

Affin Hwang World Series - European Unconstrained Fund

Quarterly Report
30 June 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG WORLD SERIES – EUROPEAN UNCONSTRAINED FUND

Quarterly Report and Financial Statements As at 30 June 2021

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QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – European Unconstrained Fund
Fund Type	Growth
Fund Category	Equity feeder (wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long-term period through investments in European equities
Benchmark	MSCI Europe Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate.

FUND PERFORMANCE DATA

EUR Class

Category	As at 31 Mar 2021
Total NAV (EUR'million)	0.411
NAV per Unit (EUR)	0.5912
Unit in Circulation (million)	0.696

AUD Hedged-class

Category	As at 31 Mar 2021
Total NAV (AUD'million)	1.038
NAV per Unit (AUD)	0.6473
Unit in Circulation (million)	1.604

MYR Hedged-class

Category	As at 31 Mar 2021
Total NAV (RM'million)	10.639
NAV per Unit (RM)	0.7041
Unit in Circulation (million)	15.110

SGD Hedged-class

Category	As at 31 Mar 2021
Total NAV (SGD'million)	0.572
NAV per Unit (SGD)	0.6694
Unit in Circulation (million)	0.854

USD Hedged-class

Category	As at 31 Mar 2021
Total NAV (USD'million)	0.491
NAV per Unit (USD)	0.7165
Unit in Circulation (million)	0.685

Fund Performance

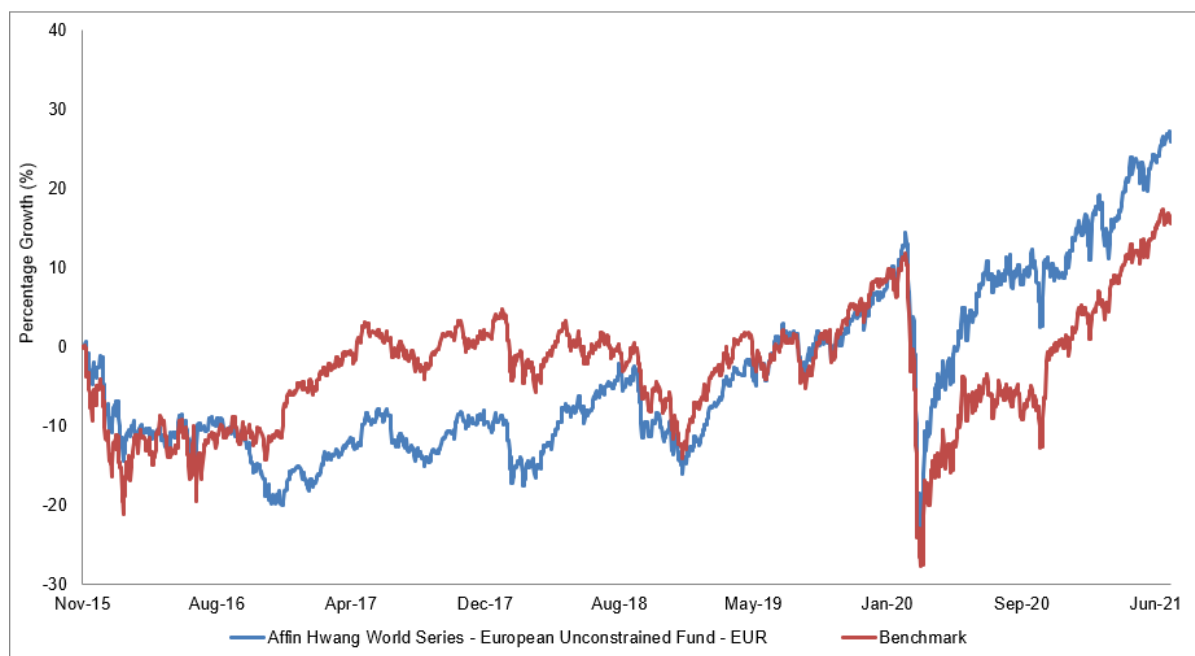
Pe Performance as at 30 June 2021

EUR Class

	3 Months (1/4/21 - 30/6/21)	6 Months (1/1/21 - 30/6/21)	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (27/11/15 - 30/6/21)
Fund	6.48%	10.98%	20.71%	36.94%	39.67%	25.90%
Benchmark	5.42%	13.60%	25.12%	17.17%	34.45%	15.63%
Outperformance	1.06%	(2.62%)	(4.41%)	19.77%	5.22%	10.27%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



