

Affin Hwang World Series - Next Generation Technology Fund

Quarterly Report
31 July 2022

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



AFFIN HWANG
CAPITAL

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AFFIN HWANG WORLD SERIES – NEXT GENERATION TECHNOLOGY FUND

Quarterly Report and Financial Statements As at 31 July 2022

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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 2022	As at 30 Apr 2022
Total NAV (USD'million)	10.694	13.278
NAV per Unit (USD)	0.2737	0.3117
Unit in Circulation (million)	39.077	42.600

MYR Hedged-class

Category	As at 31 Jul 2022	As at 30 Apr 2022
Total NAV (RM'million)	632.435	738.797
NAV per Unit (RM)	0.2761	0.3145
Unit in Circulation (million)	2,290.190	2,349.209

SGD Hedged-class

Category	As at 31 Jul 2022	As at 30 Apr 2022
Total NAV (SGD'million)	5.759	6.968
NAV per Unit (SGD)	0.2699	0.3093
Unit in Circulation (million)	21.339	22.531

AUD Hedged-class

Category	As at 31 Jul 2022	As at 30 Apr 2022
Total NAV (AUD'million)	5.454	6.373
NAV per Unit (AUD)	0.2642	0.3049
Unit in Circulation (million)	20.642	20.900

Fund Performance

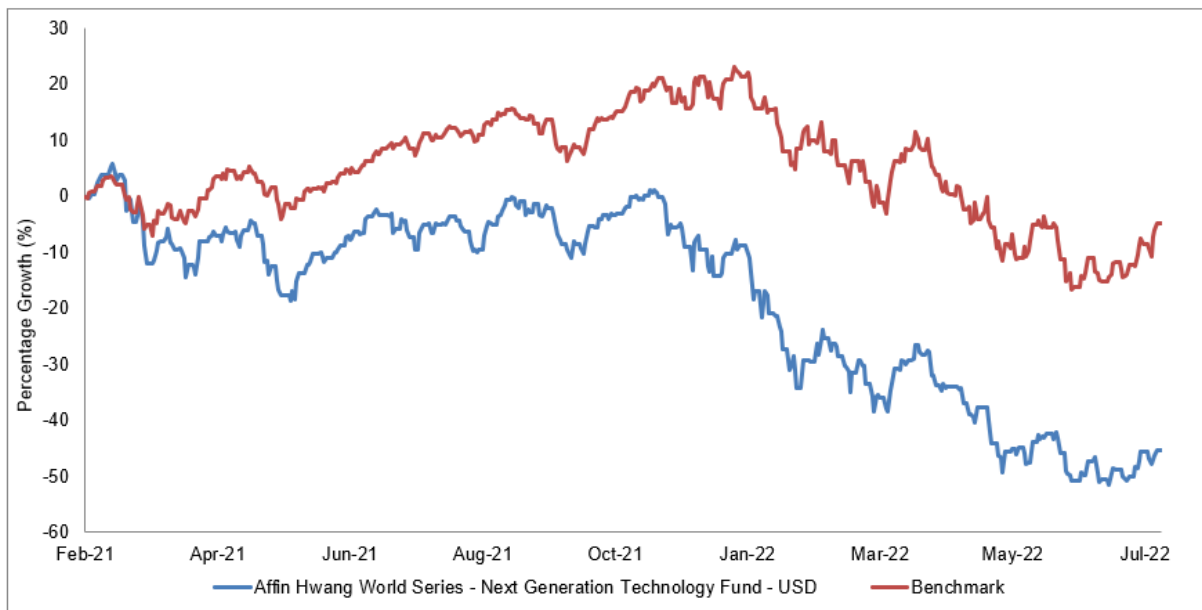
USD Class

Table 1: Performance as at 31 July 2022

	3 Months (1/5/22 - 31/7/22)	6 Months (1/2/22 - 31/7/22)	1 Year (1/8/21 - 31/7/22)	Since Commencement (3/2/21 - 31/7/22)
Fund	(12.19%)	(22.51%)	(42.40%)	(45.26%)
Benchmark	(0.78%)	(14.56%)	(13.86%)	(4.77%)
Outperformance	(11.41%)	(7.95%)	(28.54%)	(40.49%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



