

# Affin Hwang World Series - Next Generation Technology Fund

Quarterly Report  
31 July 2021

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



AFFIN HWANG  
CAPITAL

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

TRUSTEE  
TMF Trustees Malaysia Berhad (610812-W)

# **AFFIN HWANG WORLD SERIES – NEXT GENERATION TECHNOLOGY 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 – Next Generation Technology 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 ACWI Information Technology 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)	24.010	24.993
NAV per Unit (USD)	0.4752	0.4647
Unit in Circulation (million)	50.530	53.779

#### MYR Hedged-class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (RM'million)	1,430.203	1,399.056
NAV per Unit (RM)	0.4760	0.4649
Unit in Circulation (million)	3,004.495	3,009.114

#### SGD Hedged-class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (SGD'million)	12.039	11.886
NAV per Unit (SGD)	0.4748	0.4652
Unit in Circulation (million)	25.359	25.551

#### AUD Hedged-class

Category	As at 31 Jul 2021	As at 30 Apr 2021
Total NAV (AUD'million)	11.637	12.137
NAV per Unit (AUD)	0.4759	0.4667
Unit in Circulation (million)	24.455	26.006

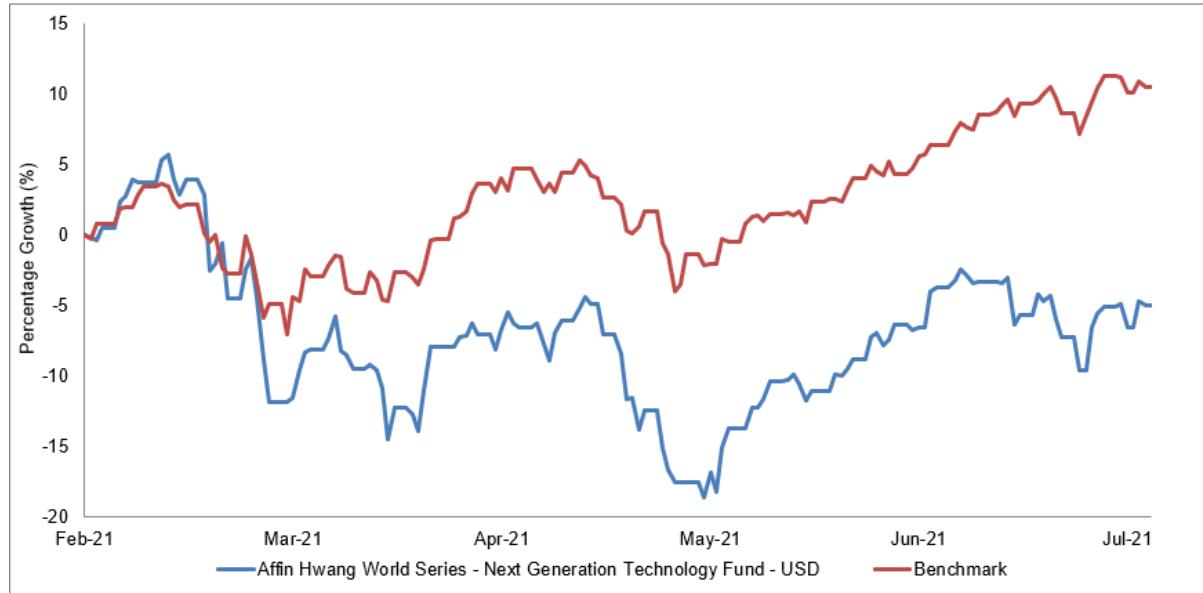
## USD Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	Since Commencement (3/2/21 - 31/7/21)
<b>Fund</b>	<b>2.26%</b>	<b>(4.96%)</b>
<b>Benchmark</b>	<b>7.70%</b>	<b>10.55%</b>
<b>Outperformance</b>	<b>(5.44%)</b>	<b>(15.51%)</b>

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 ACWI Information Technology Index