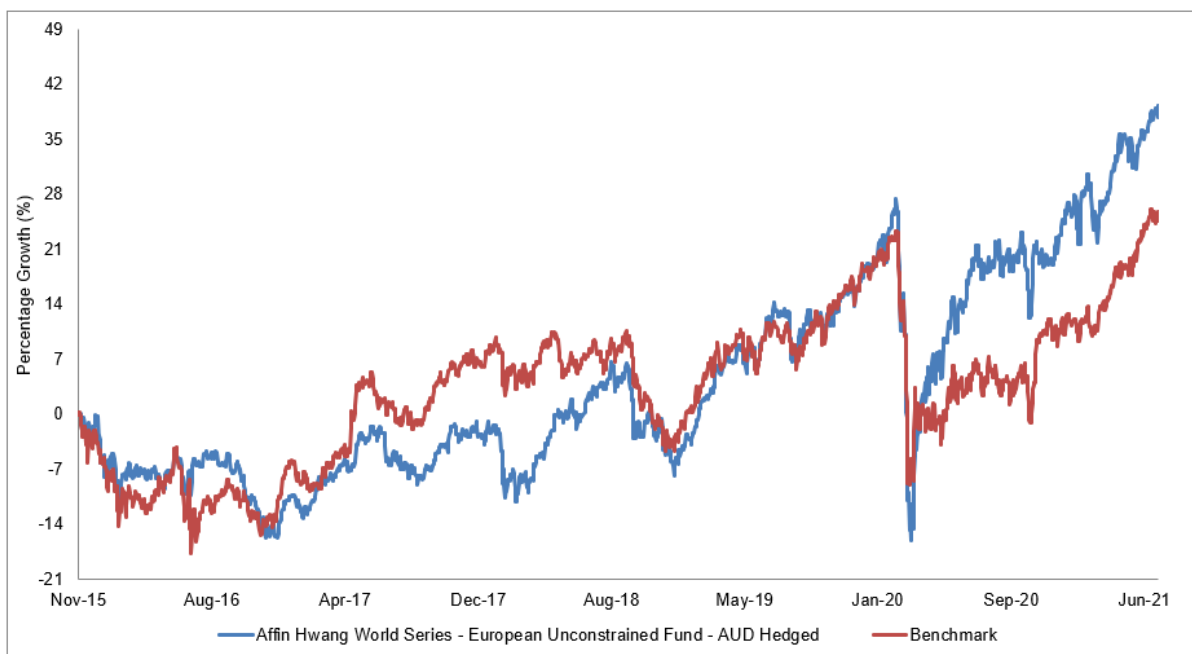
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AUD Hedged-Class

	3 Months (1/4/21 - 30/6/21)	6 Months (1/1/21 - 30/6/21)	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (27/11/15 - 30/6/21)
Fund	6.49%	10.91%	20.59%	37.94%	46.47%	37.86%
Benchmark	8.01%	13.01%	21.19%	17.26%	42.91%	24.60%
Outperformance	(1.52%)	(2.10%)	(0.60%)	20.68%	3.56%	13.26%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



