

# Affin Hwang World Series - Emerging Markets Short Duration Fund

Annual Report  
31 May 2022

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
TMF Trustees Malaysia Berhad  
(200301008392[610812-W])

# AFFIN HWANG WORLD SERIES – EMERGING MARKETS SHORT DURATION FUND

Annual Report and Audited Financial Statements  
For the Financial Year Ended 31 May 2022

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## FUND INFORMATION

Fund Name	Affin Hwang World Series – Emerging Markets Short Duration Fund
Fund Type	Income
Fund Category	Fixed Income (Feeder Wholesale)
Investment Objective	The Fund aims to provide regular income over the medium to long term period.
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income for the respective Classes in the following manner, after the end of its first financial year.

## FUND PERFORMANCE DATA

Category	As At 31 May 2022 (%)						As At 31 May 2021 (%)						As At 31 May 2020 (%)					
Portfolio composition																		
Collective Investment Scheme	94.89						94.73						90.94					
Cash & cash equivalent	5.11						5.27						9.06					
<b>Total</b>	<b>100.00</b>						<b>100.00</b>						<b>100.00</b>					
Currency class	<u>MYR</u> Class	<u>USD</u> Class	<u>MYR</u> Hedged- class	<u>AUD</u> Hedged- class	<u>SGD</u> Hedged- class	<u>RMB</u> Hedged- class	<u>MYR</u> Class	<u>USD</u> Class	<u>MYR</u> Hedged- class	<u>AUD</u> Hedged- class	<u>SGD</u> Hedged- class	<u>RMB</u> Hedged- class	<u>MYR</u> Class	<u>USD</u> Class	<u>MYR</u> Hedged- class	<u>AUD</u> Hedged- class	<u>SGD</u> Hedged- class	<u>RMB</u> Hedged- class
Total NAV (million)	0.378	0.004	0.342	0.002	0.005	0.017	0.145	0.006	0.659	0.004	0.011	0.031	0.028	0.006	0.367	0.013	0.007	0.006
NAV per unit (in respective currencies)	0.2360	0.2154	0.2134	0.1994	0.2093	0.2202	0.3643	0.3546	0.3476	0.3305	0.3462	0.3549	0.3649	0.3394	0.3290	0.3252	0.3305	0.3340
Unit in Circulation (million)	1.600	0.017	1.601	0.011	0.026	0.079	0.399	0.017	1.896	0.013	0.032	0.087	0.076	0.017	1.116	0.040	0.020	0.019
Highest NAV	0.3643	0.3545	0.3475	0.3304	0.3461	0.3548	0.4020	0.3884	0.3786	0.3701	0.3775	0.3824	0.5124	0.5036	0.5092	0.5085	0.5054	0.5042
Lowest NAV	0.2290	0.2099	0.2078	0.1939	0.2038	0.2144	0.3591	0.3391	0.3289	0.3248	0.3302	0.3337	0.3100	0.2831	0.2744	0.2710	0.2774	0.2802
Return of the Fund (%)	-28.83	-32.88	-32.02	-33.25	-33.15	-31.36	6.14	12.07	12.92	9.27	11.60	12.93	-25.19	-30.16	-32.26	-33.01	-31.96	-31.25
- Capital Return (%)	-35.22	-39.26	-38.61	-39.67	-39.54	-37.95	-0.16	4.48	5.65	1.63	4.75	6.26	-27.02	-32.12	-34.20	-34.96	-33.90	-33.20
- Income Return (%)	9.86	10.50	10.73	10.64	10.57	10.63	6.31	7.27	6.88	7.52	6.54	6.28	2.51	2.89	2.95	3.00	2.94	2.91
Gross Distribution per Unit (sen)	2.75	2.75	2.76	2.57	2.69	2.81	2.27	2.54	2.35	2.47	2.23	2.18	0.93	1.00	1.00	1.00	1.00	1.00
Net Distribution per Unit (sen)	2.75	2.75	2.76	2.57	2.69	2.81	2.27	2.54	2.35	2.47	2.23	2.18	0.93	1.00	1.00	1.00	1.00	1.00
Total Expenses Ratio (%) <sup>1</sup>	4.78						4.56						2.74					
Portfolio Turnover Ratio (times) <sup>2</sup>	0.64						1.92						2.74					

<sup>1</sup> The Fund's TER was higher than previous year due to lower average NAV of the Fund for the financial year.

<sup>2</sup> The Fund's PTR was lower than previous year due to lesser trading activities for the financial year.

