



QUARTERLY REPORT
31 August 2023

Affin Hwang World Series - **Emerging Markets Short Duration Fund**

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AFFIN HWANG WORLD SERIES – EMERGING MARKETS SHORT DURATION FUND

Quarterly Report and Financial Statements As at 31 August 2023

Contents	Page
QUARTERLY REPORT	3
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN NET ASSETS	10

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Emerging Markets Short Duration Fund	
Fund Type	Income	
Fund Category	Fixed Income (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 for respective Classes in the following manner, after the end of its first financial year.	
	Class(es)	Distribution Policy
	USD Class	Monthly basis
	MYR Class	
	MYR Hedged-class	Quarterly basis
	SGD Hedged-class	
	AUD Hedged-class	
	GBP Hedged-class	
	EUR Hedged-class	
	RMB Hedged-class	

FUND PERFORMANCE DATA

USD Class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.010	0.009
NAV per Unit (USD)	0.1707	0.1671
Unit in Circulation (million)	0.057	0.055

MYR class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.338	0.417
NAV per Unit (RM)	0.1993	0.1927
Unit in Circulation (million)	1.696	2.163

MYR-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.771	0.289
NAV per Unit (RM)	0.1632	0.1614
Unit in Circulation (million)	4.726	1.791

SGD-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.005	0.005
NAV per Unit (SGD)	0.1637	0.1608
Unit in Circulation (million)	0.031	0.030

AUD-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.002	0.002
NAV per Unit (AUD)	0.1535	0.1508
Unit in Circulation (million)	0.011	0.011

RMB-Hedged class

Category	As at 31 Aug 2023	As at 31 May 2023
Total NAV (million)	0.016	0.015
NAV per Unit (RMBB)	0.1681	0.1668
Unit in Circulation (million)	0.093	0.090

Fund Performance

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)	3 Years (1/9/20 - 31/8/23)	Since Commencement (3/5/19 - 31/8/23)
USD	6.25%	5.01%	8.55%	(35.37%)	(49.72%)
MYR	7.06%	8.76%	12.74%	(27.87%)	(42.53%)
AUD Hedged	5.83%	3.86%	7.26%	(38.19%)	(54.16%)
MYR Hedged	4.96%	2.96%	5.33%	(36.03%)	(51.64%)
RMB Hedged	4.85%	2.64%	5.23%	(34.99%)	(50.42%)
SGD Hedged	5.85%	4.16%	8.19%	(36.01%)	(51.67%)

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	98.14
Derivative	-0.16
Cash & money market	2.02
Total	100.00

Strategies Employed

The Target Fund mainly seek to access the returns available from short term Emerging Market Transferable Securities which are debt in nature and other instruments issued by sovereigns, quasi-sovereigns and corporates denominated exclusively in USD and Hard Currency.

Market Review

Market volatility persisted across the global economy as macro events and policy rate hikes over the past quarter affected stock and bond markets. The economic fallout from the Covid-19 pandemic coupled with the Russia-Ukraine conflict has disrupted supply chains and commodity markets, weighing heavily on global economic growth. Central banks continue to rein in inflation contributed by supply-demand imbalances and volatility in energy prices among other factors through monetary policy, which inadvertently played a role in destabilising the banking sector March this year.

The US Federal Reserve (“Fed”) raised their policy rates in monetary policy committee meetings since March last year, to of 5.50% in July 2023, although pausing for the first time in 15 months in June 2023. The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even a potential recession. Further signs of tension in the economy were also visible in March this year as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggered concerns of contagion to other vulnerable banks. In addition to fractures in the banking sector, other notable events that affected markets included the concern over the US approaching its debt ceiling in January, failing which to reach a consensus to suspend or raise the limit could result in a catastrophic default. However, investors heaved a sigh of relief after lawmakers passed a bill to raise the debt ceiling, in a deal that included concessions on spending expected to have limited effect on economic growth. Despite narrowly avoiding a default, the U.S did not escape unscathed as Fitch Ratings downgraded its rating on U.S. debt, quoting in a press release “The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management,”.

US equities has been volatile as the financial sector disruption troubled markets in the first quarter of 2023, while gains in the second quarter of the year was mostly driven by the fervour and enthusiasm over new developments in artificial intelligence (“AI”). Zooming in closer on a monthly basis, although US equities ended July 2023 upbeat, gains were pared back, falling 1.77% over the month of August as stronger than expected economic data spurred bond yields which hit new highs, soaring 15 basis points (“bps”) to close at 4.11%. This bolstered bets that the Fed would hold interest rates higher for longer to keep a lid on inflation.