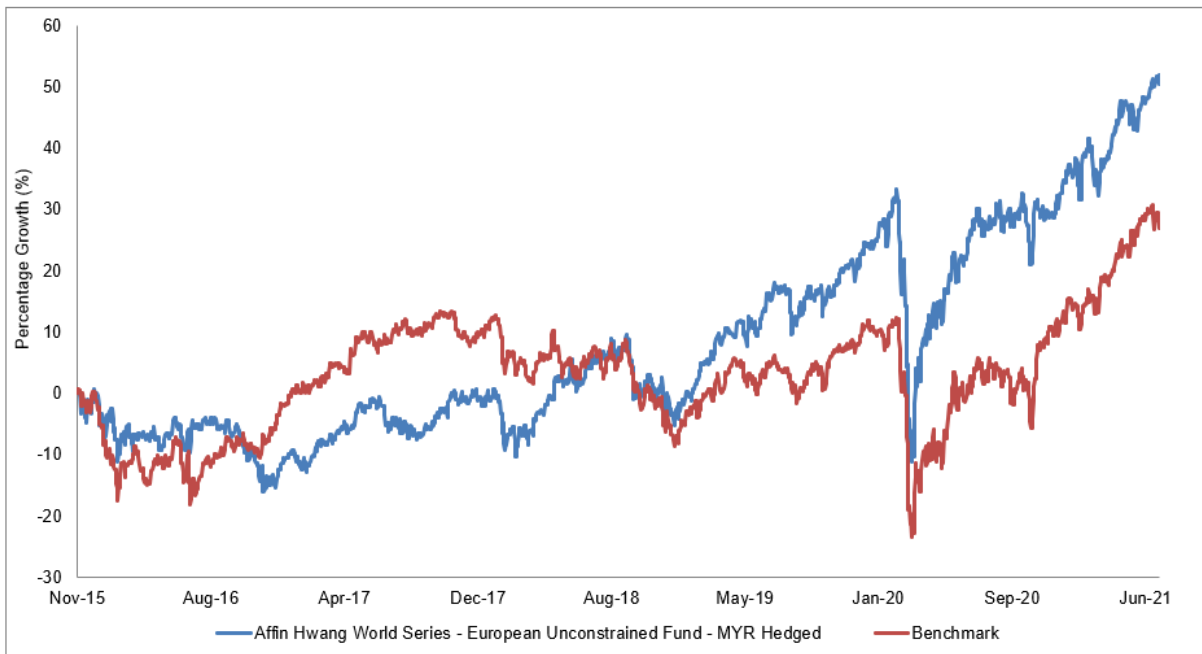
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 Benchmark: MSCI Europe Index

MYR Hedged-Class

	3 Months (1/4/21 - 30/6/21)	6 Months (1/1/21 - 30/6/21)	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (27/11/15 - 30/6/21)
Fund	6.95%	12.07%	23.08%	47.50%	57.56%	50.60%
Benchmark	6.40%	13.65%	27.71%	22.38%	49.54%	26.96%
Outperformance	0.55%	(1.58%)	(4.63%)	25.12%	8.02%	23.64%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



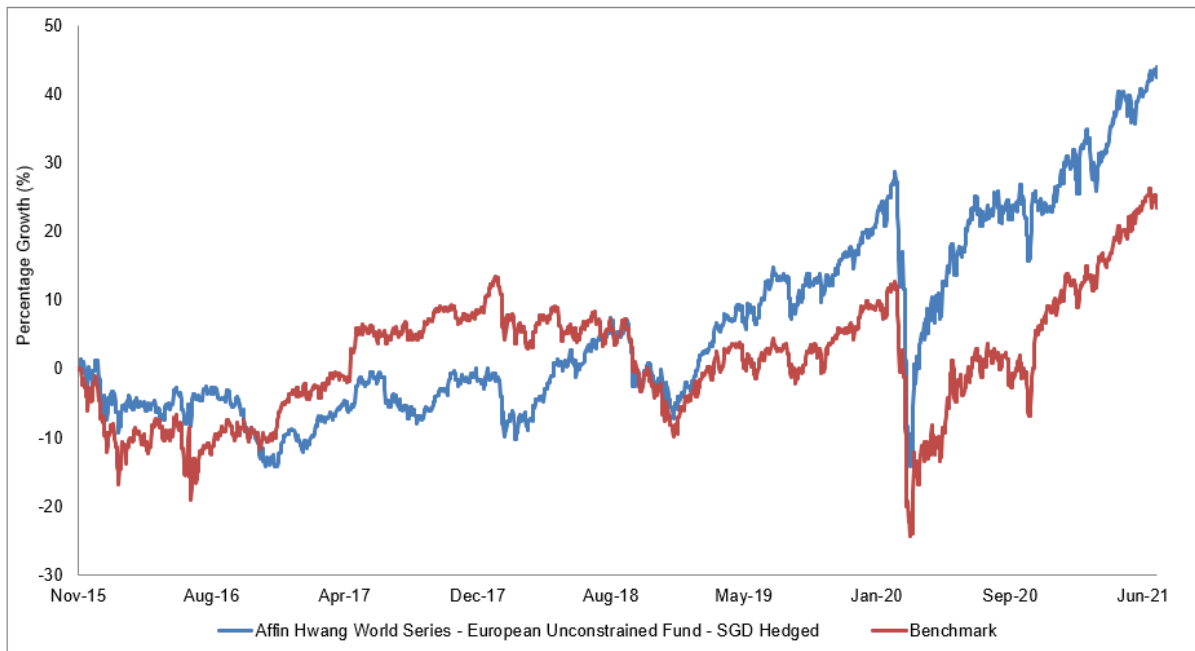
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 Benchmark: MSCI Europe Index