**Basis of calculation and assumption made in calculating the returns:-**

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	=	NAV per Unit end / NAV per Unit begin – 1
Income return	=	Income distribution per Unit / NAV per Unit ex-date
Total return	=	(1+Capital return) x (1+Income return) – 1

**MANAGER'S REPORT****Income Distribution / Unit Split**

The NAV per Unit prior and subsequent to the distribution was as follows:-

**AUD Hedged Class**

Cum Date	Ex-Date	Cum-distribution (AUD)	Distribution per Unit (AUD)	Ex-distribution (AUD)
15-Jun-21	16-Jun-21	0.3281	0.0019	0.3231
20-Jul-21	21-Jul-21	0.3197	0.0025	0.3153
17-Aug-21	18-Aug-21	0.3070	0.0020	0.3039
19-Sep-21	20-Sep-21	0.2995	0.0021	0.2980
19-Oct-21	20-Oct-21	0.2829	0.0022	0.2782
16-Nov-21	17-Nov-21	0.2736	0.0020	0.2710
14-Dec-21	15-Dec-21	0.2618	0.0025	0.2579
18-Jan-22	19-Jan-22	0.2369	0.0019	0.2345
15-Feb-22	16-Feb-22	0.2379	0.0021	0.2359
15-Mar-22	16-Mar-22	0.2052	0.0022	0.2022
19-Apr-22	20-Apr-22	0.2123	0.0020	0.2100
17-May-22	18-May-22	0.1989	0.0023	0.1964

**MYR Hedged Class**

Cum Date	Ex-Date	Cum-distribution (MYR)	Distribution per Unit (MYR)	Ex-distribution (MYR)
15-Jun-21	16-Jun-21	0.3457	0.0020	0.3407
20-Jul-21	21-Jul-21	0.3380	0.0025	0.3337
17-Aug-21	18-Aug-21	0.3259	0.0025	0.3222
19-Sep-21	20-Sep-21	0.3189	0.0021	0.3172
19-Oct-21	20-Oct-21	0.3011	0.0025	0.2956
16-Nov-21	17-Nov-21	0.2912	0.0020	0.2886
14-Dec-21	15-Dec-21	0.2798	0.0025	0.2758
18-Jan-22	19-Jan-22	0.2535	0.0023	0.2506
15-Feb-22	16-Feb-22	0.2552	0.0022	0.2529
15-Mar-22	16-Mar-22	0.2198	0.0025	0.2165
19-Apr-22	20-Apr-22	0.2277	0.0021	0.2252
17-May-22	18-May-22	0.2130	0.0024	0.2104

**MYR Class**

Cum Date	Ex-Date	Cum-distribution (MYR)	Distribution per Unit (MYR)	Ex-distribution (MYR)
15-Jun-21	16-Jun-21	0.3615	0.0021	0.3562
20-Jul-21	21-Jul-21	0.3625	0.0025	0.3587
17-Aug-21	18-Aug-21	0.3504	0.0025	0.3464

19-Sep-21	20-Sep-21	0.3369	0.0025	0.3365
19-Oct-21	20-Oct-21	0.3175	0.0025	0.3109
16-Nov-21	17-Nov-21	0.3063	0.0023	0.3045
14-Dec-21	15-Dec-21	0.2988	0.0025	0.2944
18-Jan-22	19-Jan-22	0.2673	0.0022	0.2652
15-Feb-22	16-Feb-22	0.2693	0.0025	0.2665
15-Mar-22	16-Mar-22	0.2326	0.0022	0.2290
19-Apr-22	20-Apr-22	0.2437	0.0017	0.2432
17-May-22	18-May-22	0.2357	0.0020	0.2339

#### RMB Hedged Class

Cum Date	Ex-Date	Cum-distribution (RMB)	Distribution per Unit (RMB)	Ex-distribution (RMB)
15-Jun-21	16-Jun-21	0.3531	0.0021	0.3478
20-Jul-21	21-Jul-21	0.3455	0.0025	0.3412
17-Aug-21	18-Aug-21	0.3336	0.0023	0.3301
19-Sep-21	20-Sep-21	0.3266	0.0022	0.3250
19-Oct-21	20-Oct-21	0.3089	0.0025	0.3034
16-Nov-21	17-Nov-21	0.2992	0.0021	0.2965
14-Dec-21	15-Dec-21	0.2881	0.0025	0.2840
18-Jan-22	19-Jan-22	0.2613	0.0022	0.2586
15-Feb-22	16-Feb-22	0.2635	0.0025	0.2608
15-Mar-22	16-Mar-22	0.2265	0.0022	0.2235
19-Apr-22	20-Apr-22	0.2353	0.0025	0.2324
17-May-22	18-May-22	0.2197	0.0025	0.2170

#### SGD Hedged Class

Cum Date	Ex-Date	Cum-distribution (SGD)	Distribution per Unit (SGD)	Ex-distribution (SGD)
15-Jun-21	16-Jun-21	0.3441	0.0020	0.3390
20-Jul-21	21-Jul-21	0.3359	0.0025	0.3315
17-Aug-21	18-Aug-21	0.3235	0.0023	0.3200
19-Sep-21	20-Sep-21	0.3163	0.0021	0.3145
19-Oct-21	20-Oct-21	0.2983	0.0025	0.2930
16-Nov-21	17-Nov-21	0.2878	0.0020	0.2850
14-Dec-21	15-Dec-21	0.2759	0.0025	0.2720
18-Jan-22	19-Jan-22	0.2499	0.0020	0.2474
15-Feb-22	16-Feb-22	0.2517	0.0022	0.2494
15-Mar-22	16-Mar-22	0.2157	0.0024	0.2125
19-Apr-22	20-Apr-22	0.2232	0.0021	0.2207
17-May-22	18-May-22	0.2087	0.0023	0.2062

