light of negative rumours surrounding a large Hong Kong developer. Moreover, the fund's underweight in China AMCs contributed positively to the relative performance amid concerns over China growth as this sector is considered as proxy for China risk. Elsewhere, the fund's yield carry helped offsetting partially the downside.

Over the month, Target Fund Manager trimmed the exposure in China property sector, as national sales remained weak. Target Fund Manager remain selective with an emphasis on better quality companies, which will more likely to benefit from the funding loosening policies in the sector, as well as focusing on the short-end with attractive yields and better certainty of repayment, reflecting mostly our conviction on the individual credit rather than our view on the sector. Meanwhile, Target Fund Manager increased the fund underweight in China financials by selling some AMC bonds amid some negative headlines. In terms of positioning, Target Fund Manager remained overweight in Macau gaming in view of solid revenue recovery from strong visitor arrivals in Macau. The reopening in China continued to improve the sector and Macau's economic recovery.

Also, Target Fund Manager maintain an overweight in India and Indonesia corporates, particularly those that Target Fund Manager expect to benefit from the economic growth. Of note, Target Fund Manager favour the commodity sector in India and Indonesia. Target Fund Manager expect the strong demand for commodities and energy will keep prices well supported and will in turn, benefit these companies.

In India, Target Fund Manager also favour the renewable energy sector which Target Fund Manager expect to remain well supported by global sustainable investors. On the other hand, Target Fund Manager are underweight sectors which Target Fund Manager find valuations unattractive. For instance, Target Fund Manager are underweight Hong Kong and Philippines. Similarly, Target Fund Manager are also underweight sovereign, quasi sovereign bonds as well as bank subordinated debt. During the month, Target Fund Manager turned neutral duration for the fund amid rising US Treasury yields. Target Fund Manager have also used interest rate futures to help manage our duration exposure actively.

Market Review

The Asia credit market posted negative returns in August. The treasury curve has steepened amid mixed economic data in the US. Overall, 2-year treasury yields dropped 1bp while 10-year yields rose 15 bps. Investment grade (IG) bonds outperformed high yield (HY) bonds over the month as IG spreads widened less than HY spreads. In the IG space, the best performer was Korean oil & gas as a rating agency revised a company's outlook to stable from negative. Singapore and Malaysia utilities contributed too. On the other hand, Singapore property was the top detractor due to investors' concern on the company's China assets on the back of ongoing volatility in the property sector. China property spreads widened as well due to the fallout of a credit event of the largest private developer by sales. Macau consumer also saw spreads widening on the back of recent negative headlines from China and some fund outflows. In the HY arena, China property dragged overall performance with idiosyncratic headlines and spillover effect on the sector. Sri Lanka sovereign and quasi-sovereign also widened as the debt restructuring was still ongoing. On the positives, Mongolia metals and mining was the top contributor as the company has offered existing bondholders to tender their bonds for exchange. Pakistan sovereign saw resilient performance as it secured a last-minute deal with the International Monetary Fund (IMF). Indonesian consumer spreads also tightened.

Investment Outlook

The US 10-year Treasury yield was pushed to its multi-year highest level in mid-August. However, markets were encouraged by Powell's positive remarks on inflation and economic data in late August, with 10-year yield dropping to 4.20%. While US economic data has been mixed, Target Fund Manager are very close to the Fed's peak hawkishness. Meanwhile, market sentiment on China has been lifted after the market seeing signs of improvement in the economic momentum and the rollout of various stimulus measures, particularly the targeted measures in making houses more affordable. Policy support including policy rate cut that came out earlier than expected, smaller down-payment thresholds and relaxation of first-time homebuyers

definitions, should help to restore some confidence in the property sector and the overall economy over the near-term. Elsewhere in Asia, most of the central banks have already taken a pause in their tightening cycles and inflation momentum has continued to decelerate in July. Overall, Target Fund Manager are constructive on Asia credit over the medium-term given the positive macro backdrop and strong technicals. Turning to the high yield market, credit spreads are likely to continue compressing over the medium term on the back of the stabilisation of the China property sector amid the rollout of the stimulus measures. However, Target Fund Manager are not expecting a sector-wide recovery as the beneficiaries would likely only be the surviving developers that have higher exposure to Tier 1/2 cities. On the bright side, Target Fund Manager continue to be constructive on the Macau gaming sector as operators posted another postpandemic high monthly gross gaming revenue in August, mainly driven by the mass market recovery. Meanwhile, Target Fund Manager continue to see attractive opportunities in Indian and Indonesian corporates with their strong macro economic conditions and decent yields..