SGD Hedged-Class

	3 Months (1/4/21 - 30/6/21)	6 Months (1/1/21 - 30/6/21)	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (27/11/15 - 30/6/21)
Fund	6.48%	12.16%	21.18%	41.48%	48.16%	42.56%
Benchmark	6.43%	12.14%	27.29%	17.39%	43.50%	23.41%
Outperformance	0.05%	0.02%	(6.11%)	24.09%	4.66%	19.15%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



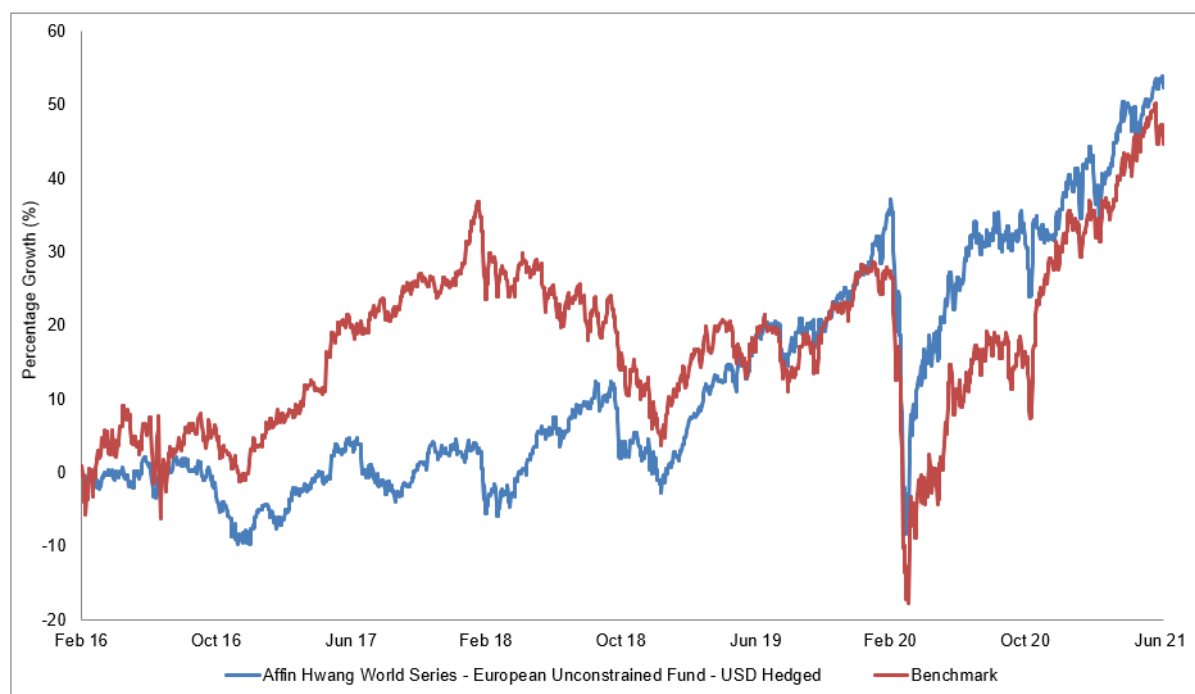
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 Benchmark: MSCI Europe Index