#### USD Class

Cum Date	Ex-Date	Cum-distribution (USD)	Distribution per Unit (USD)	Ex-distribution (USD)
15-Jun-21	16-Jun-21	0.3526	0.0021	0.3474
20-Jul-21	21-Jul-21	0.3444	0.0025	0.3400
17-Aug-21	18-Aug-21	0.3318	0.0023	0.3283
19-Sep-21	20-Sep-21	0.3242	0.0022	0.3225
19-Oct-21	20-Oct-21	0.3058	0.0025	0.3001
16-Nov-21	17-Nov-21	0.2952	0.0021	0.2925
14-Dec-21	15-Dec-21	0.2836	0.0025	0.2796
18-Jan-22	19-Jan-22	0.2565	0.0021	0.2539
15-Feb-22	16-Feb-22	0.2582	0.0025	0.2555

15-Mar-22	16-Mar-22	0.2219	0.0022	0.2189
19-Apr-22	20-Apr-22	0.2299	0.0022	0.2273
17-May-22	18-May-22	0.2150	0.0023	0.2125

No unit splits were declared for the financial year ended 31 May 2021.

## **Performance Review**

### **USD Class**

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -32.88%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was USD0.2154 while the NAV as at 31 May 2021 was USD0.3546. During the same period under review, the Fund has declared a total gross income distribution of USD0.0275 per unit.

Since commencement, the Fund registered a return of -47.46%.

### **MYR Class**

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -28.83%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was MYR0.2360 while the NAV as at 31 May 2021 was MYR0.3643. During the same period under review, the Fund has declared a total gross income distribution of MYR0.0275 per unit.

Since commencement, the Fund registered a return of -43.49%.

### **AUD Hedged-Class**

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -33.25%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was AUD0.1994 while the NAV as at 31 May 2021 was AUD0.3305. During the same period under review, the Fund has declared a total gross income distribution of AUD0.0257 per unit.

Since commencement, the Fund registered a return of -51.14%.

### **MYR Hedged-Class**

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -32.02%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was MYR0.2134 while the NAV as at 31 May 2021 was MYR0.3476. During the same period under review, the Fund has declared a total gross income distribution of MYR0.0276 per unit.

Since commencement, the Fund registered a return of -48.00%.

### **RMB Hedged-Class**

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -31.36%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was RMB0.2202 while the NAV as at 31 May 2021 was RMB0.3549. During the same period under review, the Fund has declared a total gross income distribution of RMB0.0281 per unit.

Since commencement, the Fund registered a return of -46.71%.

### **SGD Hedged-Class**

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -33.15%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2022 was SGD0.2093 while the NAV as at 31 May 2021 was SGD0.3462. During the same period under review, the Fund has declared a total gross income distribution of SGD0.0269 per unit.

Since commencement, the Fund registered a return of -49.24%.

Table 1: Performance of the Fund

	<b>1 Year (1/6/21 - 31/5/22)</b>	<b>3 Years (1/6/19 - 31/5/22)</b>	<b>Since Commencement (3/5/19 - 31/5/22)</b>
<b>USD</b>	<b>(32.88%)</b>	<b>(47.09%)</b>	<b>(47.46%)</b>
<b>MYR</b>	<b>(28.83%)</b>	<b>(44.51%)</b>	<b>(43.49%)</b>
<b>AUD Hedged</b>	<b>(33.25%)</b>	<b>(51.28%)</b>	<b>(51.14%)</b>
<b>MYR Hedged</b>	<b>(32.02%)</b>	<b>(48.21%)</b>	<b>(48.00%)</b>
<b>RMB Hedged</b>	<b>(31.36%)</b>	<b>(46.16%)</b>	<b>(46.71%)</b>
<b>SGD Hedged</b>	<b>(33.15%)</b>	<b>(49.15%)</b>	<b>(49.24%)</b>

