

Affin Hwang World Series - Global Income Fund

Quarterly Report
28 February 2022

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



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
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TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG WORLD SERIES – GLOBAL INCOME FUND

Quarterly Report and Financial Statements As at 28 February 2022

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN NET ASSETS	12

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Income Fund	
Fund Type	Income	
Fund Category	Bond feeder (wholesale)	
Investment Objective	The Fund aims to provide investors with regular income through investments in global fixed income instruments.	
Benchmark	Bloomberg Barclays U.S. Aggregate Index	
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income for respective Classes in the following manner, after the end of its first financial year.	
	Class(es)	Distribution Policy
	USD Class	Monthly basis
	MYR Class	
	MYR Hedged-class	Quarterly basis
	SGD Hedged-class	
	AUD Hedged-class	
	GBP Hedged-class	
	EUR Hedged-class	

FUND PERFORMANCE DATA

AUD-Hedged Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	13.085	13.391
NAV per Unit (AUD)	0.5159	0.5356
Unit in Circulation (million)	25.363	25.002

GBP-Hedged Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	3.932	4.193
NAV per Unit (GBP)	0.4705	0.4883
Unit in Circulation (million)	8.359	8.587

MYR Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	17.644	14.477
NAV per Unit (RM)	0.5208	0.5406
Unit in Circulation (million)	33.877	26.777

MYR-Hedged Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	172.471	179.151
NAV per Unit (RM)	0.5442	0.5615
Unit in Circulation (million)	316.947	319.070

SGD-Hedged Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	18.011	18.862
NAV per Unit (SGD)	0.4981	0.5165
Unit in Circulation (million)	36.158	36.519

USD Class

Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	30.025	18.388
NAV per Unit (USD)	0.5168	0.5355
Unit in Circulation (million)	58.096	34.338

EUR-Hedged Class

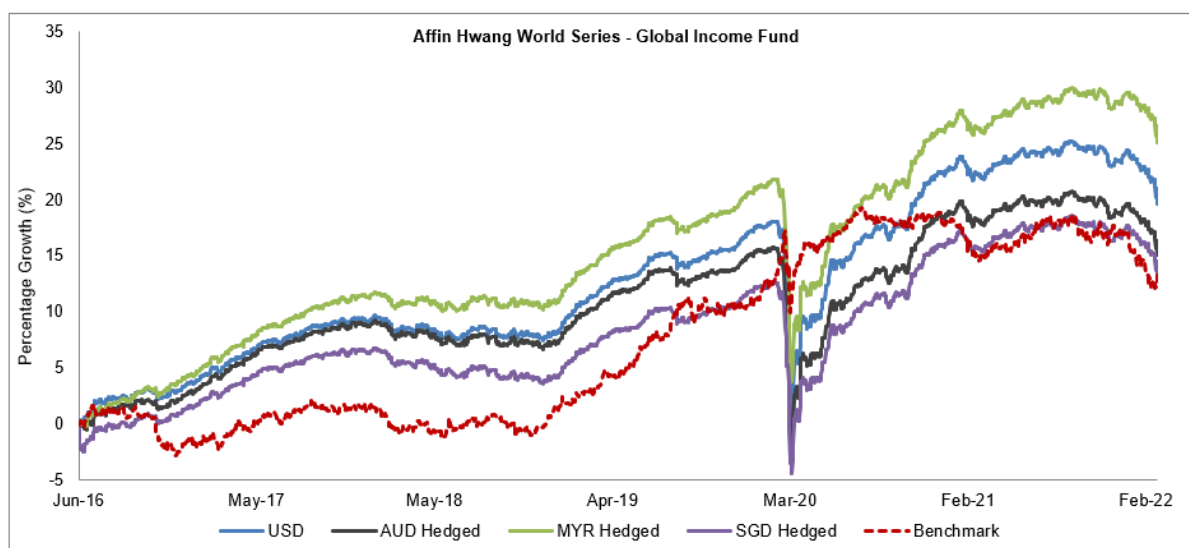
Category	As at 28 Feb 2022	As at 30 Nov 2021
Total NAV (million)	0.199	0.205
NAV per Unit (EUR)	0.4617	0.4803
Unit in Circulation (million)	0.431	0.427