AFFIN HWANG WORLD SERIES - ASIAN HIGH YIELD FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

	Financial period ended <u>31.8.2023</u> USD	Financial period ended <u>31.8.2022</u> USD
INVESTMENT LOSS		
Interest income from financial assets		
at amortised cost	-	121
Net gain/(loss) on foreign currency exchange	666	(817)
Net loss on forward foreign currency contracts		
at fair value through profit or loss	(232,163)	(295,428)
Net loss on financial assets at fair value		
through profit or loss	(114,808)	(1,709,809)
	<u>(346,305)</u>	<u>(2,005,933)</u>
EXPENSES		
Management fee	(50,322)	(72,251)
Trustee fee	(1,007)	(1,446)
Auditors' remuneration	(1,406)	(1,430)
Tax agent's fee	(614)	(625)
Other expenses	(538)	(777)
	<u>(53,887)</u>	<u>(76,529)</u>
NET LOSS BEFORE FINANCE COST AND TAXATION	(400,192)	(2,082,462)
FINANCE COST		
Distributions	-	(44,401)
NET LOSS BEFORE TAXATION	(400,192)	(2,126,863)
Taxation	-	-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>(400,192)</u>	<u>(2,126,863)</u>
Decrease in net asset attributable to unitholders is made up of the following:		
Realised amount	(432,461)	(2,286,067)
Unrealised amount	32,269	159,204
	<u>(400,192)</u>	<u>(2,126,863)</u>

AFFIN HWANG WORLD SERIES - ASIAN HIGH YIELD FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	<u>2023</u> USD	<u>2022</u> USD
ASSETS		
Cash and cash equivalents	157,043	390,081
Amount due from broker	206,096	-
Amount due from Manager		
- management fee rebate receivable	14,867	19,835
Financial assets at fair value through profit or loss	3,549,232	4,702,984
Forward foreign currency contracts at fair value through profit or loss	-	2,185
TOTAL ASSETS	<u>3,927,238</u>	<u>5,115,085</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	25,654	75,316
Amount due to broker	1,628	-
Amount due to Manager		
- management fee	5,006	6,385
- cancellation of units	271,293	201,230
Amount due to Trustee	100	127
Auditors' remuneration	1,410	1,415
Tax agent's fee	731	1,451
Other payables and accruals	157	213
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>305,979</u>	<u>286,137</u>
NET ASSET VALUE OF THE FUND	<u>3,621,259</u>	<u>4,828,948</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>3,621,259</u>	<u>4,828,948</u>

AFFIN HWANG WORLD SERIES - ASIAN HIGH YIELD FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023 (CONTINUED)

	<u>2023</u> USD	<u>2022</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	361,069	447,607
- MYR Hedged-class	2,716,671	3,717,641
- SGD Hedged-class	176,771	253,851
- USD Class	366,748	409,849
	<u>3,621,259</u>	<u>4,828,948</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	1,930,000	2,028,000
- MYR Hedged-class	42,761,000	51,146,000
- SGD Hedged-class	821,000	1,113,000
- USD Class	1,233,000	1,279,000
	<u>46,745,000</u>	<u>55,566,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.1871	0.2207
- MYR Hedged-class	0.0635	0.0727
- SGD Hedged-class	0.2153	0.2281
- USD Class	0.2974	0.3204
	<u>0.2974</u>	<u>0.3204</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.2894	AUD0.3177
- MYR Hedged-class	RM0.2944	RM0.3253
- SGD Hedged-class	SGD0.2912	SGD0.3180
- USD Class	USD0.2974	USD0.3204
	<u>USD0.2974</u>	<u>USD0.3204</u>

AFFIN HWANG WORLD SERIES - ASIAN HIGH YIELD FUND

UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

	Financial period ended <u>31.8.2023</u> USD	Financial period ended <u>31.8.2022</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE PERIOD	4,582,229	7,603,680
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	218,765	778,417
- AUD Hedged-class	-	3,630
- MYR Hedged-class	213,471	679,962
- SGD Hedged-class	-	94,685
- USD Class	5,294	140
Creation of units arising from distributions	-	42,242
- AUD Hedged-class	-	3,616
- MYR Hedged-class	-	32,908
- SGD Hedged-class	-	2,038
- USD Class	-	3,680
Cancellation of units	(779,543)	(1,468,528)
- AUD Hedged-class	(22,497)	(5,950)
- MYR Hedged-class	(665,444)	(1,317,318)
- SGD Hedged-class	(70,113)	(83,306)
- USD Class	(21,489)	(61,954)
Decrease in net assets attributable to unitholders during the financial period	(400,192)	(2,126,863)
- AUD Hedged-class	(37,575)	(163,671)
- MYR Hedged-class	(343,844)	(1,705,589)
- SGD Hedged-class	(4,129)	(102,844)
- USD Class	(14,644)	(154,759)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>3,621,259</u>	<u>4,828,948</u>

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