



AFFIN HWANG

SMART INVEST PORTFOLIO – INCOME

September 2021

Market Review & Outlook

Global equities advanced in August despite taper talks by the US Federal Reserve. The S&P 500 rose 3.0% in the month as Fed Chair Jerome Powell indicated at the Jackson Hole summit that the central bank is likely to begin tapering before the end of the year. However, he soothed market fears by asserting that the Fed will remain accommodative and not rush to raise rates, as there is still “much ground to cover” before the economy hits full employment. Bond yields ended higher with the US 10 year Treasury yield climbing 13 bps to close at 1.31% in August.

In Asia, the broader MSCI Asia ex-Japan index was barely unchanged at 0.5% as regulatory headwinds continue to batter North Asian markets. China passed a major data protection law setting out tougher rules on how companies collect and handle their users’ information. The new data privacy laws are set to come into effect on 1 September. Share price of luxury stocks and retailers in China also fell as investors started panic selling on concerns that ultra-wealthy individuals may be targeted. This comes on the back of a recent policy meeting chaired by President Xi Jinping, in which he added that China must pursue “common prosperity” in which wealth is shared by all people. Among those were pledges to adjust excessive income and encourage the wealthy to “give back to society more”.

On the domestic front, the local market bucked regional trend with the KLCI benchmark index gaining 7.2% despite a politically-charged month. 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. As an outcome largely expected by markets, the appointment provided a lift to sentiment by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin.

Portfolio Review

The Affin Hwang Smart Invest Portfolio – Income (“Fund”) managed to deliver a gain of 0.1% in the month, bringing its total return for 2021 to 3.9% as of end August. The Fund has also distributed income of about 2.8% this year which is in line with its objective.

The Fund was negatively impacted by its exposure to China, as well as its global fixed income exposure given the marginal increase in US Treasury yields. However, encouraging performance from exposure to global equities, in particularly US equities, effectively help erased losses incurred.

We continue to shortlist strategies which would allow us to diversify the portfolio’s exposure to the US interest rate cycle, and are looking to make adjustments in the current month. Meanwhile, the Fund’s income generating sleeve remains stable and the Fund is expected to distribute its next quarterly income in November.

Affin Hwang Smart Invest Portfolio - Income

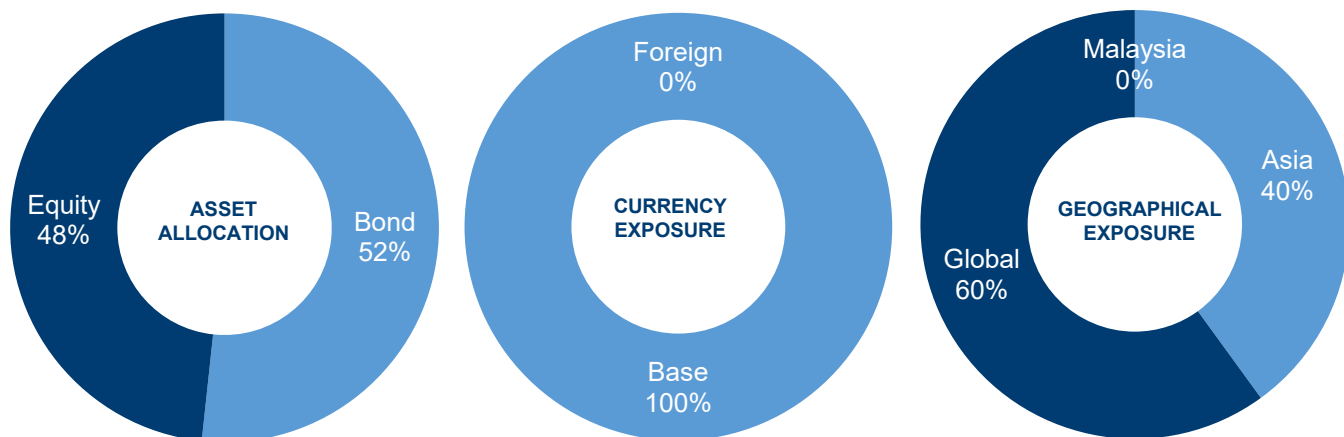
Top Contributors in August 2021	Return
iShares Core S&P500 ETF	0.1%
Affin Hwang Select Bond Fund	0.1%
Baillie Gifford Worldwide Global Income Growth	0.0%

Bottom Contributors in August 2021	Return
UBS China Allocation Opportunity Fund	-0.3%
PIMCO Income Fund	-0.2%
Allianz Strategic Bond Fund	-0.1%

Source: Bloomberg, Affin Hwang AM, as at 31 August 2021.

AFFIN HWANG SMART INVEST PORTFOLIO – INCOME

Target Asset Allocation



Portfolio Holdings as of 31 August 2021	Weight	MTD Attribution	YTD Return
PIMCO Income Fund	14.6%	-0.2%	2.7%
Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund	14.3%	-0.0%	2.0%
Affin Hwang Select Bond Fund	13.3%	0.1%	1.6%
Allianz Income and Growth Fund	10.1%	-0.0%	9.9%
iShares S&P500 ETF	9.9%	0.1%	21.6%
UBS China Allocation Opportunity Fund	9.7%	-0.3%	-11.1%
Morgan Stanley Global Brands Fund	8.5%	-0.1%	14.7%
Baillie Gifford Worldwide Global Income Growth Fund	5.5%	0.0%	17.6%
PIMCO Global High Yield Bond Fund	4.8%	-0.1%	3.1%
Allianz Strategic Bond Fund	4.4%	-0.1%	-4.5%
Affin Hwang SGD Bond Fund	2.5%	-0.0%	0.8%
Cash	2.4%	0.0%	0.0%
Affin Hwang Smart Invest Portfolio – Income	100.0%	0.1%	3.9%

*The Fund was inceptioned on 13 July 2020.
Source: Morningstar, Affin Hwang AM as at 31 August 2021.*

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Performance & Portfolio Changes

YTD August 2021	1 month	3 months	6 months	1 year	Since Inception (p.a.)
3.9%	0.1%	0.8%	3.1%	8.7%	9.3%

Portfolio Initiations	Weight
-	-

Portfolio Additions	Weight
-	-

Portfolio Exits	Weight
-	-

Portfolio Reductions	Weight
-	-

Source: Morningstar, Affin Hwang AM, as at 31 August 2021.

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