Performance as at 28 February 2022

	3 Months (1/12/21 - 28/2/22)	6 Months (1/9/21 - 28/2/22)	1 Year (1/3/21 - 28/2/22)	3 Years (1/3/19 - 28/2/22)	5 Years (1/3/17 - 28/2/22)	Since Commencement (13/6/16 - 28/2/22)
Benchmark	(3.49%)	(4.07%)	(2.64%)	10.23%	14.30%	13.27%
USD	(2.67%)	(4.19%)	(2.07%)	7.41%	13.92%	19.69%
Outperformance	0.82%	(0.12%)	0.57%	(2.82%)	(0.38%)	6.42%
AUD Hedged	(2.79%)	(4.44%)	(2.62%)	4.30%	10.37%	15.10%
Outperformance	0.70%	(0.37%)	0.02%	(5.93%)	(3.93%)	1.83%
MYR Hedged	(2.28%)	(3.40%)	(0.88%)	9.57%	18.15%	25.17%
Outperformance	1.21%	0.67%	1.76%	(0.66%)	3.85%	11.90%
SGD Hedged	(2.68%)	(4.27%)	(2.18%)	5.70%	10.09%	13.19%
Outperformance	0.81%	(0.20%)	0.46%	(4.53%)	(4.21%)	(0.08%)

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark



Performance as at 28 February 2022

	3 Months (1/9/21 - 30/11/21)	6 Months (1/6/21 - 30/11/21)	1 Year (1/12/20 - 30/11/21)	3 Years (1/12/18 - 30/11/21)	5 Years (1/12/16 - 30/11/21)	Since Commencement (2/9/16 - 30/11/21)
Benchmark	(3.49%)	(4.07%)	(2.64%)	10.23%	14.30%	11.82%
MYR	(2.80%)	(3.18%)	1.54%	10.90%	7.40%	19.97%
Outperformance	0.69%	0.89%	4.18%	0.67%	(6.90%)	8.15%
GBP Hedged	(2.75%)	(4.31%)	(2.42%)	3.41%	6.59%	8.21%
Outperformance	0.74%	(0.24%)	0.22%	(6.82%)	(7.71%)	(3.61%)

