# Affin Hwang World Series -
# Global Quantum Fund

Quarterly Report
31 July 2021

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

AFFIN HWANG
CAPITAL

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

TRUSTEE
CIMB Commerce Trustee Berhad (313031-A)

# AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM 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 Quantum 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 AC World Small Cap 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) | 8.225 | 8.486 |
| NAV per Unit (USD) | 0.7625 | 0.7205 |
| Unit in Circulation (million) | 10.787 | 11.779 |

**AUD Class**

| Category | As at 31 Jul 2021 | As at 30 Apr 2021 |
|---|---|---|
| Total NAV (AUD'million) | 0.765 | 1.414 |
| NAV per Unit (AUD) | 0.8295 | 0.7451 |
| Unit in Circulation (million) | 0.922 | 1.414 |

**GBP Class**

| Category | As at 31 Jul 2021 | As at 30 Apr 2021 |
|---|---|---|
| Total NAV (GBP'million) | 0.117 | 0.086 |
| NAV per Unit (GBP) | 0.7615 | 0.7217 |
| Unit in Circulation (million) | 0.153 | 0.119 |

**MYR Class**

| Category | As at 31 Jul 2021 | As at 30 Apr 2021 |
|---|---|---|
| Total NAV (RM'million) | 20.055 | 18.440 |
| NAV per Unit (RM) | 0.8246 | 0.7546 |
| Unit in Circulation (million) | 24.320 | 24.437 |

**MYR Hedged-class**

| Category | As at 31 Jul 2021 | As at 30 Apr 2021 |
|---|---|---|
| Total NAV (RM'million) | 41.977 | 48.456 |
| NAV per Unit (RM) | 0.7394 | 0.6973 |
| Unit in Circulation (million) | 56.769 | 69.491 |

**SGD Class**

| Category | As at 31 Jul 2021 | As at 30 Apr 2021 |
|---|---|---|
| Total NAV (SGD'million) | 1.895 | 1.773 |
| NAV per Unit (SGD) | 0.7857 | 0.7278 |
| Unit in Circulation (million) | 2.412 | 2.436 |

**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) | 3 Years (1/8/18 - 31/7/21) | Since Commencement (8/2/18 - 31/7/21) |
|---|---|---|---|---|---|
| **Fund** | **5.83%** | **12.60%** | **39.91%** | **43.30%** | **52.50%** |
| **Benchmark** | **0.06%** | **11.03%** | **44.36%** | **32.49%** | **38.45%** |
| **Outperformance** | **5.77%** | **1.57%** | **(4.45%)** | **10.81%** | **14.05%** |

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 AC World Small Cap Index*

**AUD 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) | 3 Years (1/8/18 - 31/7/21) | Since Commencement (8/2/18 - 31/7/21) |
|---|---|---|---|---|---|
| **Fund** | **11.33%** | **16.54%** | **35.01%** | **43.64%** | **65.90%** |
| **Benchmark** | **5.06%** | **15.55%** | **40.47%** | **34.16%** | **47.57%** |
| **Outperformance** | **6.27%** | **0.99%** | **(5.46%)** | **9.48%** | **18.33%** |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark


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*Benchmark: MSCI AC World Small Cap Index*

