# Affin Hwang World Series -
# Global Brands Fund

Quarterly Report
31 March 2022

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

AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
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TRUSTEE
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# AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

**Quarterly Report and Financial Statements**
**As at 31 March 2022**

| **Contents** | **Page** |
|---|---|

## QUARTERLY REPORT

## FUND INFORMATION

| | |
|---|---|
| Fund Name | Affin Hwang World Series – Global Brands 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 World Index |
| Distribution Policy | The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate. |

### FUND PERFORMANCE DATA

**MYR Hedged-Class**

| Category | As at 31 Mar 2022 | As at 31 Dec 2021 |
|---|---|---|
| Total NAV (million) | 151.971 | 119.512 |
| NAV per Unit (RM) | 0.6729 | 0.7278 |
| Unit in Circulation (million) | 225.859 | 164.209 |

**SGD Hedged-Class**

| Category | As at 31 Mar 2022 | As at 31 Dec 2021 |
|---|---|---|
| Total NAV (million) | 4.057 | 4.137 |
| NAV per Unit (SGD) | 0.6397 | 0.6953 |
| Unit in Circulation (million) | 6.343 | 5.950 |

**AUD Hedged-Class**

| Category | As at 31 Mar 2022 | As at 31 Dec 2021 |
|---|---|---|
| Total NAV (million) | 5.749 | 5.950 |
| NAV per Unit (AUD) | 0.6493 | 0.7070 |
| Unit in Circulation (million) | 8.854 | 8.416 |

**USD Class**

| Category | As at 31 Mar 2022 | As at 31 Dec 2021 |
|---|---|---|
| Total NAV (million) | 7.383 | 7.885 |
| NAV per Unit (USD) | 0.6448 | 0.7007 |
| Unit in Circulation (million) | 11.450 | 11.252 |