Despite starting off 2023 strong, Chinese equity trended downwards following the country’s reopening after the pandemic started to cool before lifting in July, driven by stimulus optimism in China, evident as the MSCI China Index vaulted 9.30% in July as top party leaders unveiled measures at its Politburo meeting to reinvigorate growth in the country. Among the measures include a pledge by Beijing to provide stimulus support for its beleaguered property sector. Top party leaders also emphasised the need for measures to tackle youth unemployment as well as accelerate the issuance of local government special bonds to spur government investment. While there were no explicit announcements of blockbuster stimulus, the overall policy tone from the Politburo meeting did exceed expectations. There was an acknowledgement of pressing issues on-the-ground that could result in targeted easing measures to bolster growth and lift sentiment. However, this quickly cooled as investors remain doubtful whether the stimulus measure would be enough to arrest the decline in growth, with the gains made in July this year quickly neutralised by the end of August.

Back in Malaysia, several policy announcements by the government in June caught the attention of investors. These positive sentiments lifted foreign investors’ confidence as they poured into local equities. These included the Ekonomi Madani Plan which outlined several key economic targets, Part 1 of the National Energy Transition Roadmap which intends to achieve 70% renewable energy capacity mix by 2050 and Part 2 of the National Energy Transition Roadmap as well as the New Industrial Masterplan. By the end of August 2023, there was also greater political clarity following the conclusion of state elections. As widely expected, the Pakatan Harapan-Barisan Nasional coalition retained Selangor, Penang and Negeri Sembilan, while Perikatan Nasional held on to their strongholds in Kedah, Kelantan and Terengganu.

On economic data, headline inflation decelerated for an 11th straight month to 2.00% year on year (“y-o-y”) in July, marking the lowest level since Aug 2021. Similarly, core consumer price index (“CPI”) inflation, which excludes volatile fresh food prices and price-administered goods, decelerated to 2.80% y-o-y. This may provide more room for Bank Negara Malaysia (“BNM”) to pause its overnight policy rate (“OPR”) hike with inflationary pressures easing.

Meanwhile, Malaysia’s second quarter 2023 (2Q23) Gross Domestic Product (“GDP”) growth at 2.9% y-o-y (1Q23: +5.6% y-o-y), the slowest pace of expansion since 3Q21. GDP growth remained supported by labour market improvements, sustained increase in domestic demand, and higher tourism activities. Key drags were weaker external demand, global tech down cycle, and lower commodity production. Malaysia’s gross exports maintained a double-digit contraction of 13.1% y-o-y (June: -14.1%) and imports declined by -15.9% y-o-y in July 2023 (June: -18.7% y-o-y) YTD as of July, exports shrank by 5.9% (Jan-July 2022: +27.5%). The slowdown in demand was evident in major trading partners such as Singapore, China, and the US, which together account for 40% of total exports

U.S. Treasury (“UST”) was seen rebounding post the Federal Open Market Committee (FOMC) meeting, but the advance U.S. second quarter GDP print surprised on the upside while news on discussion on a potential tweak to Bank of Japan’s yield curve control unnerved the markets. The 2-year, 5-year and 10-year yields

ended the month at 4.88%, 4.25% and 4.11% respectively. The 30-year UST closed at 4.21%. As a result, the inversion between the 2-year and 10-year US Treasury narrowed to -75bps.

Investment Outlook

The US economic data continue to send mixed signals, leading to an increased market conviction that the US may avoid a recession in 2023 and move towards a soft landing. Economic data has been stronger than expected and earnings have been resilient. The larger cap stocks in particular have outperformed driven by various factors. There is a risk that the Fed will hike rates by another 25bps in 2023; however, we believe that there is higher possibility that Fed's may pause its hiking cycle in 2023. With developed markets peak cycle in the horizon, risk appetite is seen returning to the Emerging Markets ("EM") space given that EM has better shielded economics against inflation.

Locally, the economy could be supported by lower government bond supply in September and the fourth quarter of 2023. Easing inflationary pressure and resilient demand from domestic investors could also provide support. The state election results affirmed the current political status quo. We expect that Bank Negara Malaysia will hold OPR for the remainder of 2023 amidst decelerating inflation level and softer GDP growth outlook.

As such, we expect a range bound yield movement in the near term as market reacts to headline risks. Foreign inflows are steady and may continue as global investors seek stability and carry trade opportunities.