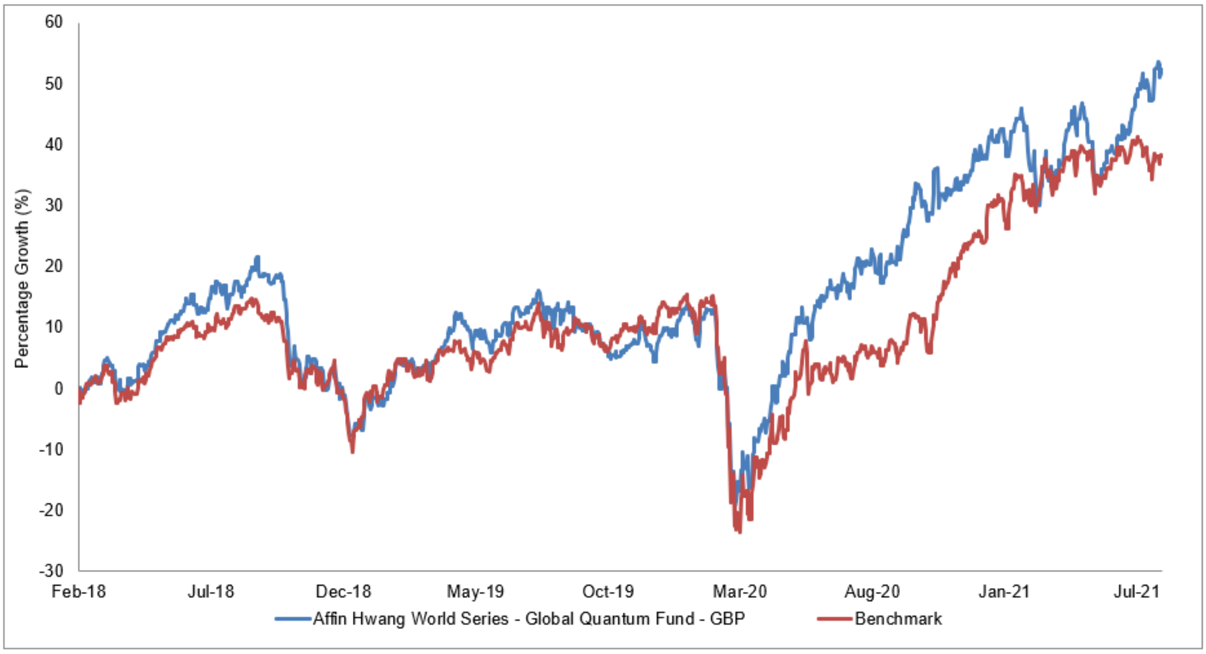
**GBP Class**

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) | 3 Years (1/8/18 - 31/7/21) | Since Commencement (8/2/18 - 31/7/21) |
|---|---|---|---|---|---|
| **Fund** | **5.51%** | **10.31%** | **30.10%** | **34.73%** | **52.30%** |
| **Benchmark** | **(0.44%)** | **9.49%** | **36.05%** | **25.12%** | **38.20%** |
| **Outperformance** | **5.95%** | **0.82%** | **(5.95%)** | **9.61%** | **14.10%** |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark

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*Benchmark: MSCI AC World Small Cap 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) | 3 Years (1/8/18 - 31/7/21) | Since Commencement (8/2/18 - 31/7/21) |
|---|---|---|---|---|---|
| **Fund** | **9.28%** | **17.60%** | **39.31%** | **48.74%** | **64.92%** |
| **Benchmark** | **3.26%** | **15.98%** | **43.69%** | **38.23%** | **49.58%** |
| **Outperformance** | **6.02%** | **1.62%** | **(4.38%)** | **10.51%** | **15.34%** |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark


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*Benchmark: MSCI AC World Small Cap Index*

**SGD 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) | 3 Years (1/8/18 - 31/7/21) | Since Commencement (8/2/18 - 31/7/21) |
|---|---|---|---|---|---|
| **Fund** | **7.96%** | **14.47%** | **37.55%** | **42.18%** | **57.14%** |
| **Benchmark** | **1.86%** | **13.12%** | **42.17%** | **31.85%** | **41.56%** |
| **Outperformance** | **6.10%** | **1.35%** | **(4.62%)** | **10.33%** | **15.58%** |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark


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*Benchmark: MSCI AC World Small Cap Index*