**Fund Performance**

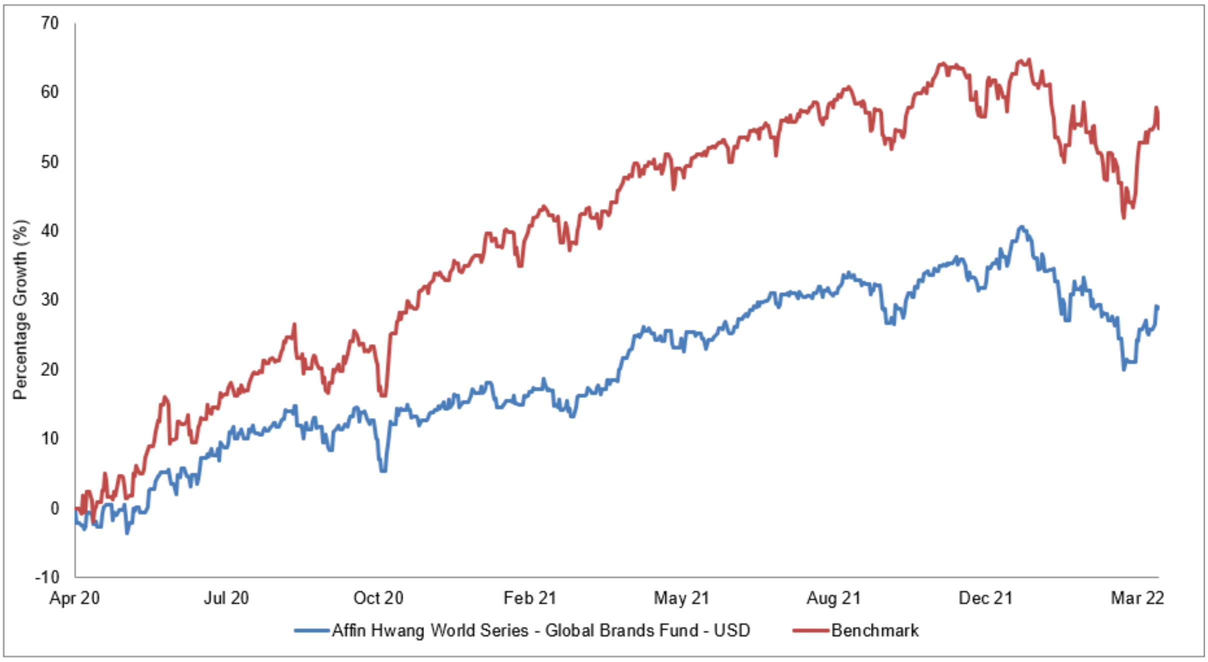
Performance as at 31 March 2022

**USD Class**

| | 3 Months (1/1/22 - 31/3/22) | 6 Months (1/10/21 - 31/3/22) | 1 Year (1/4/21 - 31/3/22) | Since Commencement (10/4/20 - 31/3/22) |
|---|---|---|---|---|
| Fund | (7.98%) | 0.11% | 9.27% | 28.96% |
| Benchmark | (5.53%) | 1.55% | 8.58% | 54.93% |
| Outperformance | (2.45%) | (1.44%) | 0.69% | (25.97%) |

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

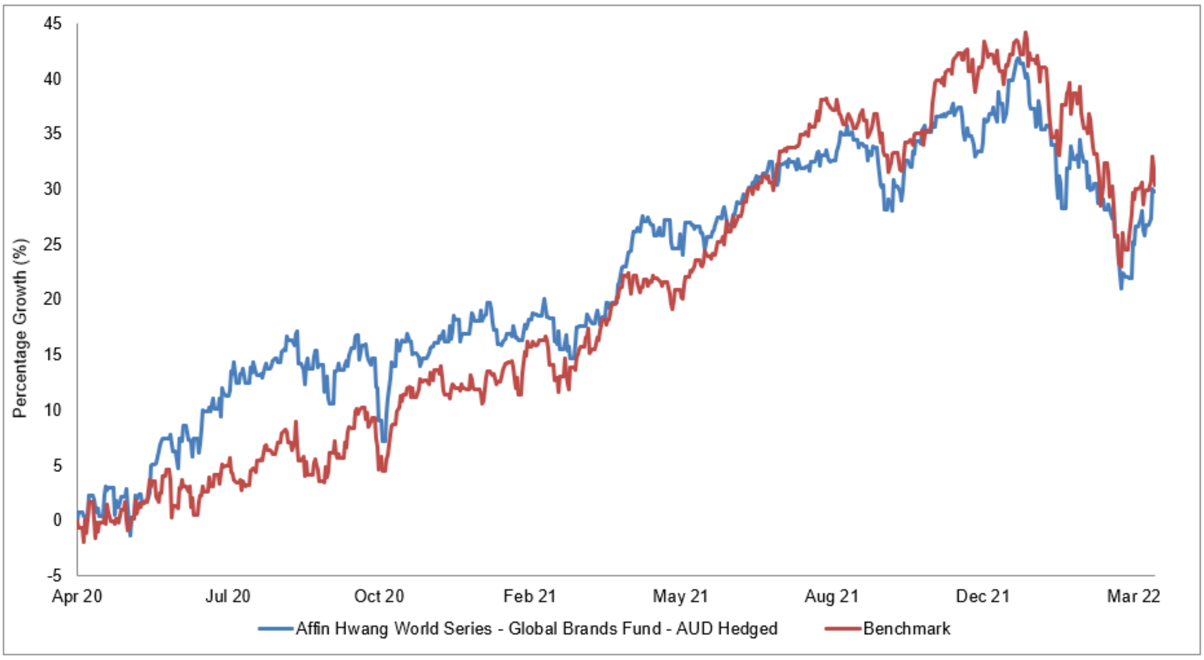


**AUD Hedged-Class**

| | 3 Months (1/1/22 - 31/3/22) | 6 Months (1/10/21 - 31/3/22) | 1 Year (1/4/21 - 31/3/22) | Since Commencement (10/4/20 - 31/3/22) |
|---|---|---|---|---|
| **Fund** | **(8.16%)** | **(0.37%)** | **8.87%** | **29.86%** |
| **Benchmark** | **(8.29%)** | **(2.29%)** | **10.34%** | **30.39%** |
| **Outperformance** | **0.13%** | **1.92%** | **(1.47%)** | **(0.53%)** |