Table 2: Average Total Return

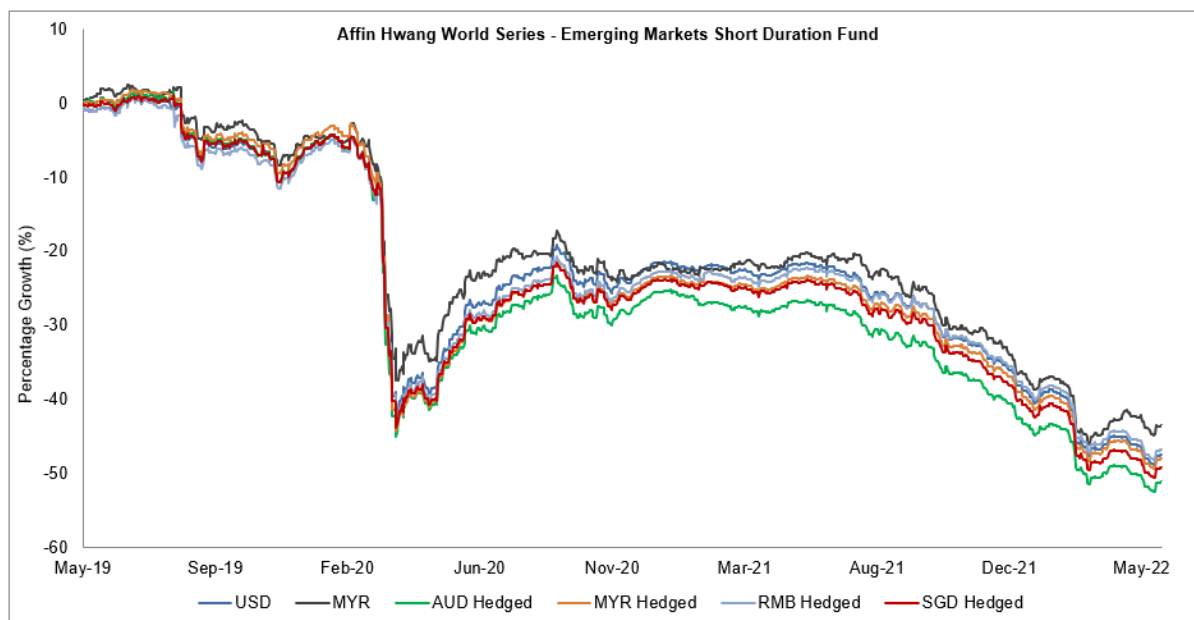
	<b>1 Year (1/6/21 - 31/5/22)</b>	<b>3 Years (1/6/19 - 31/5/22)</b>	<b>Since Commencement (3/5/19 - 31/5/22)</b>
<b>USD</b>	<b>(32.88%)</b>	<b>(19.10%)</b>	<b>(18.85%)</b>
<b>MYR</b>	<b>(28.83%)</b>	<b>(17.81%)</b>	<b>(16.90%)</b>
<b>AUD Hedged</b>	<b>(33.25%)</b>	<b>(21.30%)</b>	<b>(20.73%)</b>
<b>MYR Hedged</b>	<b>(32.02%)</b>	<b>(19.68%)</b>	<b>(19.12%)</b>
<b>RMB Hedged</b>	<b>(31.36%)</b>	<b>(18.63%)</b>	<b>(18.47%)</b>
<b>SGD Hedged</b>	<b>(33.15%)</b>	<b>(20.17%)</b>	<b>(19.75%)</b>

Table 3: Annual Total Return

	<b>FYE 2022 (1/6/21 - 31/5/22)</b>	<b>FYE 2021 (1/6/20 - 31/5/21)</b>	<b>FYE 2020 (3/5/19 - 31/5/20)</b>
<b>USD</b>	<b>(32.88%)</b>	<b>12.07%</b>	<b>(30.16%)</b>
<b>MYR</b>	<b>(28.83%)</b>	<b>6.14%</b>	<b>(25.19%)</b>
<b>AUD Hedged</b>	<b>(33.25%)</b>	<b>9.27%</b>	<b>(33.01%)</b>
<b>MYR Hedged</b>	<b>(32.02%)</b>	<b>12.92%</b>	<b>(32.26%)</b>
<b>RMB Hedged</b>	<b>(31.36%)</b>	<b>12.93%</b>	<b>(31.25%)</b>
<b>SGD Hedged</b>	<b>(33.15%)</b>	<b>11.60%</b>	<b>(31.96%)</b>



Figure 1: Movement of the Fund since commencement.



*"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."*

***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**

For a snapshot of the Fund's asset mix during the period under review, please refer to Fund Performance Data.

As at 31 May 2022, the Fund remained highly invested with 94.89% (2021:94.73%) of the Fund's NAV invested in collective investment scheme while the balance was held in cash and cash equivalent.

### **Strategies Employed**

Emerging Market credit spreads widened again in May as the rally in US Treasuries was not matched by a similar move in EM bonds, leading to spread widening in both sovereign and corporate bonds.

The broad EM sovereign bond index, the JP Morgan EMBI Global Diversified Index has returned flat (0.0%) in May. The index spread was +9 (basis points) bps wider, finishing the month at a spread of 448 bps. The Investment Grade (IG) part of the sovereign debt index saw the spread tighten 6 bps in spread terms finishing the month at a spread of 165 bps. The High Yield (HY) part of the sovereign debt index was also +31 bps wider to a spread of 774 bps. The HY part of the index has underperformed the IG part of the index during the month with a total return of -0.6% versus +0.7% for the IG part.

