Affin Hwang World Series -
Global Healthscience Fund

Quarterly Report
31 July 2021

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

AFFIN HWANG
CAPITAL

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

TRUSTEE
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AFFIN HWANG WORLD SERIES – GLOBAL HEALTHSCIENCE FUND

Quarterly Report and Financial Statements
As at 31 July 2021

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Healthscience Fund
Fund Type	Growth
Fund Category	Feeder Wholesale
Investment Objective	The Fund seeks to achieve capital appreciation over the long term period
Benchmark	MSCI World Healthcare Index
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 Jul 2021	As at 30 Apr 2021
Total NAV (USD'million)	17.804	17.293
NAV per Unit (USD)	0.7149	0.6798
Unit in Circulation (million)	24.903	25.438

MYR Class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (RM'million)	103.955	86.401
NAV per Unit (RM)	0.7371	0.6788
Unit in Circulation (million)	141.037	127.291

MYR Hedged-class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (RM'million)	377.514	393.657
NAV per Unit (RM)	0.7216	0.6837
Unit in Circulation (million)	523.127	575.792

AUD Hedged-class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (AUD'million)	33.437	33.404
NAV per Unit (AUD)	0.6783	0.6460
Unit in Circulation (million)	49.293	51.710

SGD Hedged-class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (SGD'million)	15.476	14.877
NAV per Unit (SGD)	0.6991	0.6649
Unit in Circulation (million)	22.135	22.377

USD Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	6 Months (1/2/21 - 31/7/21)	1 Year (1/8/20 - 31/7/21)	Since Commencement (15/3/19 - 31/7/21)
Fund	**5.16%**	**8.70%**	**17.33%**	**42.98%**
Benchmark	**9.03%**	**12.81%**	**22.59%**	**47.74%**
Outperformance	**(3.87%)**	**(4.11%)**	**(5.26%)**	**(4.76%)**

Source of Benchmark: Bloomberg

Figure 1: 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 World HealthCare Index

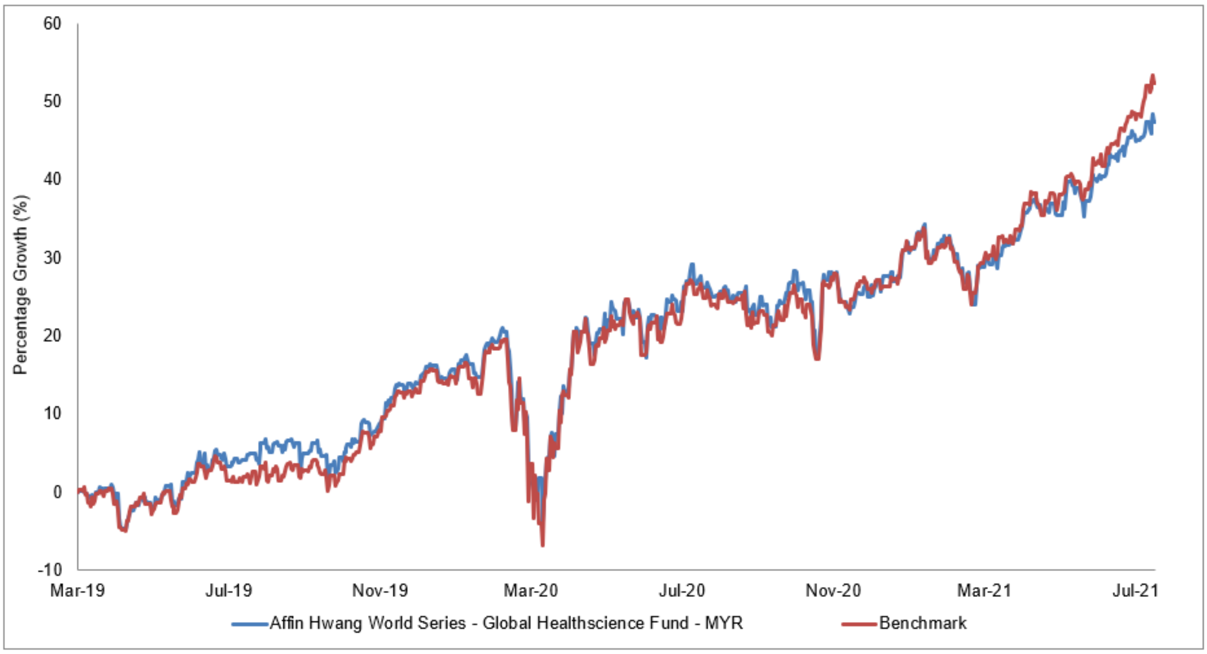
MYR Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	6 Months (1/2/21 - 31/7/21)	1 Year (1/8/20 - 31/7/21)	Since Commencement (15/3/19 - 31/7/21)
Fund	**8.59%**	**13.56%**	**16.83%**	**47.42%**
Benchmark	**12.52%**	**17.83%**	**22.03%**	**52.38%**
Outperformance	**(3.93%)**	**(4.27%)**	**(5.20%)**	**(4.96%)**