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

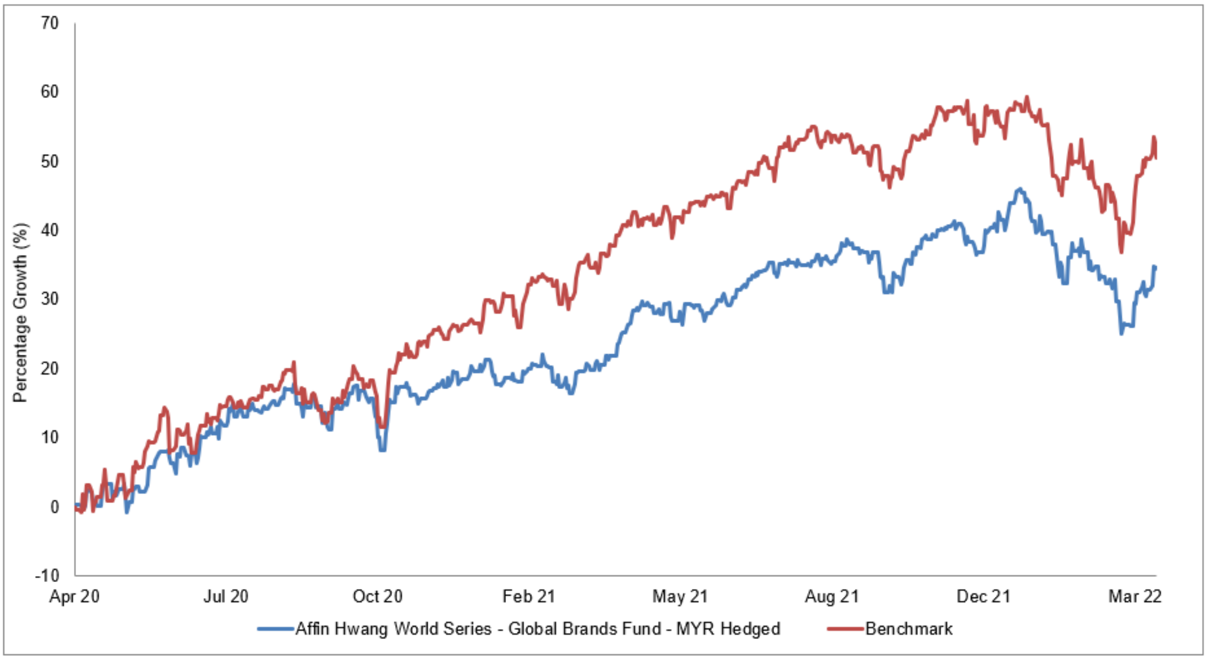


**MYR Hedged-Class**

| | 3 Months (1/1/22 - 31/3/22) | 6 Months (1/10/21 - 31/3/22) | 1 Year (1/4/21 - 31/3/22) | Since Commencement (10/4/20 - 31/3/22) |
|---|---|---|---|---|
| **Fund** | **(7.54%)** | **0.90%** | **10.86%** | **34.58%** |
| **Benchmark** | **(4.31%)** | **2.15%** | **10.30%** | **50.60%** |
| **Outperformance** | **(3.23%)** | **(1.25%)** | **0.56%** | **(16.02%)** |