The broad EM corporate credit index, the JP Morgan CEMBI Broad Diversified Index has returned -0.6% during May with the index spread widening +26 bps during the month to a spread of 329 bps. The IG part of the corporate debt index was +13 bps wider to a spread of 190 bps. The HY part of the corporate debt index was +44 bps wider this month to a spread of 550 bps. The HY part of the index has underperformed the IG part of the index during the month with a total return of -1.1% compared to -0.2% for the IG part.

In May the SICAV Short Duration Fund returned -2.92% compared to -0.27% for the JP Morgan CEMBI BD 1-3 year, resulting in negative alpha of 2.65% for the month.

At country level, the top contributors to performance during May were from Venezuela, Iraq and India.

May was another strong month for commodities, especially for oil prices. As such there is no surprise that Venezuela was among the top performing credits in the fund. News of relaxation of US rules in regard to sanctions on supply of oil by Venezuela also lifted sentiment for the bonds. As the US is looking for alternative sources of oil for their European partners, Venezuela is a likely beneficiary via reduction of sanction pressure. Iraq was another beneficiary of higher oil prices, with the best performing exposure there being an oil producer from the Northern region of Kurdistan.

Although we have been running an underweight exposure to India compared to the benchmark, our credit selection did well during the month, contributing to performance. During May we have further reduced exposure, exiting all remaining exposure in India given recent strong performance. The main detractors during the same month were from China, Lebanon and Brazil.

China was the top detractor for the fund in May, with the property sector experiencing a downturn again following the strong performance from last month. Despite the recent increased volatility, price movement is typical of a bottom being formed in valuations. Slow progress continues to be made in a number of debt restructuring negotiations, but none have reached a successful resolution so far. All eyes are on the expected restructuring proposal for Evergrande, expected to be announced in July. This could shed light in regard to government intentions for the shape of the recovery in the sector.

Lebanon was the second top detractor with bonds there giving back some of the gains from the previous month. Markets are getting a bit softer as we move closer to the Parliamentary elections in mid-May. The elections could mark a turning point for the negotiations for a debt restructuring but could equally result in a political stalemate, which would be disappointing.

Brazil experienced some profit taking in May following several months of outperformance. The weakness was centred on credits from the telecom and industrial sectors reflecting exactly the place where we have seen the recent outperformance.

## **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 the second half of 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 Standard & Poor's ("S&P") plummeted 8.7% in April 2022.

Real Gross Domestic Product ("GDP") growth for US in the first quarter of 2022 was weaker than expected, falling 1.4% on an annualised 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 annualised 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 8.1% in May, an increase from 7.4% in April. 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 first quarter 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.

However, a decline in new Covid infection numbers as cases in China have seemingly peaked out as we approach the second half of the year could be the first step in restoring market confidence. We saw ease in

lockdown measures in various cities, including Shanghai's reopening on 1 June. Manufacturing Purchasing Manager's Index ("PMI") rose in May, signalling a production and sentiment recovery. The Chinese Yuan experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in the first half of 2022 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 and the curve steepened, 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 May 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, Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate by 25 basis points ("bps") to 2% on 11 May 2022, signalling further policy tightening ahead. May exports jumped 30.5% year on year, exceeding consensus estimates amid increasing commodity prices. 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 RM48.1billion in May 2022, a 14.4% reduction since April 2022. A decline in trading volume of corporate bonds from RM5.7billion in April to RM4.1billion in May was also recorded.

## **Investment Outlook**

2022 is set to be a year of transition for markets as investors continue to contend with normalisation 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 its 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.

### **State of Affairs of the Fund**

There is neither any significant change to the state affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

### **Soft Commissions received from Brokers**

As per the requirements of the Securities Commission's Guidelines on Unit Trust Funds and Guidelines on Compliance Function for Fund Management Companies, soft commissions received from brokers/dealers may be retained by the management company only if the :-

- (i) goods and services provided are of demonstrable benefit to Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

During the financial period under review, no soft commission was received by the management on behalf of the fund.

### **Cross Trade**

No cross trade transactions have been carried out during the reported period.

### **Securities Financing Transactions**

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

### **Changes Made To the Fund's Information Memorandum**

A replacement information memorandum was issued during the period under review with the effective date of change 5 October 2021. The Replacement Information Memorandum is in place to reflect the change in the definition of Sophisticated Investor and update of the information relating to switching.