AFFIN HWANG WORLD SERIES – EMERGING MARKET SHORT DURATION 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 INCOME/(LOSS)		
Dividend income	6,687	5,889
Net loss on foreign currency exchange	(19)	(62)
Net loss on forward foreign currency contracts at fair value through profit or loss	(1,031)	(1,717)
Net gain/(loss) on financial assets at fair value through profit or loss	7,225	(24,967)
	<u>12,862</u>	<u>(20,857)</u>
EXPENSES		
Management fee	(661)	(599)
Trustee fee	(27)	(24)
Auditors' remuneration	(449)	(473)
Tax agent's fee	(196)	(207)
Other expenses	(2,255)	(700)
	<u>(3,588)</u>	<u>(2,003)</u>
NET (PROFIT)/LOSS BEFORE FINANCE COST AND TAXATION	9,274	(22,860)
FINANCE COST		
Distributions	(6,540)	(5,735)
NET PROFIT/(LOSS) BEFORE TAXATION	2,734	(28,595)
Taxation	-	221
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>2,734</u>	<u>(28,374)</u>
Increase/(decrease) of net asset attributable to unitholders is made up of the following:		
Realised amount	(43,847)	(11,077)
Unrealised amount	46,581	(17,297)
	<u>2,734</u>	<u>(28,374)</u>

AFFIN HWANG WORLD SERIES – EMERGING MARKET SHORT DURATION FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023

	<u>2023</u> USD	<u>2022</u> USD
ASSETS		
Cash and cash equivalents	36,117	8,049
Amount due from Manager		
- management fee rebate receivable	206	168
Financial assets at fair value through profit or loss	250,708	152,514
Forward foreign currency contracts at fair value through profit or loss	282	-
Tax recoverable	139	61
TOTAL ASSETS	<u>287,452</u>	<u>160,792</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	702	1,011
Amount due to brokers	27,000	-
Amount due to Manager		
- management fee	254	198
- cancellation of units	905	-
Amount due to Trustee	10	8
Auditors' remuneration	446	469
Tax agent's fee	950	987
Other payable and accruals	1,730	1,730
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>31,997</u>	<u>4,403</u>
NET ASSET VALUE OF THE FUND	<u>255,455</u>	<u>156,389</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>255,455</u>	<u>156,389</u>

AFFIN HWANG WORLD SERIES – EMERGING MARKET SHORT DURATION 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	1,089	1,401
- MYR Class	72,755	80,247
- MYR Hedged-class	166,022	65,168
- RMB Hedged-class	2,138	2,220
- SGD Hedged-class	3,743	3,692
- USD Class	9,708	3,661
	<u>255,455</u>	<u>156,389</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	11,000	12,000
- MYR Class	1,696,000	1,748,000
- MYR Hedged-class	4,726,000	1,607,000
- RMB Hedged-class	93,000	82,000
- SGD Hedged-class	31,000	29,000
- USD Class	57,000	20,000
	<u>6,614,000</u>	<u>3,498,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.0990	0.1167
- MYR Class	0.0429	0.0459
- MYR Hedged-class	0.0351	0.0406
- RMB Hedged-class	0.0230	0.0271
- SGD Hedged-class	0.1207	0.1273
- USD Class	0.1703	0.1830
	<u>0.1703</u>	<u>0.1830</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.1532	AUD0.1680
- MYR Class	RM0.1989	RM0.2054
- MYR Hedged-class	RM0.1629	RM0.1815
- RMB Hedged-class	RMB0.1677	RMB0.1876
- SGD Hedged-class	SGD0.1633	SGD0.1775
- USD Class	USD0.1703	USD0.1830
	<u>USD0.1703</u>	<u>USD0.1830</u>

AFFIN HWANG WORLD SERIES – EMERGING MARKET SHORT DURATION FUND

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

	Financial period ended 31.8.2023 USD	Financial period ended 31.8.2022 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	170,557	176,217
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	147,867	6,365
- AUD Hedged-class	116	198
- MYR Class	42,446	5,468
- MYR Hedged-class	104,616	-
- RMB Hedged-class	59	1
- SGD Hedged-class	290	261
- USD Class	340	437
Creation of units arising from distributions	1,659	3,512
- AUD Hedged-class	14	48
- MYR Class	1,233	2,818
- MYR Hedged-class	209	303
- RMB Hedged-class	29	85
- SGD Hedged-class	49	132
- USD Class	125	126
Cancellation of units	(67,362)	(1,331)
- AUD Hedged-class	(131)	(148)
- MYR Class	(63,672)	(1,131)
- MYR Hedged-class	(3,188)	(51)
- RMB Hedged-class	(19)	(1)
- SGD Hedged-class	(219)	-
- USD Class	(133)	-
Net increase/(decrease) in net assets attributable to unitholders during the financial period	2,734	(28,374)
- AUD Hedged-class	5	(273)
- MYR Class	1,537	(13,216)
- MYR Hedged-class	1,113	(13,175)
- RMB Hedged-class	(57)	(469)
- SGD Hedged-class	31	(677)
- USD Class	105	(564)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	255,455	156,389

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