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

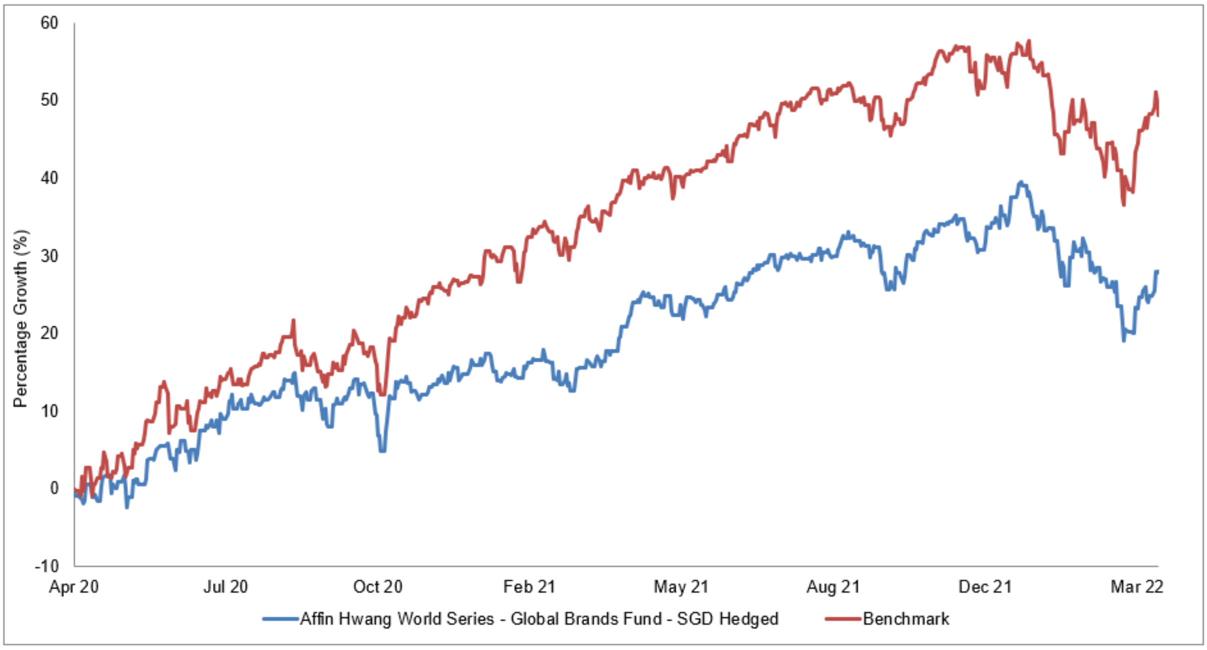


## SGD Hedged-Class

| | 3 Months (1/1/22 - 31/3/22) | 6 Months (1/10/21 - 31/3/22) | 1 Year (1/4/21 - 31/3/22) | Since Commencement (10/4/20 - 31/3/22) |
|---|---|---|---|---|
| **Fund** | **(8.00%)** | **0.05%** | **9.07%** | **27.94%** |
| **Benchmark** | **(5.05%)** | **1.19%** | **9.42%** | **48.09%** |
| **Outperformance** | **(2.95%)** | **(1.14%)** | **(0.35%)** | **(20.15%)** |

Source of Benchmark: Bloomberg

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 World 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 March 2022** |
|---|---|
| | **(%)** |
| Unit Trust | 98.03 |
| Derivative | 0.49 |
| Cash & money market | 1.48 |
| **Total** | **100.00** |

## Strategies Employed

The portfolio underperformed for the first quarter (Q1), returning -7.92% versus -5.15% for the index.

The March underperformance was largely due to stock selection, as underperformance in consumer staples and health care outweighed the outperformance in information technology. Sector allocation was slightly negative, with the portfolio's overweight to consumer staples (the worst performing sector in the month) and lack of exposure to energy (the best performing sector in the month) weighing on returns. Although the health care overweight was a positive, it was insufficient to compensate.

The portfolio's underperformance in Q1 was also mainly due to stock selection. Most of the negative stock selection was attributable to weakness in consumer staples and health care, although underperformance in financials was also a detractor. Sector allocation was also negative, as the lack of energy and materials holdings was a significant drag on performance, along with the information technology overweight. This was more than enough to offset the benefits from the consumer staples overweight, the consumer discretionary underweight and the zero weight in communication services.