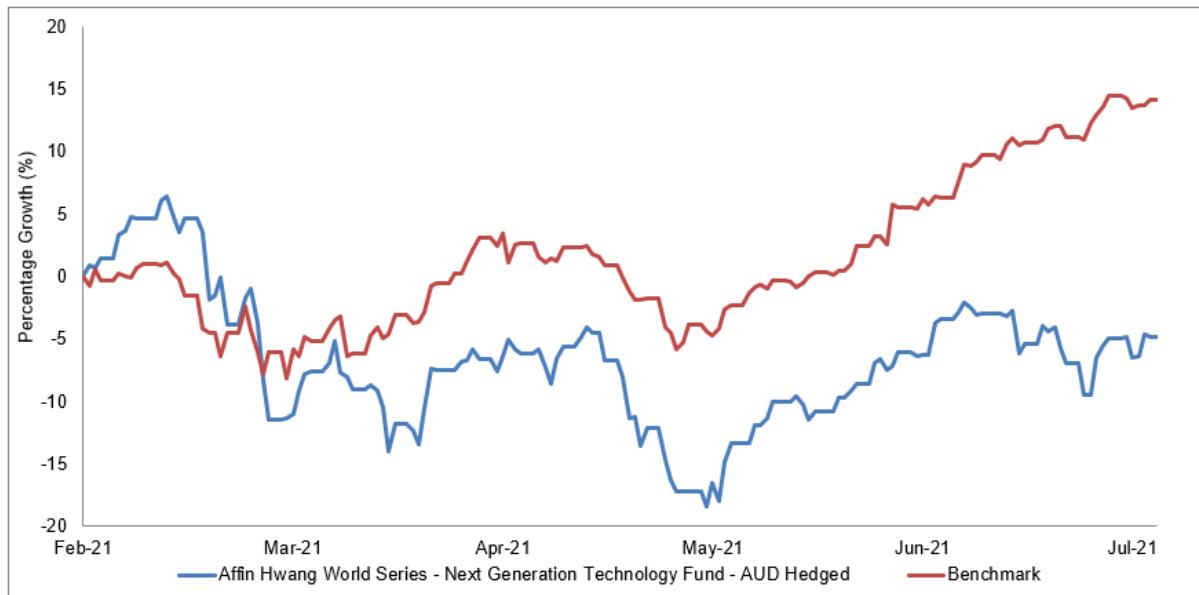
## AUD Hedged Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	Since Commencement (3/2/21 - 31/7/21)
<b>Fund</b>	<b>1.97%</b>	<b>(4.82%)</b>
<b>Benchmark</b>	<b>13.08%</b>	<b>14.18%</b>
<b>Outperformance</b>	<b>(11.11%)</b>	<b>(19.00%)</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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*Benchmark: MSCI ACWI Information Technology Index*

## MYR Hedged Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	Since Commencement (3/2/21 - 31/7/21)
<b>Fund</b>	<b>2.39%</b>	<b>(4.80%)</b>
<b>Benchmark</b>	<b>11.15%</b>	<b>15.36%</b>
<b>Outperformance</b>	<b>(8.76%)</b>	<b>(20.16%)</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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Benchmark: MSCI ACWI Information Technology Index

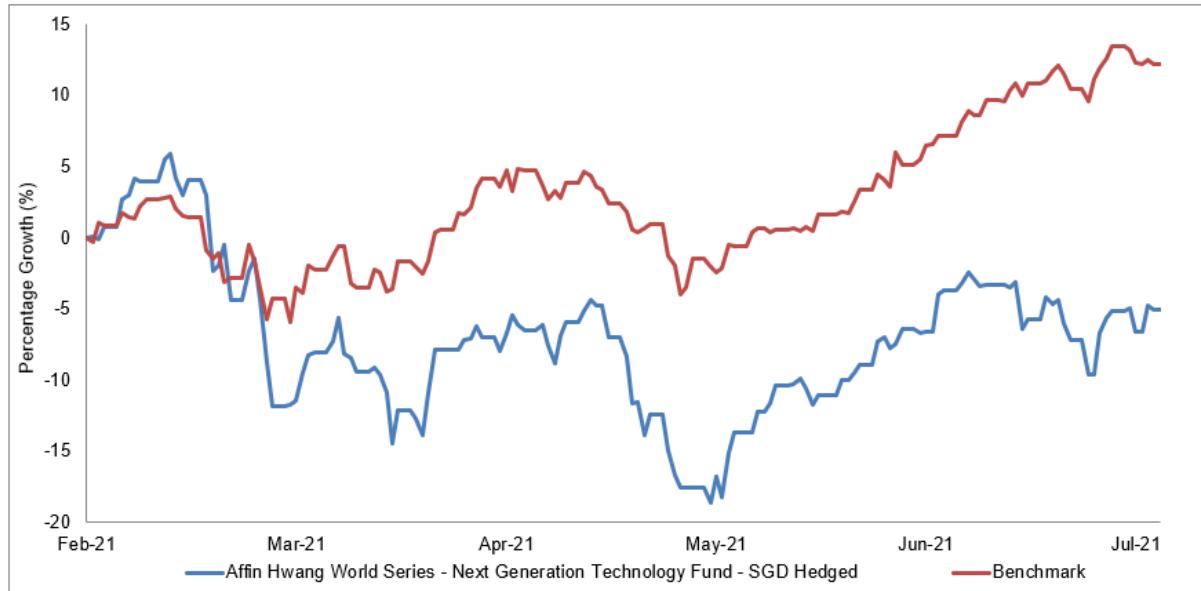
## SGD Hedged Class

Table 1: Performance as at 31 July 2021

	3 Months (1/5/21 - 31/7/21)	Since Commencement (3/2/21 - 31/7/21)
<b>Fund</b>	<b>2.06%</b>	<b>(5.04%)</b>
<b>Benchmark</b>	<b>9.64%</b>	<b>12.25%</b>
<b>Outperformance</b>	<b>(7.58%)</b>	<b>(17.29%)</b>

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



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*Benchmark: MSCI ACWI Information Technology 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:

	<u>31 July 2021</u>
	(%)
Unit Trust	97.64
Derivative	-2.54
Cash & money market	4.90
<b>Total</b>	<b>100.00</b>

## Strategies Employed & Investment Outlook

The investment team believes that emerging technology is reshaping industries across the spectrum, as we anticipate investment in disruptive technologies to grow in the coming years. The Fund aims to capture the

alpha opportunities created by industry-disrupting, emerging technologies such as artificial intelligence, cloud computing and the internet of things.