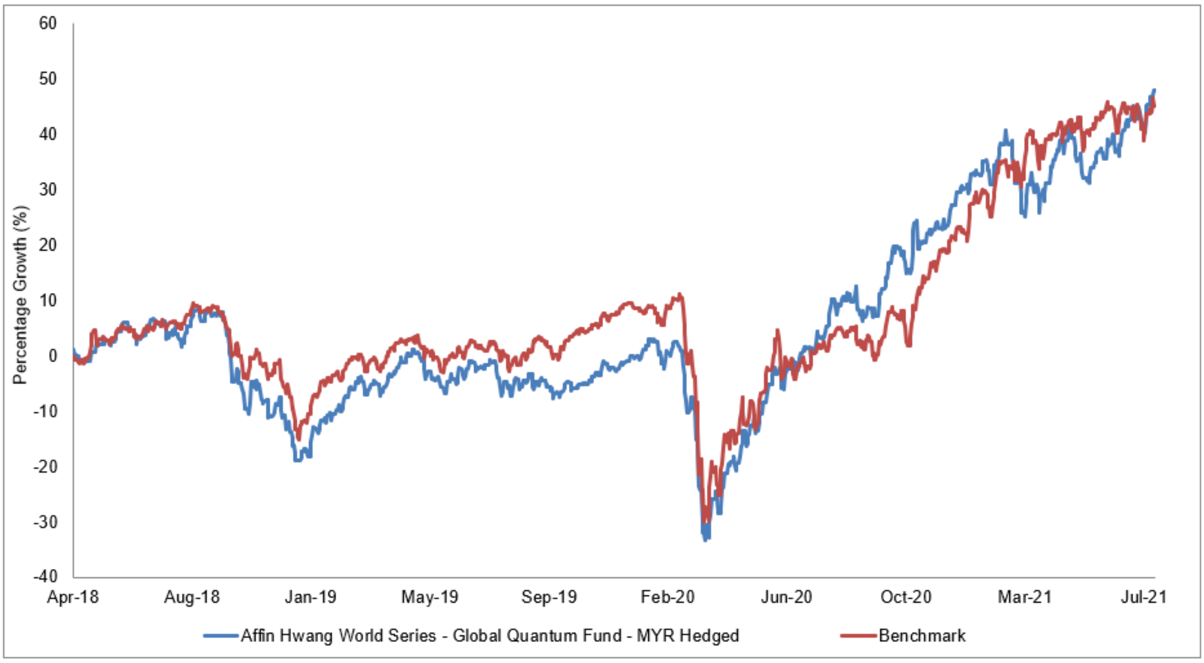
**MYR Hedged Class**

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) | 3 Years (1/8/18 - 31/7/21) | Since Commencement (19/4/18 - 31/7/21) |
|---|---|---|---|---|---|
| **Fund** | **6.04%** | **12.82%** | **40.41%** | **43.38%** | **47.88%** |
| **Benchmark** | **3.26%** | **15.98%** | **43.69%** | **38.23%** | **45.10%** |
| **Outperformance** | **2.78%** | **(3.16%)** | **(3.28%)** | **5.15%** | **2.78%** |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark

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*Benchmark: MSCI AC World Small Cap 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 | 97.84 |
| Derivatives | -1.00 |
| Cash & money market | 3.16 |
| **Total** | **100.00** |

**Strategies Employed**

Over the period under review, the Target Fund Manager maintained their focus in investing in high-quality companies. Business that earn high returns on capital with the ability to reinvest cash flow to generate sustainable growth and have a clear, defendable competitive advantage are more likely to continue generating value for shareholders.

**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.

**Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers’ confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020’s miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise in Asia ex-Japan. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has creeped up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration’s foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

## AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM 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 for financial assets at amortised cost | 352 | 236 |
| Net gain/(loss) on foreign currency exchange | 16,943 | (2,749) |
| Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss | (337,553) | 78,912 |
| Net gain on financial assets at fair value through profit or loss | 1,591,458 | 3,062,613 |
| | 1,271,200 | 3,139,012 |
| **EXPENSES** | | |
| Management fee | (119,536) | (35,942) |
| Trustee fee | (2,660) | (1,556) |
| Fund accounting fee | (2,640) | (2,560) |
| Auditors' remuneration | (491) | (466) |
| Tax agent's fee | (215) | (204) |
| Other expenses | (2,436) | (1,805) |
| | (127,978) | (42,533) |
| **NET PROFIT BEFORE TAXATION** | 1,143,222 | 3,096,479 |
| Taxation | - | - |
| **INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER** | 1,143,222 | 3,096,479 |
| Increase of net asset attributable to unitholders is made up of the following: | | |
| Realised amount | 852,106 | 8,689 |
| Unrealised amount | 291,116 | 3,087,790 |
| | 1,143,222 | 3,096,479 |