The largest contributors to absolute performance during Q1 were Visa (+20 basis points [bps]), Becton Dickinson (+18 bps) and Coca Cola (+8 bps). The largest absolute detractors were SAP (-102 bps), Accenture (-94 bps) and Reckitt Benckiser (-78 bps).

## Market Review

After a rocky start to the year, March saw global equity markets begin to recover some of the ground lost over previous months, with the MSCI World Index finishing up 2.7% in U.S. dollars (USD) for the month (+3.1% in local currency). As in February, oil- and commodity-dominated stock exchanges were the standout performers, with the likes of Australia (+11% USD, +7% local) and Canada (+5%, +4%) leading the pack. Other regions were more mixed: the U.S. (+3%) and Switzerland (+2% USD, +2% local) were roughly in line with the index, while Singapore (+1%, 0%), the U.K. (+0%, +2%) and Hong Kong (+0%, +0%) were mostly flat. A weak yen saw Japan down 1% in USD, but up 5% in local currency.

At the same time, declines continued across euroland, with Italy (-3% USD, -2% local), Germany (-3%, -2%) and Spain (-1%, -0%) all in the red. There was much less variation by sector than geography: all sectors finished the month in positive territory and, barring energy (+8%), were within 300 bps of the index. Defensive areas like utilities (+5%) and health care (+5%) did well, as did the more cyclical materials (+5%) sector. Information technology (+3%) was in line with the index, while consumer staples (+0%) was the month's laggard.

For Q1 overall, the MSCI World Index lost ground, finishing down 5.2% in USD (-4.6% in local currency); the worst quarter yet since the outbreak of coronavirus in Q1 2020. Eight of the 11 sectors finished the month in the red, as a combination of high valuations, anticipated rate hikes and geopolitical uncertainties sparked a decline in growth stocks, widening the gap between the value and growth segments of the market. The growth-tilted and high-multiple consumer discretionary (-11%) and information technology (-10%) sectors were among the worst performers in Q1, both with double-digit drawdowns.

At the other end of the spectrum was energy, which is up 31% since the start of 2022 and up 50% from one year ago on the back of soaring oil and gas prices. Materials (+3%) was another winner in the quarter, driven by strong performance in its commodity-driven metals & mining subsector (+26%). The portfolio's key defensive sectors, health care (-3%) and consumer staples (-4%), while down on the quarter, were still just ahead of the index.

On a global basis, as in the month, commodity-exporting countries benefited from the Russia-Ukraine conflict on supply concerns, as did the commodity-rich U.K. index (+2% USD, +5% local), but geopolitical tensions and concerns over rising inflation left euroland weak, with Germany (-13%, -11%), Italy (-10%, -8%) and France (-9%, -7%) all trailing the MSCI World Index. Switzerland (-6% USD, -5% local) and Japan (-7%, -2%) also struggled. As in the month, the U.S. (-5%) was in line with the index.

## Investment outlook

While there remains considerable uncertainty in the market, we believe developments during the period helped investors gain more clarity around some of the factors that have contributed to the year-to-date swoon. Among the most consequential developments during the month was the Fed's announcement of a 25 bps hike and accompanying commentary regarding the future path of interest rates. From the Fed's actions and member commentary, it is clear their focus is on fighting inflation with employment a secondary concern. With today's tight labour conditions, we believe the US economy can withstand and continue to expand amid the tighter monetary policy expectations contemplated by markets at this point.

Russia's full-scale attack on Ukraine has, unsurprisingly, triggered a sharp market reaction. While this is still a locally contained event, markets remain unnerved by the low visibility around the developments and the insecurity around how it will further unfold. If the recent rise in energy prices and commodities persists longer than expected, economic growth could slow due to demand destruction and weaker consumption. However, this scenario could dampen inflation and reduce the pressure for aggressive interest rate hikes, which have been among the main catalysts for the market volatility in recent months.