USD Hedged-Class

	3 Months (1/4/21 - 30/6/21)	6 Months (1/1/21 - 30/6/21)	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (3/2/16 - 30/6/21)
Fund	6.35%	10.82%	20.72%	44.35%	50.95%	52.40%
Benchmark	6.31%	10.12%	31.87%	18.90%	43.87%	44.69%
Outperformance	0.04%	0.70%	(11.15%)	25.45%	7.08%	7.71%

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



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 Benchmark: MSCI Europe 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>30 June 2021</u>
	(%)
Unit Trust	92.73
Derivative	0.40
Cash & money market	6.87
Total	<u>100.00</u>

Strategies Employed

The strategy ended the quarter ahead of the index. Stock selection was the most positive in the Health Care and Materials sectors but most negative in Information Technology. In general Health Care, Communication Services and Materials were the top performing sectors while Information Technology, Utilities and Industrials detracted the most. In terms of stock contribution our holding in CVS Group added value after the veterinary services provider released better than expected outlook. Instead our holding in an IT support services provider weighed on performance after an anonymous short report caused a fall in the stock price. We eventually exited from our position in the stock and reinvested the proceeds into better risk-reward names in the sector.

Market Review

Style and factor investing dominated headlines for most of 2021 and stock prices were distorted by top down investment on reflationary beliefs and political agenda. On top of this hopes of a recovery and rising inflation expectations added to the overall risk-on sentiment, in turn driving a low quality rally that extended into Q2. Toward the end of the quarter we saw a reversal in sentiment from risk-on to risk-off as the Fed turned more hawkish on inflation by signalling sooner than expected rate hikes and tapering, which resulted in risky assets underperforming. The European equity index hit a record high during the quarter supported by an acceleration in the pace of vaccinations, which raised optimism over a continued broadening of the recovery. Among the major sectors, health care, real estate, consumer staples and IT led the index while utilities, financials and energy were among the worst performing sectors during the quarter.

Investment Outlook

There is no doubt that the economy is going through a post-COVID normalisation. It is no longer a question of “if” but a question of “when” vaccines will be rolled out globally and, hence, when business and travel will resume to normal. This is largely understood by the market and a lot of optimism is already priced in.

Although equities have always been relatively strongly correlated with one another, during periods of market imbalances this correlation can become much weaker. We saw this most recently when the pandemic drove a rotation into growth followed by a rotation into value when a recovery was priced in at a later stage. As a result stock picking has become more difficult as the outcome of an investment was almost entirely determined by whether a stock sits in the value or growth style bucket.

We expect to see a continued improvement in the performance of the stocks that we own in H2 2021 as they have continued to gain market share and display strong fundamental momentum. While global growth remains robust the pace of recovery will eventually slow as the US and China face increasingly difficult year-on-year comparisons (growth, inflation etc.). We maintain our preference for companies that generate shareholder value over the long term and are positioned for the market to move to mid cycle from early cycle, which seems to be unfolding since the Fed dot plot suggested tapering could be expected later this year. In the medium to longer term we would expect the focus to shift back to fundamentals and, therefore, companies with attractive risk-reward should perform well.