Today, disruption has gone well beyond just the technology sector, as technology companies seek to make an impact on any industry that is poised to benefit from operational innovation, such as AI in digital healthcare or autonomous vehicles in the automobile sector. As such, the Fund currently holds positions across more than 24 GICS industries, where innovative firms are reshaping the landscape of their respective fields.

The global technology sector is dominated by a small group of increasingly diversified mega-caps, but the investment team believes that there are increasing opportunities in the vast number of companies not captured in the large behemoths of the space. The winners of tomorrow are unlikely to be the winners of today. The Fund is currently investing in mainly small and mid-cap companies, which provide more pure-play exposure into the emerging technologies than the sector's mega-caps.

## **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 - NEXT GENERATION TECHNOLOGY FUND

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

Financial  
period ended  
31.7.2021  
USD

### INVESTMENT LOSS

Interest income from financial assets at amortised cost	20,504
Net loss on foreign currency exchange	(1,133,014)
Net loss on forward foreign currency contracts at fair value through profit or loss	(12,430,674)
Net loss on financial assets at fair value through profit or loss	(13,623,162)
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	(27,166,346)

### EXPENSES

Management fee	(3,161,307)
Trustee fee	(70,489)
Fund accounting fee	(2,752)
Auditors' remuneration	(1,382)
Tax agent's fee	(604)
Other expenses	(8,573)
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	(3,245,107)

### NET LOSS BEFORE TAXATION

Taxation	-
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER</b>	<b>(30,411,453)</b>
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Decrease of net asset attributable to unitholders is made up of the following:

Realised amount	(5,779,260)
Unrealised amount	(24,632,193)
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	(30,411,453)
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# AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

## STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2021

2021  
USD

### ASSETS

Cash and cash equivalents	21,820,394
Amount due from broker	4,443,870
Amount due from Manager	
- creation of units	145,490
- management fee rebate receivable	483,289
Financial assets at fair value through profit or loss	371,544,381
Forward foreign currency contracts at fair value through profit or loss	11,525
<b>TOTAL ASSETS</b>	<b>398,448,949</b>

### LIABILITIES

Forward foreign currency contracts at fair value through profit or loss	9,660,241
Amount due to broker	3,000,000
Amount due to Manager	
- management fee	589,514
- cancellation of units	4,660,547
Amount due to Trustee	13,100
Auditors' remuneration	1,382
Tax agent's fee	604
Other payables and accruals	345

<b>TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)</b>	<b>17,925,733</b>
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<b>NET ASSET VALUE OF THE FUND</b>	<b>380,523,216</b>
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<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>380,523,216</b>
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# AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

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

2021  
USD

### REPRESENTED BY:

#### FAIR VALUE OF OUTSTANDING UNITS

- AUD Hedged-class	8,613,685
- MYR Hedged-class	338,990,997
- SGD Hedged-class	8,908,936
- USD class	24,009,598
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	380,523,216
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#### NUMBER OF UNITS IN CIRCULATION

- AUD Hedged-class	24,455,000
- MYR Hedged-class	3,004,495,000
- SGD Hedged-class	25,359,000
- USD class	50,530,000
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	3,104,839,000
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#### NET ASSET VALUE PER UNIT (USD)

- AUD Hedged-class	0.3522
- MYR Hedged-class	0.1128
- SGD Hedged-class	0.3513
- USD class	0.4752
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#### NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES

- AUD Hedged-class	AUD0.4759
- MYR Hedged-class	RM0.4760
- SGD Hedged-class	SGD0.4748
- USD class	USD0.4752
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# AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

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

Financial  
period ended  
31.7.2021  
USD

### NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH

Movement due to units created and cancelled during  
the financial period

Creation of units arising from applications	440,011,547
- AUD Hedged-class	10,975,614
- MYR Hedged-class	386,523,828
- SGD Hedged-class	10,390,658
- USD class	32,121,447
Cancellation of units	(29,076,878)
- AUD Hedged-class	(1,416,794)
- MYR Hedged-class	(20,182,978)
- SGD Hedged-class	(900,471)
- USD class	(6,576,635)
Decrease in net assets attributable to unitholders during the financial period	(30,411,453)
- AUD Hedged-class	(945,135)
- MYR Hedged-class	(27,349,853)
- SGD Hedged-class	(581,251)
- USD class	(1,535,214)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<b>380,523,216</b>

[www.affinhwangam.com](http://www.affinhwangam.com)

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