## **TRUSTEE’S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG WORLD SERIES – EMERGING MARKETS SHORT DURATION FUND (“Fund”)**

We have acted as Trustee of the Fund for the financial year ended 31 May 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AFFIN HWANG ASSET MANAGEMENT BERHAD has operated and managed the fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the Deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For TMF Trustees Malaysia Berhad  
(Company No.: (200301008392 [610812-W]))

**NORHAYATI BINTI AZIT  
DIRECTOR – FUND SERVICES**

Kuala Lumpur  
18 July 2022

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT  
DURATION FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

# **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

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**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>INVESTMENT (LOSS)/INCOME</b>			
Dividend income		16,379	15,399
Net loss on foreign currency exchange		(556)	(134)
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss	9	(5,459)	13,857
Net (loss)/gain on financial assets at fair value through profit or loss	8	(73,381)	15,171
		<u>(63,017)</u>	<u>44,293</u>
<b>EXPENSES</b>			
Management fee	4	(2,528)	(3,201)
Trustee fee	5	(102)	(130)
Auditors' remuneration		(1,902)	(1,935)
Tax agent's fee		(832)	(847)
Other expenses		(2,692)	(3,759)
		<u>(8,056)</u>	<u>(9,872)</u>
<b>NET (LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION</b>		(71,073)	34,421
<b>FINANCE COST</b>			
Distributions	6	(16,330)	(13,722)
<b>NET (LOSS)/PROFIT BEFORE TAXATION</b>		(87,403)	20,699
Taxation	7	(385)	-
<b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>(87,788)</u>	<u>20,699</u>



**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
(Decrease)/increase in net assets attributable to unitholders comprise the following:			
Realised amount		(22,136)	512
Unrealised amount		(65,652)	20,187
		<u>(87,788)</u>	<u>20,699</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT  
DURATION FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2022**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>ASSETS</b>			
Cash and cash equivalents		7,261	10,735
Amount due from broker		25,559	-
Amount due from Manager			
- creation of units		-	3,646
- management fee rebate receivables		198	228
Financial assets at fair value through profit or loss	8	167,205	206,197
Forward foreign currency contracts at fair value through profit or loss	9	-	1,066
<b>TOTAL ASSETS</b>		<u>200,223</u>	<u>221,872</u>
<b>LIABILITIES</b>			
Forward foreign currency contracts at fair value through profit or loss	9	3,348	-
Amount due to Manager			
- management fee		239	275
- cancellation of units		15,891	-
Amount due to Trustee		10	11
Auditors' remuneration		1,828	1,893
Tax agent's fee		800	802
Other payable and accruals		1,730	1,214
Tax payable		160	-
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>24,006</u>	<u>4,195</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>176,217</u>	<u>217,677</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>176,217</u>	<u>217,677</u>

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2022 (CONTINUED)**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- AUD Hedged-class		1,576	3,328
- MYR Class		86,308	35,249
- MYR Hedged-class		78,091	159,836
- RMB Hedged-class		2,604	4,844
- SGD Hedged-class		3,976	8,391
- USD Class		3,662	6,029
		<u>176,217</u>	<u>217,677</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>			
- AUD Hedged-class	10 (a)	11,000	13,000
- MYR Class	10 (b)	1,600,000	399,000
- MYR Hedged-class	10 (c)	1,601,000	1,896,000
- RMB Hedged-class	10 (d)	79,000	87,000
- SGD Hedged-class	10 (e)	26,000	32,000
- USD Class	10 (f)	17,000	17,000
		<u>3,334,000</u>	<u>2,444,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- AUD Hedged-class		0.1433	0.2560
- MYR Class		0.0539	0.0883
- MYR Hedged-class		0.0488	0.0843
- RMB Hedged-class		0.0330	0.0557
- SGD Hedged-class		0.1529	0.2622
- USD Class		0.2154	0.3546
		<u>0.2154</u>	<u>0.3546</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- AUD Hedged-class		AUD0.1994	AUD0.3305
- MYR Class		RM0.2360	RM0.3643
- MYR Hedged-class		RM0.2134	RM0.3476
- RMB Hedged-class		RMB0.2202	RMB0.3549
- SGD Hedged-class		SGD0.2093	SGD0.3462
- USD Class		USD0.2154	USD0.3546
		<u>USD0.2154</u>	<u>USD0.3546</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		217,677	110,871
Movement due to units created and cancelled during the financial year			
Creation of units arising from applications		130,020	484,636
- AUD Hedged-class		844	26,196
- MYR Class		121,663	43,446
- MYR Hedged-class		5,292	392,873
- RMB Hedged-class		342	17,159
- SGD Hedged-class		405	4,020
- USD Class		1,474	942
Creation of units arising from distributions		7,093	11,253
- AUD Hedged-class		218	570
- MYR Class		3,491	1,371
- MYR Hedged-class		1,956	8,010
- RMB Hedged-class		398	382
- SGD Hedged-class		558	478
- USD class		472	442
Cancellation of units		(90,785)	(409,782)
- AUD Hedged-class		(1,476)	(34,923)
- MYR Class		(56,197)	(16,591)
- MYR Hedged-class		(28,047)	(341,373)
- RMB Hedged-class		(874)	(14,311)
- SGD Hedged-class		(2,301)	(1,191)
- USD Class		(1,890)	(1,393)