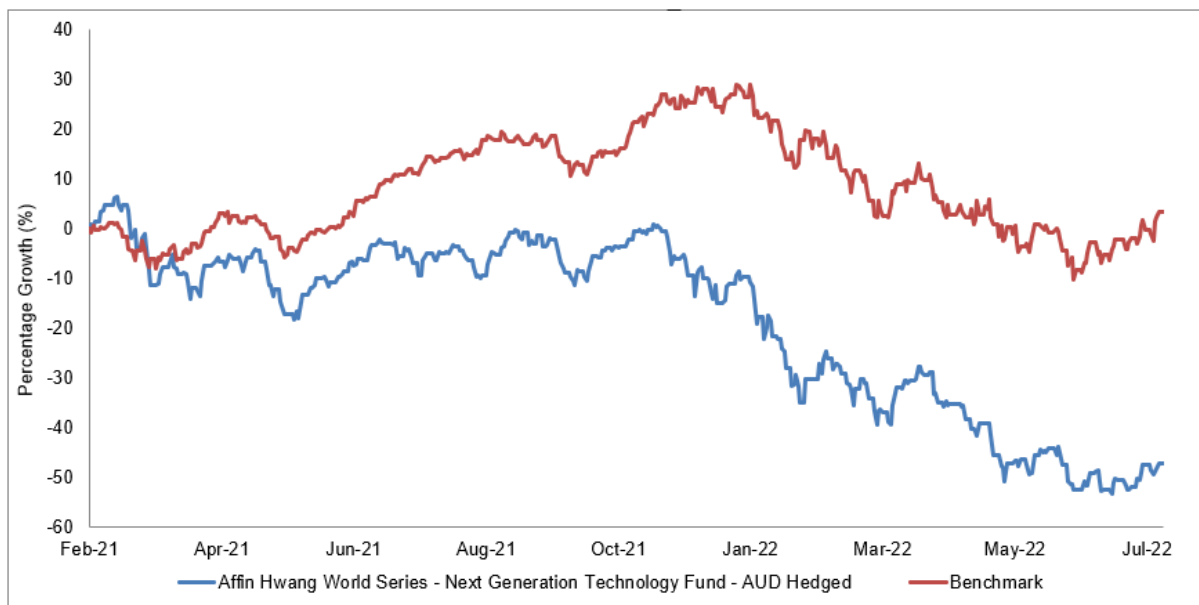
AUD Hedged Class

Table 1: Performance as at 31 July 2022

	3 Months (1/5/22 - 31/7/22)	6 Months (1/2/22 - 31/7/22)	1 Year (1/8/21 - 31/7/22)	Since Commencement (3/2/21 - 31/7/22)
Fund	(13.35%)	(24.32%)	(44.48%)	(47.16%)
Benchmark	0.72%	(13.53%)	(9.34%)	3.52%
Outperformance	(14.07%)	(10.79%)	(35.14%)	(50.68%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