Source of Benchmark: Bloomberg

Movement of the Fund versus the Benchmark

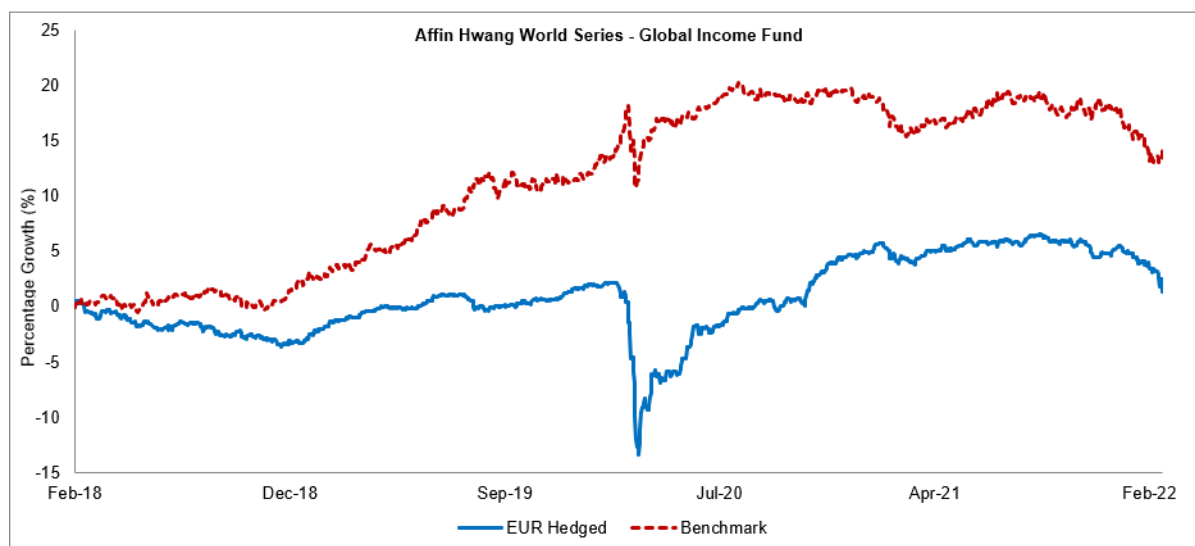


Performance as at 28 February 2022

	3 Months (1/12/21 - 28/2/22)	6 Months (1/9/21 - 28/2/22)	1 Year (1/3/21 - 28/2/22)	3 Years (1/3/19 - 28/2/22)	Since Commencement (22/2/18 - 28/2/22)
Benchmark	(3.49%)	(4.07%)	(2.64%)	10.23%	14.14%
EUR Hedged	(2.98%)	(4.67%)	(2.91%)	2.21%	1.35%
Outperformance	0.51%	(0.60%)	(0.27%)	(8.02%)	(12.79%)

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: Bloomberg Barclays U.S. Aggregate 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:

	28 February 2022
	(%)
Unit Trust	99.68
Derivative	-0.25
Cash & money market	0.57
Total	100.00

Strategies Employed

The GIS Income Fund continues to take a diversified approach to investing across the entire global fixed income markets. The Fund is positioned cautiously on duration (2.6 years) with a preference for US interest rate exposure (3.2 years) over other major markets. We have gradually reduced some of our credit exposure over the last few months and shifted into more liquid segments of the market. The current yield-to-maturity is 6.5%

The Fund maintains a moderate exposure to duration risk, with a preference for U.S duration vs. other DM countries and continue to maintain a short position to Japanese duration as a hedge to global rates recalibrating higher. Maintains a long exposure to U.S TIPS as a hedge against potential increase in inflation expectations.

The Manager views Non-Agency MBS favorably due to their attractive yield and the potential for attractive risk-adjusted return. They also continue to hold select Agency MBS and senior AAA-rated tranches of CMBS. Both sectors provide "safe spread" along with an attractive risk profile in the event of a flight to quality. The Fund maintains exposure to a basket of EM currencies versus the U.S. dollar for additional diversification and maintains a long exposure to a basket of DM currencies (NOK, CAD) as those economies should benefit from the cyclical recovery. The Fund maintains long exposure to sovereigns and quasi-sovereign bonds in select countries with strong initial conditions and high quality balance sheets. Within investment grade corporates we continue to favour bonds issued by US and UK banks due to strong fundamentals and attractive relative value. The Manager have also selectively added exposure to recovery plays such as in the transportation and entertainment sectors.

Market Review

US producer price inflation increased 1.4% month-on-month in March 2022 (vs. 1.1% expected), marking the sharpest increase since December 2009. This higher print was mainly due to rises in fuel, gasoline and electricity prices, as well as higher costs for fresh and dry vegetables, iron and steel. Year-on-year, producer inflation was 11.2%, the largest rise in producer prices since January 1981.

Ukraine's finance minister Sergii Marchenko has called for emergency financial support from the International Monetary Fund and the World Bank as the country is facing a severe budget shortfall. Marchenko has appealed for tens of billions of dollars in emergency lending to steady a large fiscal deficit caused by the Russian invasion.

UK annual inflation reached 7.0% in March 2022 (vs. 6.7% expected), the highest reading since March 1992. The increase was driven by the cost of transport which jumped 13.4%, followed by furniture and household services which accelerated 10.3%. Core CPI rose to 5.7% on an annual basis.

Investment Outlook

2022 is set to be a year of transition for markets as investors contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

Market environment is challenging given rising rates, slowing growth and waning earnings expectations. The key indicators of policies, growth and earnings have not inflected. That said, the positives are that valuations have become less excessive and sentiments have turned bearish.