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 31 MAY 2022 (CONTINUED)**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
(Decrease)/increase in net assets attributable to unitholders during the financial year		(87,788)	20,699
- AUD Hedged-class		(1,338)	2,839
- MYR Class		(17,898)	641
- MYR Hedged-class		(60,946)	15,819
- RMB Hedged-class		(2,106)	728
- SGD Hedged-class		(3,077)	404
- USD Class		(2,423)	268
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR</b>		<u>176,217</u>	<u>217,677</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		56,745	386,203
Purchase of investments		(118,783)	(468,000)
Dividend received		16,379	15,399
Management fee rebate received		2,120	2,507
Management fee paid		(2,564)	(3,067)
Trustee fee paid		(103)	(125)
Payment for other fees and expenses		(4,977)	(5,672)
Net realised foreign currency exchange loss		(381)	(209)
Realised (loss)/gain on forward foreign currency contracts		(1,045)	13,038
Tax paid		(225)	-
		<hr/>	<hr/>
Net cash flows used in operating activities		(52,834)	(59,926)
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		133,666	481,432
Payments for cancellation of units		(74,894)	(419,745)
Payment for distributions		(9,237)	(2,469)
		<hr/>	<hr/>
Net cash flows generated from financing activities		49,535	59,218
		<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(3,299)	(708)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		(175)	75
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		10,735	11,368
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		7,261	10,735
		<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 31 May 2022 and 31 May 2021 comprise of bank balances.

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note M.

(a) Standards, amendments to published standards and interpretations that are effective:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) Standards and amendments that have been issued but not yet effective:

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

# AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

### A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards and amendments that have been issued but not yet effective: (continued)

- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

### B INCOME RECOGNITION

#### Dividend income

Dividend income on financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the right to receive the dividend has been established.

#### Realised gains and loss on sale of investments

For collective investment scheme ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

### C DISTRIBUTIONS

A distribution to the Fund's unitholders is accounted for as a finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee of the Fund.

### D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial year.

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.



## **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in United States Dollar (“USD”), which is the Fund’s functional and presentation currency.

#### **F FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the Fund’s debt securities are solely payments of principal and interest (“SPPI”). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

Investments in CIS have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from brokers and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager, amount due to Trustee, auditors’ remuneration, tax agent’s fee, other payables and accruals as financial liabilities measured at amortised cost.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category including the effects of foreign currency transactions are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the financial year which they arise.

Investment CIS are valued at the last published net asset value (“NAV”) per unit at the date of the statement of financial position.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

##### (iii) Impairment

The Fund’s financial assets measured at amortised cost are subject to expected credit losses. The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

##### Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (iii) Impairment (continued)

###### Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

###### Quantitative criteria:

Any contractual payment which is more than 90 days past due is considered credit impaired.

###### Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

###### Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial year.

#### H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances which are subject to an insignificant risk of changes in value.

## **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

#### **I AMOUNT DUE FROM/(TO) BROKERS**

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection. Refer to Note G for accounting policy on recognition and measurement.

Any contractual payment which is more than 90 days past due is considered credit-impaired.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

#### **J DERIVATIVE FINANCIAL INSTRUMENTS**

A derivative financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a positive fair value and a negative fair value are presented as financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, respectively.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

#### **K CREATION AND CANCELLATION OF UNITS**

The unitholders' capital to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in six classes of units, known respectively as the AUD Hedged-class, MYR Class, MYR Hedged-class, RMB Hedged-class, SGD Hedged-class and USD Class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

## **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

#### **CREATION AND CANCELLATION OF UNITS (CONTINUED)**

Units are created and cancelled at the unitholders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

#### **L INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Income not distributed is included in net assets attributable to unitholders.

#### **M CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents on the estimates, certain key variables that are anticipated to have material impacts to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgments are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

##### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

- i) The Fund's sole investment is in a collective investment scheme denominated in USD.
- ii) Significant portion of the Fund's cash denominated in USD for the purpose of making settlement of foreign trades and expenses.
- iii) Significant portion of the Fund's expenses are denominated in USD.

#### **N REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

The analysis of realised and unrealised amounts in increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

# **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

### **1 INFORMATION ON THE FUND**

The Wholesale Fund was constituted under the name Affin Hwang World Series – Emerging Markets Short Duration Fund (the “Fund”) pursuant to the execution of a Deed dated 5 March 2019 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 18 March 2019 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed.

The Fund may invest in any of the following assets, subject to the Deed, the Fund’s objective, the Guidelines, the requirements of the SC and all relevant laws:

- (a) Collective investment scheme;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives; and
- (e) Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund’s objective.

All investments will be subjected to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deed and the objective of the Fund.