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 JULY 2021

| | 2021 USD | 2020 USD |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 650,161 | 626,760 |
| Amount due from brokers | 611,609 | 117,848 |
| Amount due from Manager | | |
| - creation of units | 105,766 | - |
| - management fee rebate receivable | 19,262 | 11,486 |
| Financial assets at fair value through profit or loss | 24,518,449 | 14,851,338 |
| Forward foreign currency contracts at fair value through profit or loss | - | 49,592 |
| **TOTAL ASSETS** | 25,905,247 | 15,657,024 |
| **LIABILITIES** | | |
| Forward foreign currency contracts at fair value through profit or loss | 249,926 | - |
| Amount due to Manager | | |
| - management fee | 39,187 | 23,551 |
| - cancellation of units | 553,007 | 443,452 |
| Amount due to Trustee | 871 | 523 |
| Auditors' remuneration | 491 | 2,327 |
| Tax agent's fee | 1,026 | 1,260 |
| Other payables and accruals | 1,112 | 1,129 |
| **TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)** | 845,620 | 472,242 |
| **NET ASSET VALUE OF THE FUND** | 25,059,627 | 15,184,782 |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | 25,059,627 | 15,184,782 |

## AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM FUND

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

| | 2021<br>USD | 2020<br>USD |
|---|---|---|
| **REPRESENTED BY:** | | |
| **FAIR VALUE OF OUTSTANDING UNITS** | | |
| - AUD Class | 566,072 | 115,853 |
| - GBP Class | 162,886 | 327,935 |
| - MYR Class | 4,753,483 | 4,305,901 |
| - MYR-Hedged Class | 9,949,459 | 3,993,314 |
| - SGD Class | 1,402,368 | 918,348 |
| - USD Class | 8,225,359 | 5,523,431 |
| | 25,059,627 | 15,184,782 |
| **NUMBER OF UNITS IN CIRCULATION** | | |
| - AUD Class | 922,000 | 264,000 |
| - GBP Class | 153,000 | 431,000 |
| - MYR Class | 24,320,000 | 30,825,000 |
| - MYR-Hedged Class | 56,769,000 | 32,113,000 |
| - SGD Class | 2,412,000 | 2,210,000 |
| - USD Class | 10,787,000 | 10,135,000 |
| | 95,363,000 | 75,978,000 |
| **NET ASSET VALUE PER UNIT (USD)** | | |
| - AUD Class | 0.6140 | 0.4388 |
| - GBP Class | 1.0646 | 0.7609 |
| - MYR Class | 0.1955 | 0.1397 |
| - MYR-Hedged Class | 0.1753 | 0.1244 |
| - SGD Class | 0.5814 | 0.4155 |
| - USD Class | 0.7625 | 0.5450 |
| **NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES** | | |
| - AUD Class | AUD0.8295 | AUD0.6144 |
| - GBP Class | GBP0.7615 | GBP0.5853 |
| - MYR Class | RM0.8246 | RM0.5919 |
| - MYR-Hedged Class | RM0.7394 | RM0.5266 |
| - SGD Class | SGD0.7857 | SGD0.5712 |
| - USD Class | USD0.7625 | USD0.5450 |

## AFFIN HWANG WORLD SERIES – GLOBAL QUANTUM 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** | 27,136,704 | 15,070,751 |
| Movement due to units created and cancelled during the financial period | | |
| Creation of units arising from applications | 3,546,197 | 436,872 |
| - AUD Class | 51,096 | 7,307 |
| - GBP Class | 34,036 | - |
| - MYR Class | 1,123,582 | 105,840 |
| - MYR- Hedged Class | 2,131,766 | 301,728 |
| - SGD Class | 11,295 | 15,940 |
| - USD Class | 194,422 | 6,057 |
| Cancellation of units | (6,766,496) | (3,419,320) |
| - AUD Class | (340,417) | (32,085) |
| - GBP Class | - | (14,063) |
| - MYR Class | (1,168,807) | (636,947) |
| - MYR- Hedged Class | (4,317,294) | (1,540,623) |
| - SGD Class | (24,684) | (93,201) |
| - USD Class | (915,294) | (1,102,401) |
| Increase in net assets attributable to unitholders during the financial period | 1,143,222 | 3,096,479 |
| - AUD Class | 35,126 | 25,122 |
| - GBP Class | 9,147 | 59,738 |
| - MYR Class | 285,744 | 826,716 |
| - MYR-Hedged Class | 275,888 | 938,204 |
| - SGD Class | 77,542 | 173,912 |
| - USD Class | 459,775 | 1,072,787 |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD** | 25,059,627 | 15,184,782 |

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