Russia-Ukraine tension is also weighing on sentiments. However, history suggest that the market impact from geopolitical events tend to be short. Moving forward, we expect markets to shift the focus back to tighter monetary conditions and slowing growth.

While a total lockdown caused by the Omicron variant is not a base-case for now, there will probably be need to make adjustments as we go along. However, developments of new medical treatments such as oral pills can help in the fight against COVID. This would lay the planks for a more sustainable reopening of the economy once we have a complete medical arsenal that is effective against all known variants. There could also be room for the Fed to adjust policy should Omicron turn out to be more destructive than what the market anticipates.

After a wide regulatory dragnet was casted in 2021 by the Chinese government specifically on targeted sectors including education, technology, and e-commerce, recent policy signals by Beijing suggested that the worst of tightening cycle is over. We see the focus of policymakers shifting from that of regulatory tightening to now supporting growth as its economy wanes.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

In terms of sector opportunities, we see banks as positive, benefit from a rising interest rate cycle as well as improvement in asset quality. Valuations of the sector is also attractive with banking stocks trading at a discount to its book value. Though seeing a lot of pressure now due to ESG headwinds especially pertaining to the welfare of foreign workers, technology and exporters are another key segment that could see potential upside underpinned by strong earnings visibility driven by secular growth trends such as 5G, electric vehicles (EV) and solar energy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation, a less hawkish Fed policy, and subside Russia-Ukraine tension as potential turnarounds for the market to improve.

AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022

	Financial period ended <u>28.2.2022</u> USD	Financial period ended <u>28.2.2021</u> USD
INVESTMENT (LOSS)/INCOME		
Dividend income	1,851,280	1,971,904
Interest income from financial assets at amortised cost	607	952
Net (loss)/gain on foreign currency exchange	(5,042)	3,073
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	(620,684)	2,973,846
Net (loss)/gain on financial assets at fair value through profit or loss	(5,694,088)	3,447,904
	<u>(4,467,927)</u>	<u>8,397,679</u>
EXPENSES		
Management fee	(733,478)	(800,102)
Trustee fee	(30,373)	(33,312)
Fund accounting fee	(6,222)	(6,376)
Auditors' remuneration	(1,075)	(1,077)
Tax agent's fee	(298)	-
Other expenses	(7,535)	(13,850)
	<u>(778,981)</u>	<u>(854,717)</u>
NET (LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION	(5,246,908)	7,542,962
FINANCE COST		
Distributions	(1,750,739)	(1,979,582)
NET (LOSS)/PROFIT BEFORE TAXATION	(6,997,647)	5,563,380
Taxation	-	-
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>(6,997,647)</u>	<u>5,563,380</u>
(Decrease)/increase of net assets attributable to unitholders are made up of the following:		
Realised amount	(437,532)	3,417,391
Unrealised amount	(6,560,115)	2,145,989
	<u>(6,997,647)</u>	<u>5,563,380</u>

AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	<u>2022</u> USD	<u>2021</u> USD
ASSETS		
Cash and cash equivalents	2,915,329	2,179,470
Amount due from brokers	646,628	267,866
Amount due from Manager		
- creation of units	21,029	8,566
- management fee rebate receivable	45,531	43,529
Financial assets at fair value through profit or loss	103,147,152	101,410,998
Forward foreign currency contracts at fair value through profit or loss	174,743	2,558,124
TOTAL ASSETS	<u>106,950,412</u>	<u>106,468,553</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	434,330	14,158
Amount due to Manager		
- management fee	120,862	119,489
- cancellation of units	2,912,950	946,135
Amount due to Trustee	5,001	4,944
Auditors' remuneration	1,075	1,077
Tax agent's fee	1,445	1,977
Other payables and accruals	949	773
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	<u>3,476,612</u>	<u>1,088,553</u>
NET ASSET VALUE OF THE FUND	<u>103,473,800</u>	<u>105,380,000</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u>103,473,800</u>	<u>105,380,000</u>

AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022 (CONTINUED)

	<u>2022</u> USD	<u>2021</u> USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD Hedged-class	9,421,869	14,715,335
- EUR Hedged-class	222,472	307,631
- GBP Hedged-class	5,253,072	7,561,792
- MYR class	4,203,850	1,987,274
- MYR Hedged-class	41,093,950	35,628,267
- SGD Hedged-class	13,253,192	15,815,893
- USD class	30,025,395	29,363,808
	<u>103,473,800</u>	<u>105,380,000</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD Hedged-class	25,363,000	34,161,000
- EUR Hedged-class	431,000	512,000
- GBP Hedged-class	8,359,000	10,842,000
- MYR class	33,877,000	15,130,000
- MYR Hedged-class	316,947,000	253,699,000
- SGD Hedged-class	36,158,000	39,752,000
- USD class	58,096,000	53,688,000
	<u>479,231,000</u>	<u>407,784,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD Hedged-class	0.3715	0.4308
- EUR Hedged-class	0.5162	0.6008
- GBP Hedged-class	0.6284	0.6975
- MYR class	0.1241	0.1313
- MYR Hedged-class	0.1297	0.1404
- SGD Hedged-class	0.3665	0.3979
- USD class	0.5168	0.5469
	<u>0.5168</u>	<u>0.5469</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD Hedged-class	AUD0.5159	AUD0.5496
- EUR Hedged-class	EUR0.4617	EUR0.4945
- GBP Hedged-class	GBP0.4705	GBP0.5001
- MYR class	RM0.5208	RM0.5316
- MYR Hedged-class	RM0.5442	RM0.5684
- SGD Hedged-class	SGD0.4981	SGD0.5278
- USD class	USD0.5168	USD0.5469
	<u>USD0.5168</u>	<u>USD0.5469</u>

AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022

	Financial period ended <u>28.2.2022</u> USD	Financial period ended <u>28.2.2021</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	97,931,601	119,676,110
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	54,857,511	12,580,592
- AUD Hedged-class	1,111,515	351,016
- EUR Hedged-class	712	10,634
- GBP Hedged-class	196,031	78,591
- MYR class	3,316,603	145,514
- MYR Hedged-class	30,396,651	4,862,543
- SGD Hedged-class	1,046,665	2,871,515
- USD class	18,789,334	4,260,779
Creation of units arising from distributions	1,453,566	1,587,331
- AUD Hedged-class	142,904	246,284
- EUR Hedged-class	4,348	5,495
- GBP Hedged-class	62,095	86,958
- MYR class	53,446	43,519
- MYR Hedged-class	591,161	578,753
- SGD Hedged-class	188,947	173,663
- USD class	410,665	452,659
Cancellation of units	(43,771,231)	(34,027,413)
- AUD Hedged-class	(1,963,342)	(6,937,973)
- EUR Hedged-class	(629)	(948,824)
- GBP Hedged-class	(690,214)	(3,980,891)
- MYR class	(876,555)	(1,206,607)
- MYR Hedged-class	(23,519,056)	(14,035,056)
- SGD Hedged-class	(2,490,786)	(2,908,293)
- USD class	(14,230,649)	(4,009,769)

AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022 (CONTINUED)

	Financial period ended <u>28.2.2022</u> USD	Financial period ended <u>28.2.2021</u> USD
(Decrease)/increase in net assets attributable to unitholders during the financial period	(6,997,647)	5,563,380
- AUD Hedged-class	(725,044)	1,421,778
- EUR Hedged-class	(28,177)	(2,259)
- GBP Hedged-class	(522,033)	526,748
- MYR class	(221,929)	58,475
- MYR Hedged-class	(2,725,578)	2,228,292
- SGD Hedged-class	(998,358)	698,199
- USD class	(1,776,528)	632,147
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>103,473,800</u>	<u>105,380,000</u>

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