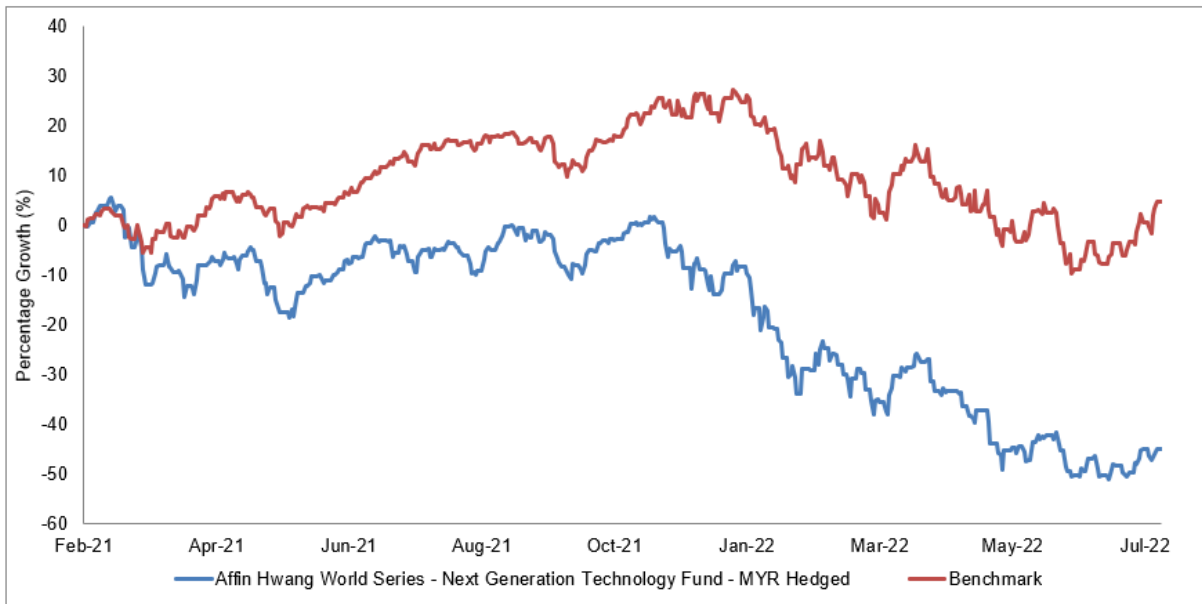
MYR Hedged Class

Table 1: Performance as at 31 July 2022

	3 Months (1/5/22 - 31/7/22)	6 Months (1/2/22 - 31/7/22)	1 Year (1/8/21 - 31/7/22)	Since Commencement (3/2/21 - 31/7/22)
Fund	(12.18%)	(22.33%)	(41.97%)	(44.76%)
Benchmark	1.91%	(9.06%)	(9.15%)	4.80%
Outperformance	(14.09%)	(13.27%)	(32.82%)	(49.56%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



