

Affin Hwang World Series - Global Infrastructure Income Fund

Quarterly Report
30 April 2022

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 - GLOBAL INFRASTRUCTURE INCOME FUND

Quarterly Report and Financial Statements As at 30 April 2022

Contents	Page
QUARTERLY REPORT	2
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	9

QUARTERLY REPORT

FUND INFORMATION

Fund Name	Affin Hwang world Series – Global Infrastructure Income Fund
Fund Type	Income & Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation and provide income over a medium to long term period
Benchmark	OECD G7 CPI Index +5.5%
Distribution Policy	Depending on the level of income that the Fund generates, the Fund will provide distribution on a monthly basis

FUND PERFORMANCE DATA

USD Class

Category	As at 30 Apr 2022
Total NAV (USD'million)	3.988
NAV per Unit (USD)	0.5220
Unit in Circulation (million)	7.640

MYR Hedged-class

Category	As at 30 Apr 2022
Total NAV (RM'million)	69.460
NAV per Unit (RM)	0.5237
Unit in Circulation (million)	132.641

SGD Hedged-class

Category	As at 30 Apr 2022
Total NAV (SGD'million)	2.410
NAV per Unit (SGD)	0.5188
Unit in Circulation (million)	4.646

AUD Hedged-class

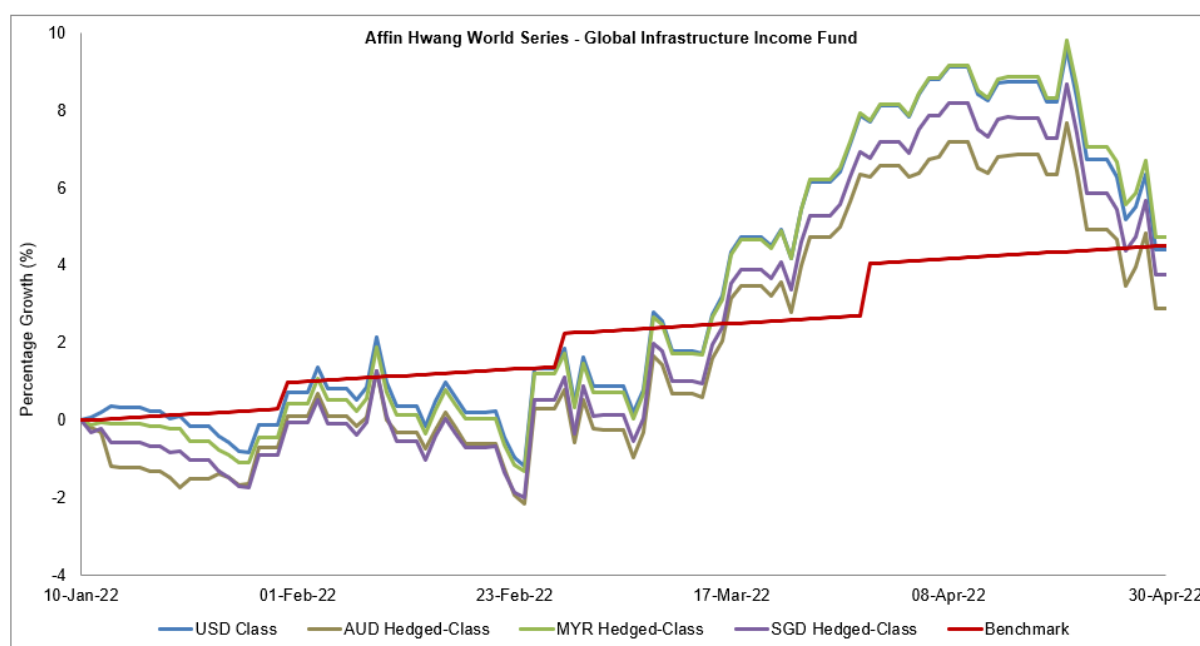
Category	As at 30 Apr 2022
Total NAV (AUD'million)	3.005
NAV per Unit (AUD)	0.5145
Unit in Circulation (million)	5.840

Table 1: Performance as at 30 April 2022

	3 Months (1/2/22 - 30/4/22)	Since Commencement (11/1/22 - 30/4/22)
Benchmark	3.50%	4.52%
USD Class	3.63%	4.40%
Outperformance	0.13%	(0.12%)
AUD Hedged-Class	2.80%	2.90%
Outperformance	(0.70%)	(1.62%)
MYR Hedged-Class	4.28%	4.74%
Outperformance	0.78%	0.22%
SGD Hedged-Class	3.80%	3.76%
Outperformance	0.30%	(0.76%)