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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Benchmark: MSCI World HealthCare Index

AUD Hedged Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	6 Months (1/2/21 - 31/7/21)	1 Year (1/8/20 - 31/7/21)	Since Commencement (15/3/19 - 31/7/21)
Fund	**5.00%**	**8.18%**	**15.87%**	**35.66%**
Benchmark	**14.47%**	**17.40%**	**19.29%**	**42.03%**
Outperformance	**(9.47%)**	**(9.22%)**	**(3.42%)**	**(6.37%)**

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark

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Benchmark: MSCI World HealthCare Index

MYR Hedged Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	6 Months (1/2/21 - 31/7/21)	1 Year (1/8/20 - 31/7/21)	Since Commencement (15/3/19 - 31/7/21)
Fund	**5.54%**	**9.23%**	**18.10%**	**44.32%**
Benchmark	**12.52%**	**17.83%**	**22.03%**	**52.38%**
Outperformance	**(6.98%)**	**(8.60%)**	**(3.93%)**	**(8.06%)**

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark

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Benchmark: MSCI World HealthCare Index

SGD Hedged Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	6 Months (1/2/21 - 31/7/21)	1 Year (1/8/20 - 31/7/21)	Since Commencement (15/3/19 - 31/7/21)
Fund	**5.14%**	**8.56%**	**16.69%**	**39.82%**
Benchmark	**10.99%**	**14.93%**	**20.74%**	**47.57%**
Outperformance	**(5.85%)**	**(6.37%)**	**(4.05%)**	**(7.75%)**

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark

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Benchmark: MSCI World HealthCare 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:

	31 July 2021 (%)
Unit Trust	97.46
Derivative	-1.48
Cash & money market	4.02
Total	**100.00**

Strategies Employed & Investment Outlook

The Target Fund is a diversified, all-weather healthcare portfolio constructed using the investment team's bottom-up, fundamental investment process. From an aggregate level, there are two broad themes in the portfolio: innovation and value-based healthcare.

Innovation in medical technology remains a secular growth driver for the sector as companies continue to develop new therapies or products that are either meeting an unmet medical need or those that are improvements over current treatments. This encompasses not only biotechnology, but also the pharmaceuticals and medical devices & supplies sub-sectors.

We continue to monitor developments on the policy front in the US. Healthcare measures introduced by the Biden Administration have been, so far, limited in scope. Drug price reform is still a concern, but not likely to be transformational. We expect continued market volatility amidst the outbreak, despite positive development around the COVID-19 vaccine. We are overweight the medical devices sector in anticipation of a recovery once a return to normalcy is established. Within medical devices we are focused on companies pursuing minimally invasive surgical technologies; we believe these products can improve patient outcomes and replace old standards of care. Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity.

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. 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.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

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 Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rose whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, 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 PEMULIH 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.

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.The next Parliament sitting is slated in September which Datuk Seri Ismail Sabri will face a test of majority support through a vote of confidence. 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.

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.