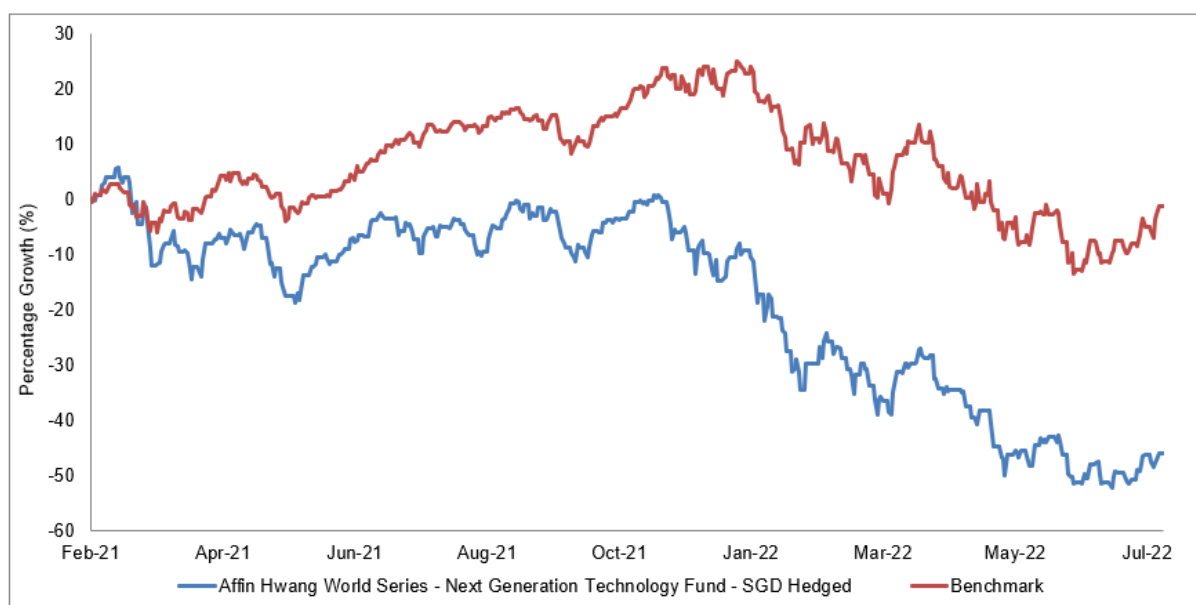
SGD Hedged Class

Table 1: Performance as at 31 July 2022

	3 Months (1/5/22 - 31/7/22)	6 Months (1/2/22 - 31/7/22)	1 Year (1/8/21 - 31/7/22)	Since Commencement (3/2/21 - 31/7/22)
Fund	(12.74%)	(23.30%)	(43.16%)	(46.02%)
Benchmark	(0.78%)	(12.61%)	(12.07%)	(1.30%)
Outperformance	(11.96%)	(10.69%)	(31.09%)	(44.72%)

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

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 2022
	(%)
Unit Trust	98.38
Derivative	-2.58
Cash & money market	4.20
Total	100.00

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 markets were turbulent over the last year. Recessionary fears gripped both developed and emerging markets, with sentiments being dampened by the rising geopolitical tensions, supply chain issues, and high inflation.

Geopolitical tensions have hit their highest point in decades. The Ukrainian-Russian conflict caused energy and food prices to surge, while further disrupting the already strained global supply chain. Regionally, U.S.-China tensions have hit historical lows over Taiwan and a broader range of trade disputes.

In the developed markets, central banks reversed their initial dovish stance from 2021. Multi-decade high inflation data has forced many central banks to aggressively hike interest rates since early 2022. Most prominently, the U.S. Federal Reserve ("Fed") has raised rates by 2.25% since the start of the year.

U.S. equities were muted owing to inflation woes, with the Standard & Poor ("S&P") 500 index ending 13.3% lower year-to-date as of July 2022. Developed market equities as a whole treaded cautiously as the U.S. Fed reaffirmed its hawkish stance to better combat inflationary pressures.

Regionally, the Morgan Stanley Capital International ("MSCI") Asia ex-Japan Index closed 18.6% lower year-to-date as of July 2022, dragged by losses in China which continues to reel from a property slump. Other Asian markets including Korea and India remain under pressure from decalining regional demand.

On the data-front, China's GDP missed expectations by only growing 0.4% year-on-year in the second quarter (2Q) of 2022, in part due to the disruptive COVID lockdowns across the country. In June 2022, President Xi Jinping reaffirmed the country's pledge to achieve its economic and social targets this year through various policy levers; setting eyes on an ambitious GDP growth target of 5.5%.

Regulatory pressure in China has yet to fully subside. This has been part of a wider "Common Prosperity" drive by Beijing to narrow the income gap and increase the political legitimacy of the Chinese Communist Party ("CCP"), which celebrated its 100th anniversary in 2021. The potential delisting of U.S. listed Chinese companies further weighed on sentiments.

The Chinese credit market remained challenging in the face of further ratings downgrades. This is despite positive news in July 2022 that the Chinese government planned to launch a real estate fund of up to 300.0 billion yuan (US\$44.0 billion) to help developers complete stalled projects. The People's Bank of China ("PBoC") is also planning to issue 1.0 trillion yuan (US\$148.2 billion) to ease the liquidity crunch in the sector.

Domestically, the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") was down 4.8% year-to-date as of July 2022. The initial optimism from an economic reopening in late 2021 was quelled by the announcement of a one-off prosperity tax ("Cukai Makmur") during the tabling of Budget 2022 in October 2021. This was a negative surprise to local equity markets, which were forced to pare down earnings forecasts.