Source of Benchmark: OECD.Stat

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 OECD.Stat."
 Benchmark: OECD G7 CPI Index + 5.5%

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:

	30 April 2022
	(%)
Unit Trust	94.26
Derivative	-2.13
Cash & money market	7.87
Total	100.00

Strategies Employed

The fund's goal is to provide income, comprised of dividends and interest, and to achieve long term growth of the fund's value. The fund invests at least 80% of its assets in shares of infrastructure companies from around the world, including companies from developed and emerging market countries. The fund may invest up to 20% of its assets in shares of infrastructure companies from emerging market countries. The fund invests in a number of infrastructure sectors such as gas, electricity and water utilities, toll roads, airports, rail and communications. The fund will usually invest in a concentrated portfolio, typically 30 to 60 companies. The fund may invest in derivatives to help try to achieve the fund's objective as well as to reduce risk or cost or to generate additional growth or income for the fund.

Market Review

Uncertainty has been an ongoing theme in economies and markets. While global equities started on a strong note at the start of 2021 due to policy easing and optimism surrounding vaccination rollout, global recovery was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook. For the most of 2H 2021, expensive valuations in both fixed income and equities loomed over investors. However, the challenging market conditions in the first quarter of 2022 addressed some of these concerns as Chinese equities both onshore and offshore traded below their 15-year average and the S&P plummeted 8.7% in April 2022.

In general, government policies to encourage demand throughout one of the largest economic contractions produced one of the fastest recoveries. Developed market output reached its pre-pandemic peak in the third quarter of 2021.

Real GDP growth for US in 1Q 2022 was weaker than expected, falling 1.4% on an annualized basis. The weakness can be largely attributed to a decline in the real trade deficit, lower government spending and a decrease in fiscal stimulus that was initiated to improve spending during the pandemic. Economic data showed sign of weakening while inflationary pressures continued to prompt the Federal Reserve into a more aggressive stance on interest rate hikes. However, domestic demand continues to be resilient, with personal consumption expenditures up 2.7% on an annualized basis.

In the Eurozone, equities continue to decline as the conflict between Ukraine and Russia persist, further placing upward pressure on inflation – annual eurozone inflation reached 7.5% in April, an increase from 7.4% in March. The sectors that performed best included energy due to continued strong demand and communication services given their defensive profile. Information technology, consumer discretionary and industrials fared weaker as these sectors tend to be affected by supply chain disruptions and concerns over consumer confidence the most.

In China, although 1Q 2022 GDP has shown that the Chinese economy began to rebound in January and February, the impact the pandemic had on consumption, investment and production overshadowed the growth as Covid-19 continued to put downward pressure on the Chinese economy. The tightened credit conditions that persisted until early 2022 and regulatory policies in place as a result of the government's common prosperity initiative have slowed growth. A decline in new Covid infection numbers could be the first step in restoring market confidence, however, with parts of China in lockdown since April 2022 resulting in a decrease in both the manufacturing and services sector, investor confidence remained cautious. The Chinese Yuan also experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in April as China fought hard to contain its worst outbreak of Covid-19, implementing measures that affected the market adversely. Expectations of higher interest rates and the still ongoing conflict between Russia and Ukraine also weakened investor sentiment. Taiwan performed worst in terms of index market as major electronics manufacturers and chip slumped due to supply chain disruptions brought upon by lockdowns in Shanghai and neighbouring cities.

Bond yields continued to rise in April 2022, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. US consumer price inflation accelerated to 8.5% year on year in March though the core personal consumption expenditure index fell slightly to an annualised 5.2% from 5.3%. Corporate bonds garnered negative total returns and underperformed government bonds in general.

The S&P GSCI Index reported a positive return in April 2022. Higher prices in agricultural and energy components supported weaker prices for livestock, industrial and precious metals. Energy was the top performing component of the index as the global economy normalises after the Covid-19 pandemic and supplies are disrupted due to geopolitical unrest.