AFFIN HWANG WORLD SERIES – GLOBAL HEALTHSCIENCE FUND

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

	Financial period ended 31.7.2021 USD	Financial period ended 31.7.2020 USD
INVESTMENT INCOME		
Interest income from financial assets at amortised cost	2,485	961
Net gain on foreign currency exchange	18,828	34,005
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(4,043,103)	3,401,952
Net gain on financial assets at fair value through profit or loss	9,132,300	9,615,897
	5,110,510	13,052,815
EXPENSES		
Management fee	(756,445)	(565,511)
Trustee fee	(25,231)	(19,076)
Fund accounting fee	(840)	(815)
Auditors' remuneration	(486)	(470)
Tax agent's fee	(213)	(206)
Other expenses	(3,015)	(3,475)
	(786,230)	(589,553)
NET PROFIT BEFORE TAXATION	4,324,280	12,463,262
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER	4,324,280	12,463,262
Increase in net asset attributable to unitholders is made up of the following:		
Realised amount	2,986,331	(108,510)
Unrealised amount	1,337,949	12,571,772
	4,324,280	12,463,262

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	2021 USD	2020 USD
ASSETS		
Cash and cash equivalents	8,388,204	2,376,521
Amount due from Manager		
- creation of units	716,152	2,058,146
- management fee rebate receivable	206,461	166,687
Financial assets at fair value through profit or loss	163,858,341	137,719,382
Forward foreign currency contracts at fair value through profit or loss	142,508	1,903,387
TOTAL ASSETS	173,311,666	144,224,123
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	2,631,271	809,210
Amount due to broker	2,000,000	1,837,609
Amount due to Manager		
- management fee	252,334	205,684
- cancellation of units	293,863	10,130
Amount due to Trustee	8,411	6,856
Auditors' remuneration	492	459
Tax agent's fee	1,016	1,022
Other payables and accruals	(82)	438
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	5,187,305	2,871,408
NET ASSET VALUE OF THE FUND	168,124,361	141,352,715
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	168,124,361	141,352,715

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

	2021 USD	2020 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	24,749,596	23,225,968
- MYR class	24,639,781	15,498,233
- MYR Hedged-class	89,479,490	79,957,972
- SGD Hedged-class	11,451,739	9,691,548
- USD class	17,803,755	12,978,994
	168,124,361	141,352,715
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	49,293,000	55,553,000
- MYR class	141,037,000	104,095,000
- MYR Hedged-class	523,127,000	554,516,000
- SGD Hedged-class	22,135,000	22,237,000
- USD class	24,903,000	21,302,000
	760,495,000	757,703,000
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.5021	0.4181
- MYR class	0.1747	0.1489
- MYR Hedged-class	0.1710	0.1442
- SGD Hedged-class	0.5174	0.4358
- USD class	0.7149	0.6093
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.6783	AUD0.5854
- MYR class	RM0.7371	RM0.6309
- MYR Hedged-class	RM0.7216	RM0.6110
- SGD Hedged-class	SGD0.6991	SGD0.5991
- USD class	USD0.7149	USD0.6093

AFFIN HWANG WORLD SERIES – GLOBAL HEALTHSCIENCE FUND

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

	Financial period ended 31.7.2021 USD	Financial period ended 31.7.2020 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	172,018,204	115,824,999
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	12,698,564	21,036,160
- AUD Hedged-class	1,259,862	2,319,360
- MYR class	4,889,631	4,201,899
- MYR Hedged-class	4,121,252	9,218,610
- SGD Hedged-class	710,603	2,576,030
- USD class	1,717,216	2,720,261
Cancellation of units	(20,916,687)	(7,971,706)
- AUD Hedged-class	(2,478,950)	(1,366,738)
- MYR class	(2,492,538)	(2,344,157)
- MYR Hedged-class	(13,040,211)	(3,255,615)
- SGD Hedged-class	(825,786)	(407,929)
- USD class	(2,079,202)	(597,267)
Increase in net assets attributable to unitholders during the financial period	4,324,280	12,463,262
- AUD Hedged-class	(38,450)	3,272,250
- MYR class	1,097,173	920,422
- MYR Hedged-class	2,055,671	6,667,032
- SGD Hedged-class	337,073	793,889
- USD class	872,813	809,669
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	168,124,361	141,352,715

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