More recently, 2Q'22 earnings season saw tech stocks emerge as a clear winner with most companies delivering results above expectations and recovering slightly from the deep tech rout earlier in 2022. In contrast, plantation stocks erased most of their year-to-date gains as crude palm oil ("CPO") prices normalised on the lifting of Indonesia export ban in May 2022.

Political uncertainty beginning back in 2020 has continued to weigh on the local market. This was partially abated with the appointment of Datuk Seri Ismail Sabri Sabri bin Yaakob as the 9th Prime Minister of Malaysia after securing the majority support of 114 MPs in August 2021. His appointment resolved the political impasse following the resignation of Tan Sri Muhyiddin Yassin, who faced a turbulent tenure due to the alleged mishandling of the pandemic as well as a rare royal rebuke. A bipartisan agreement between the government and opposition parties was reached to maintain political stability in the country. Part of the memorandum of understanding ("MoU") included parliamentary reforms, strengthening institutions, and the enactment of an anti-hopping law.

On the COVID front, daily cases have calmed since the high in points in 2021, with 97.0% of the adult population having been vaccinated with at least 2 doses and 10.0% having already gotten their booster shot by December 2021. Prime Minister Datuk Seri Ismail Sabri announced Malaysia's transition to the endemic phase of COVID starting April 2022.

Investment Outlook

Markets are set to remain challenging for the rest of 2022. In developed markets, rising inflation and tight monetary policy may continue to hamper the recovery of risk assets. Recent hawkish comments by Jerome Powell, the Chair of the U.S. Federal Reserve, during the Jackson Hole Economic Symposium in August 2022 have curbed expectations of a transition to looser monetary policy anytime soon.

Following an order by the U.S. government in early September 2022 preventing chipmakers including Nvidia and Advanced Micro Devices ("AMD") from exporting specific advanced chips to China, bilateral relationships between the U.S. and China may worsen further. On a positive note, delisting fears for U.S. listed Chinese stocks have alleviated to some extent on the news of an agreement between both governments over the auditing dispute being reached.

Asian markets may continue to see weakness. Korea and Taiwan have underperformed thus far as manufacturing gauges for both countries slumped in August 2022. Chinese markets were not spared following renewed lockdowns in major cities. Nevertheless, easing COVID-19 restrictions and policymakers signalling an end to the regulatory crackdown have given hope of a recovery in the Chinese markets.

Locally, election rumours have begun circulating. The United Malays National Organisation ("UMNO") Supreme Council nominated Datuk Seri Ismail Sabri Yaakob as the Prime Minister for the 15th General Election ("GE15") following a meeting between council members. According to political analysts, the timing of GE15 would be highly dependent on whether UMNO would be allowed by the Registrar of Societies ("RoS") to amend its party constitution to delay its party polls. Assuming a full-term, Parliament would need to be dissolved by 16 July 2023. By the latest, election would need then to be held by 14 September 2023.

In other news, Malaysia's Consumer Price Index ("CPI") for July 2022 accelerated by 4.4% year-on-year, its highest in 14 months as food and beverage prices remained as the main contributor to inflation. The latest reading marks a full percentage jump from June 2022's figures, though largely in line with consensus estimates. Bank Negara Malaysia ("BNM") is still expected to remain gradual and accommodative in its current rate hiking cycle.

AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2022

	Financial period ended <u>31.7.2022</u> USD	Financial period ended <u>31.7.2021</u> USD
INVESTMENT LOSS		
Interest income from financial assets at amortised cost	1,501	20,504
Net loss on foreign currency exchange	(4,624,132)	(1,133,014)
Net loss on forward foreign currency contracts at fair value through profit or loss	(8,453,314)	(12,430,674)
Net loss on financial assets at fair value through profit or loss	(131,307,995)	(13,623,162)
	<u>(144,383,940)</u>	<u>(27,166,346)</u>
EXPENSES		
Management fee	(2,998,753)	(3,161,307)
Trustee fee	(66,679)	(70,489)
Fund accounting fee	(4,380)	(2,752)
Auditors' remuneration	(1,436)	(1,382)
Tax agent's fee	(629)	(604)
Other expenses	(11,378)	(8,573)
	<u>(3,083,255)</u>	<u>(3,245,107)</u>
NET LOSS BEFORE TAXATION	(147,467,195)	(30,411,453)
Taxation		-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER	<u>(147,467,195)</u>	<u>(30,411,453)</u>
Decrease of net asset attributable to unitholders is made up of the following:		
Realised amount	(18,963,956)	(5,779,260)
Unrealised amount	(128,503,239)	(24,632,193)
	<u>(147,467,195)</u>	<u>(30,411,453)</u>

AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022

	<u>2022</u> USD	<u>2021</u> USD
ASSETS		
Cash and cash equivalents	5,519,134	21,820,394
Amount due from broker	1,600,000	4,443,870
Amount due from Manager		
- creation of units	13,039	145,490
- management fee rebate receivable	191,820	483,289
Financial assets at fair value through profit or loss	158,212,109	371,544,381
Forward foreign currency contracts at fair value through profit or loss	95,297	11,525
TOTAL ASSETS	<u>165,631,399</u>	<u>398,448,949</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	4,244,811	9,660,241
Amount due to broker		3,000,000
Amount due to Manager		
- management fee	233,063	589,514
- cancellation of units	335,503	4,660,547
Amount due to Trustee	5,175	13,100
Auditors' remuneration	1,436	1,382
Tax agent's fee	595	604
Other payables and accruals	(1,530)	345
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>4,819,053</u>	<u>17,925,733</u>
NET ASSET VALUE OF THE FUND	<u>160,812,346</u>	<u>380,523,216</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>160,812,346</u>	<u>380,523,216</u>

AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022 (CONTINUED)

	<u>2022</u> USD	<u>2021</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	3,806,840	8,613,685
- MYR Hedged-class	142,136,203	338,990,997
- SGD Hedged-class	4,175,733	8,908,936
- USD class	10,693,570	24,009,598
	<u>160,812,346</u>	<u>380,523,216</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	20,642,000	24,455,000
- MYR Hedged-class	2,290,190,000	3,004,495,000
- SGD Hedged-class	21,339,000	25,359,000
- USD class	39,077,000	50,530,000
	<u>2,371,248,000</u>	<u>3,104,839,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.1844	0.3522
- MYR Hedged-class	0.0621	0.1128
- SGD Hedged-class	0.1957	0.3513
- USD class	0.2737	0.4752
	<u>0.2737</u>	<u>0.4752</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.2642	AUD0.4759
- MYR Hedged-class	RM0.2762	RM0.4760
- SGD Hedged-class	SGD0.2699	SGD0.4748
- USD class	USD0.2737	USD0.4752
	<u>USD0.2737</u>	<u>USD0.4752</u>

AFFIN HWANG WORLD SERIES - NEXT GENERATION TECHNOLOGY FUND

UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2022

	Financial period ended <u>31.7.2022</u> USD	Financial period ended <u>31.7.2021</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD/ DATE OF LAUNCH	350,348,330	-
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	15,138,918	440,011,547
- AUD Hedged-class	206,974	10,975,614
- MYR Hedged-class	11,443,010	386,523,828
- SGD Hedged-class	60,527	10,390,658
- USD class	3,428,407	32,121,447
Cancellation of units	(57,207,707)	(29,076,878)
- AUD Hedged-class	(883,542)	(1,416,794)
- MYR Hedged-class	(49,369,211)	(20,182,978)
- SGD Hedged-class	(920,172)	(900,471)
- USD class	(6,034,782)	(6,576,635)
Decrease in net assets attributable to unitholders during the financial period	(147,467,195)	(30,411,453)
- AUD Hedged-class	(3,759,170)	(945,135)
- MYR Hedged-class	(130,998,011)	(27,349,853)
- SGD Hedged-class	(3,841,843)	(581,251)
- USD class	(8,868,171)	(1,535,214)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>160,812,346</u>	<u>380,523,216</u>

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