On the domestic front, March exports jumped 25.4% year on year, exceeding consensus estimates. The growth was largely attributed to electrical & electronic and commodities-based products such as palm oil. In the local bond market, Malaysia's sovereign bonds' trading volume declined to RM55.3b in April 2022, a 25% reduction since March 2022. A decline in trading volume of corporate bonds from RM9.1b in March to RM5.7b in April was also recorded.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalization of growth rates and monetary policy tightening. Both equities and bonds are down year-to-date as uncertain policy outlooks, an energy shock and weak growth outlook in China continue to stir markets. With the most impactful effects of the pandemic likely behind us, peak policy support and with it peak GDP growth during the pandemic era also likely realized in 2021. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures and it is no surprise that commodities are on track to outperform equities for the second consecutive year. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs. Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this is much less likely this time as battling inflation is seen as a more pressing matter.

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.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

AFFIN HWANG WORLD SERIES - GLOBAL INFRASTRUCTURE INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022

Financial
period ended
30.4.2022
USD

INVESTMENT LOSS

Dividend income	83,913
Interest income from financial assets at amortised cost	
Net loss on foreign currency exchange	(69,874)
Net loss on forward foreign currency contracts at fair value through profit or loss	(520,192)
Net gain on financial assets at fair value through profit or loss	99,151
	<hr/>
	(407,002)

EXPENSES

Management fee	(56,872)
Trustee fee	(1,265)
Auditors' remuneration	(297)
Tax agent's fee	(130)
Other expenses	(2,194)
	<hr/>
	(60,758)

NET LOSS BEFORE TAXATION

	(467,760)
Taxation	(2,517)
	<hr/>

DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	(470,277)
	<hr/> <hr/>

Decrease in net asset attributable to unitholders
is made up of the following:

Realised amount	108,875
Unrealised amount	(579,152)
	<hr/>
	(470,277)
	<hr/> <hr/>

AFFIN HWANG WORLD SERIES - GLOBAL INFRASTRUCTURE INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022

2022
USD

ASSETS

Cash and cash equivalents	377,629
Amount due from Manager	
- creation of units	1,593,003
- management fee rebate receivable	8,653
Financial assets at fair value through profit or loss	22,476,587
Forward foreign currency contracts at fair value through profit or loss	5,399
TOTAL ASSETS	24,461,271

LIABILITIES

Forward foreign currency contracts at fair value through profit or loss	512,884
Amount due to Manager	
- management fee	28,454
- cancellation of units	72,133
Amount due to Trustee	632
Auditors' remuneration	297
Tax agent's fee	130
Other payables and accruals	75
Tax payable	2,517
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)	617,122

NET ASSET VALUE OF THE FUND 23,844,149

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS 23,844,149

AFFIN HWANG WORLD SERIES - GLOBAL INFRASTRUCTURE INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022 (CONTINUED)

2022
USD

REPRESENTED BY:

FAIR VALUE OF OUTSTANDING UNITS

- AUD Hedged-class	2,151,428
- MYR Hedged-class	15,960,511
- SGD Hedged-class	1,744,373
- USD Class	3,987,837
	<hr/>
	23,844,149
	<hr/> <hr/>

NUMBER OF UNITS IN CIRCULATION

- AUD Hedged-class	5,840,000
- MYR Hedged-class	132,641,000
- SGD Hedged-class	4,646,000
- USD Class	7,640,000
	<hr/>
	150,767,000
	<hr/> <hr/>

NET ASSET VALUE PER UNIT (USD)

- AUD Hedged-class	0.3684
- MYR Hedged-class	0.1203
- SGD Hedged-class	0.3755
- USD Class	0.5220
	<hr/>
	<hr/> <hr/>

NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES

- AUD Hedged-class	AUD0.5145
- MYR Hedged-class	RM0.5237
- SGD Hedged-class	SGD0.5188
- USD Class	USD0.5220
	<hr/>
	<hr/> <hr/>

AFFIN HWANG WORLD SERIES - GLOBAL INFRASTRUCTURE INCOME FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022

	Financial period ended <u>30.4.2022</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH	-
Movement due to units created and cancelled during the financial period	
Creation of units arising from applications	24,684,523
- AUD Hedged-class	2,306,486
- MYR Hedged-class	16,396,767
- SGD Hedged-class	1,902,198
- USD Class	4,079,072
Cancellation of units	(370,097)
- AUD Hedged-class	(106,886)
- MYR Hedged-class	(48,114)
- SGD Hedged-class	(150,229)
- USD Class	(64,868)
Net decrease in net assets attributable to unitholders during the financial period	(470,277)
- AUD Hedged-class	(48,172)
- MYR Hedged-class	(388,142)
- SGD Hedged-class	(7,596)
- USD Class	(26,367)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>23,844,149</u></u>

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)