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Financial period ended <u>30.6.2021</u> EUR	Financial period ended <u>30.6.2020</u> EUR
INVESTMENT INCOME		
Net gain on foreign currency exchange	1,420	1,071
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(39,873)	25,651
Net gain on financial assets at fair value through profit or loss	281,529	425,161
	<u>243,076</u>	<u>451,883</u>
EXPENSES		
Management fee	(18,790)	(13,135)
Trustee fee	(627)	(439)
Auditors' remuneration	-	(418)
Tax agent's fee	-	(183)
Other expenses	(1,823)	(1,379)
	<u>(21,240)</u>	<u>(15,554)</u>
NET PROFIT BEFORE TAXATION	221,836	436,329
Taxation	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>221,836</u>	<u>436,329</u>
Increase of net asset attributable to unitholders are made up of the following:		
Realised amount	56,427	(18,751)
Unrealised amount	165,409	455,080
	<u>221,836</u>	<u>436,329</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	<u>2021</u> EUR	<u>2020</u> EUR
ASSETS		
Cash and cash equivalents	329,289	163,701
Amount due from broker	-	34,257
Amount due from Manager		
- creation of units	37,472	-
- management fee rebate receivable	5,576	3,855
Financial assets at fair value through profit or loss	4,631,998	2,793,472
Forward foreign currency contracts at fair value through profit or loss	31,983	22,443
TOTAL ASSETS	<u>5,036,318</u>	<u>3,017,728</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	12,084	3,303
Amount due to Manager		
- management fee	6,828	4,470
- cancellation of units	15,073	59,645
Amount due to Trustee	228	149
Auditors' remuneration	2,054	2,431
Tax agent's fee	2,430	2,641
Other payable and accruals	2,316	2,007
TOTAL LIABILITIES	<u>41,013</u>	<u>74,646</u>
NET ASSET VALUE OF THE FUND	<u>4,995,305</u>	<u>2,943,082</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>4,995,305</u>	<u>2,943,082</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONTINUED)

	<u>2021</u> EUR	<u>2020</u> EUR
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	893,565	544,282
- EUR class	488,493	405,174
- MYR Hedged-class	2,769,219	1,623,847
- SGD Hedged-class	252,818	187,374
- USD Hedged-class	591,210	182,405
	<u>4,995,305</u>	<u>2,943,082</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	2,055,000	1,560,000
- EUR class	776,000	777,000
- MYR Hedged-class	18,149,000	12,748,000
- SGD Hedged-class	567,000	499,000
- USD Hedged-class	923,000	324,000
	<u>22,470,000</u>	<u>15,908,000</u>
NET ASSET VALUE PER UNIT (EUR)		
- AUD Hedged-class	0.4348	0.3489
- EUR class	0.6295	0.5215
- MYR Hedged-class	0.1526	0.1274
- SGD Hedged-class	0.4459	0.3755
- USD Hedged-class	0.6405	0.5630
	<u>0.4348</u>	<u>0.3489</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.6893	AUD0.5716
- EUR class	EUR0.6295	EUR0.5215
- MYR Hedged-class	RM0.7530	RM0.6118
- SGD Hedged-class	SGD0.7128	SGD0.5882
- USD Hedged-class	USD0.7620	USD0.6312
	<u>AUD0.6893</u>	<u>AUD0.5716</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Financial period ended <u>30.6.2021</u> EUR	Financial period ended <u>30.6.2020</u> EUR
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	4,050,833	2,693,337
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	1,227,818	32,810
- AUD Hedged-class	283,272	11,946
- EUR class	48,992	-
- MYR Hedged-class	663,762	17,107
- SGD Hedged-class	29,404	-
- USD Hedged-class	202,388	3,757
Cancellation of units	(505,182)	(219,394)
- AUD Hedged-class	(86,222)	(97,022)
- EUR class	-	-
- MYR Hedged-class	(211,522)	(84,253)
- SGD Hedged-class	(153,966)	-
- USD Hedged-class	(53,472)	(38,119)
Net increase in net assets attributable to unitholders during the financial period	221,836	436,329
- AUD Hedged-class	23,024	128,101
- EUR class	28,024	53,634
- MYR Hedged-class	131,028	205,943
- SGD Hedged-class	15,279	24,926
- USD Hedged-class	24,481	23,725
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>4,995,305</u></u>	<u><u>2,943,082</u></u>

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