Having more clarity on the path of the Fed's monetary normalisation policy, the equity market rallied during the second half of March. This was particularly so in some of the most pressured areas such as Technology and other long-duration growth stocks. Over the near term, we expect markets to remain choppy but are more optimistic that these oversold pockets of the market may be stabilising as valuations come into historical support ranges. Growth fundamentals remain healthy as enterprises are committing to multi-year digital transformation programmes. On the other hand, we are monitoring cyclical areas given their sensitivity to tightening financial conditions.

Looking through the volatility, our team holds that a global recovery is underway as the virus abates, though at uneven rates across the globe. We continue to maintain a balanced portfolio of innovative companies that have both secular and cyclical growth characteristics. The Fund's multi-asset approach has helped to dampen some of the recent market volatility, but any exposure to growth or small/mid-cap has been a headwind. Upcoming policy support like the US Infrastructure Investment and Jobs Act, European Green Deal, and other stimulus proposals from around the world should help provide more funding over the coming years to improve our cities and fight climate change. Looking into 2022 and beyond, we continue to expect a moderate growth and inflation environment to eventually unfold and benefit many of our holdings.

Intelligent or smart cities use the latest technologies and data to create efficiencies, improve sustainability, promote economic development, and enhance quality of life factors for people living and working in the city. Cities are home to more than half of the world's population and over 80% of global gross domestic product (GDP) now comes from the world's cities. Our cities face increasing environmental pressures and infrastructure needs – and growing demands from residents to deliver a better quality of life and to do so at a sustainable cost. This unprecedented rate of urbanisation and its inherent boost in resource consumption has created a need for a new type of city that can be smarter, more ecological, and, ultimately, sustainable long into the future. Smart technologies can help cities meet these challenges, and they are already enabling the next wave of public investment.

As cities get smarter, they become more liveable and more responsive – and today we are seeing only a glimpse of what technology could eventually do to significantly improve the quality of life in urban environments. Citizens and businesses will benefit from improvements in air quality, convenience, cost, energy provision, health care, safety, traffic, waste management, and more. The growth of intelligent cities should only accelerate over the coming years and their potential is limitless. We are excited about the investment opportunities presented, and believe our research-driven, bottom-up process is the most effective means to capture the value generated as we build a better future.

## AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

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

| | Financial period ended 31.3.2022 USD | Financial period ended 31.3.2021 USD |
|---|---|---|
| **INVESTMENT INCOME** | | |
| Interest income from financial assets at amortised cost | 991 | 573 |
| Net (loss)/gain on foreign currency exchange | (27,151) | 24,844 |
| Net gain on forward foreign currency contracts at fair value through profit or loss | 40,550 | 197,923 |
| Net gain on financial assets at fair value through profit or loss | 697,423 | 1,863,213 |
| | 711,813 | 2,086,553 |
| **EXPENSES** | | |
| Management fee | (546,882) | (255,832) |
| Trustee fee | (17,763) | (8,374) |
| Fund accounting fee | (2,505) | (2,280) |
| Auditors' remuneration | (1,434) | (1,431) |
| Tax agent's fee | (627) | (668) |
| Other expenses | (5,605) | (4,687) |
| | (574,816) | (273,272) |
| **NET PROFIT BEFORE TAXATION** | 136,997 | 1,813,281 |
| Taxation | - | - |
| **INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | 136,997 | 1,813,281 |
| Increase in net asset attributable to unitholders is made up of the following: | | |
| Realised amount | (1,837) | 427,275 |
| Unrealised amount | 138,834 | 1,386,006 |
| | 136,997 | 1,813,281 |

## AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

## UNAUDITED STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2022

| | 2022<br>USD | 2021<br>USD |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 758,520 | 717,770 |
| Amount due from brokers | - | 3,411 |
| Amount due from Manager | | |
| - creation of units | 1,464,137 | 293,045 |
| - management fee rebate receivable | 28,725 | 16,605 |
| Financial assets at fair value through profit or loss | 49,843,240 | 27,220,086 |
| Forward foreign currency contracts at fair value through profit or loss | 301,600 | 72,925 |
| **TOTAL ASSETS** | 52,396,222 | 28,323,842 |
| **LIABILITIES** | | |
| Forward foreign currency contracts at fair value through profit or loss | 51,628 | 220,774 |
| Amount due to brokers | 1,400,000 | 251,654 |
| Amount due to Manager | | |
| - management fee | 73,119 | 42,321 |
| - cancellation of units | 21,265 | 197,579 |
| Amount due to Trustee | 2,371 | 1,373 |
| Auditors' remuneration | 1,429 | 1,438 |
| Tax agent's fee | 625 | 671 |
| Other payable and accruals | 338 | 191 |
| **TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)** | 1,550,775 | 716,001 |
| **NET ASSET VALUE OF THE FUND** | 50,845,447 | 27,607,841 |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS** | 50,845,447 | 27,607,841 |

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

| | 2022 USD | 2021 USD |
|---|---|---|
| **REPRESENTED BY:** | | |
| **FAIR VALUE OF OUTSTANDING UNITS** | | |
| - AUD Hedged-class | 4,302,649 | 975,371 |
| - MYR Hedged-class | 36,162,155 | 21,511,523 |
| - SGD Hedged-class | 2,997,668 | 1,947,603 |
| - USD Class | 7,382,975 | 3,173,344 |
| | 50,845,447 | 27,607,841 |
| **NUMBER OF UNITS IN CIRCULATION** | | |
| - AUD Hedged-class | 8,854,000 | 2,146,000 |
| - MYR Hedged-class | 225,859,000 | 146,817,000 |
| - SGD Hedged-class | 6,343,000 | 4,463,000 |
| - USD Class | 11,450,000 | 5,378,000 |
| | 252,506,000 | 158,804,000 |
| **NET ASSET VALUE PER UNIT (USD)** | | |
| - AUD Hedged-class | 0.4860 | 0.4545 |
| - MYR Hedged-class | 0.1601 | 0.1465 |
| - SGD Hedged-class | 0.4726 | 0.4364 |
| - USD Class | 0.6448 | 0.5901 |
| **NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES** | | |
| - AUD Hedged-class | AUD0.6493 | AUD0.5964 |
| - MYR Hedged-class | RM0.6729 | RM0.6070 |
| - SGD Hedged-class | SGD0.6397 | SGD0.5865 |
| - USD Class | USD0.6448 | USD0.5901 |

## AFFIN HWANG WORLD SERIES – GLOBAL BRANDS FUND

## UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

| | Financial period ended 31.3.2022 USD | Financial period ended 31.3.2021 USD |
|---|---|---|
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD/DATE OF LAUNCH** | 27,101,140 | - |
| Movement due to units created and cancelled during the financial period | | |
| Creation of units arising from applications | 38,386,575 | 34,047,231 |
| - AUD Hedged-class | 2,080,291 | 1,739,248 |
| - MYR Hedged-class | 29,107,899 | 25,517,556 |
| - SGD Hedged-class | 1,755,176 | 2,185,645 |
| - USD Class | 5,443,209 | 4,604,782 |
| Cancellation of units | (14,779,265) | (8,252,671) |
| - AUD Hedged-class | (716,061) | (917,118) |
| - MYR Hedged-class | (10,831,291) | (5,341,635) |
| - SGD Hedged-class | (304,471) | (310,009) |
| - USD Class | (2,927,442) | (1,683,909) |
| Net increase in net assets attributable to unitholders during the financial period | 136,997 | 1,813,281 |
| - AUD Hedged-class | 11,133 | 153,241 |
| - MYR Hedged-class | 184,132 | 1,335,602 |
| - SGD Hedged-class | (15,716) | 71,967 |
| - USD Class | (42,552) | 252,471 |
| **NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD** | 50,845,447 | 27,607,841 |

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