The main objective of the Fund is to provide regular income over medium to long term period.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 15 July 2022.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		7,261	-	7,261
Amount due from broker		25,559	-	25,559
Amount due from Manager				
- management fee rebate receivables		198	-	198
Collective investment scheme	8	-	167,205	167,205
Total		<u>33,018</u>	<u>167,205</u>	<u>200,223</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts at fair value through profit or loss	9	-	3,348	3,348
Amount due to Manager				
- management fee		239	-	239
- cancellation of units		15,891	-	15,891
Amount due to Trustee		10	-	10
Auditors' remuneration		1,828	-	1,828
Tax agent's fee		800	-	800
Other payables and accruals		1,730	-	1,730
Total		<u>20,498</u>	<u>3,348</u>	<u>24,846</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		10,735	-	10,735
Amount due from Manager				
- creation of units		3,646	-	3,646
- management fee rebate receivables		228	-	228
Collective investment scheme	8	-	206,197	206,197
Forward foreign currency contracts at fair value through profit or loss	9	-	1,066	1,066
Total		<u>14,609</u>	<u>207,263</u>	<u>221,872</u>

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2021</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		275	-	275
Amount due to Trustee		11	-	11
Auditors' remuneration		1,893	-	1,893
Tax agent's fee		802	-	802
Other payables and accruals		1,214	-	1,214
Total		<u>4,195</u>	<u>-</u>	<u>4,195</u>

The Fund is exposed to a variety of risks which include market risk (including price risk, interest rate risk and currency risk), liquidity risk, credit risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

#### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2022 USD</u>	<u>2021 USD</u>
<b>Quoted investment</b>		
Collective investment scheme	<u>167,205</u>	<u>206,197</u>



## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (a) Price risk (continued)

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and NAV to price risk movements. The analysis is based on the assumptions that the market price increased by 1% (2021: 5%) and decreased by 1% (2021: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> USD	Impact on (loss)/profit after tax/NAV USD
<u>2022</u>		
-1%	165,533	(1,672)
0%	167,205	-
+1%	168,877	1,672
	<u><u>                    </u></u>	<u><u>                    </u></u>
<u>2021</u>		
-5%	195,887	(10,310)
0%	206,197	-
+5%	216,507	10,310
	<u><u>                    </u></u>	<u><u>                    </u></u>

##### b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

As at 31 May 2022 and 31 May 2021, the Fund is not exposed to any interest rate risk.

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against United States Dollar, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus United States Dollar based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

Market risk (continued)

(c) Currency risk (continued)

The following table sets out the foreign currency risk concentrations and counterparties of the Fund:

			Cash and cash equivalents USD	Total USD
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar			248	248
Renminbi			430	430
Malaysian Ringgit			353	353
Singapore Dollar			162	162
			<u>1,193</u>	<u>1,193</u>
	Forward foreign currency contracts USD	Other liabilities* USD	Net assets attributable to unitholders USD	Total USD
<u>Financial liabilities</u>				
Australian Dollar	16	-	1,576	1,592
Renminbi	47	-	2,604	2,651
Malaysian Ringgit	3,247	20,409	164,399	188,055
Singapore Dollar	38	-	3,976	4,014
	<u>3,348</u>	<u>20,409</u>	<u>172,555</u>	<u>196,312</u>

\*Other liabilities consist of amount due to Manager, auditors' remuneration, tax agent's fee, and other payables and accruals.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (c) Currency risk (continued)

The following table sets out the foreign currency risk concentrations and counterparties of the Fund: (continued)

	<u>Forward foreign currency contracts</u> USD	<u>Amount due from Manager</u> USD	<u>Cash and cash equivalents</u> USD	<u>Total</u> USD
<u>2021</u>				
<u>Financial assets</u>				
Australian Dollar	271	-	410	681
Renminbi	145	-	26	171
Malaysian Ringgit	405	3,646	39	4,090
Singapore Dollar	245	-	658	903
	<u>1,066</u>	<u>3,646</u>	<u>1,133</u>	<u>5,845</u>
		<u>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Australian Dollar		-	3,328	3,328
Renminbi		-	4,844	4,844
Malaysian Ringgit		3,909	195,085	198,994
Singapore Dollar		-	8,391	8,391
		<u>3,909</u>	<u>211,648</u>	<u>215,557</u>

\*Other liabilities consist of amount due to Manager, auditors' remuneration, tax agent's fee and other payables and accruals.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Market risk (continued)

##### (c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/profit after tax and NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change <u>in price</u> %	Impact on (loss)/profit after <u>tax/NAV</u> USD
<u>2022</u>		
Australian Dollar	+/- 10.13	-/+ 136
Renminbi	+/- 3.92	-/+ 87
Malaysian Ringgit	+/- 3.42	-/+ 6,417
Singapore Dollar	+/- 4.11	-/+ 158
<u>2021</u>		
Australian Dollar	+/- 9.68	-/+ 256
Renminbi	+/- 3.93	-/+ 183
Malaysian Ringgit	+/- 3.91	-/+ 7,616
Singapore Dollar	+/- 3.95	-/+ 296

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders, liquid assets comprise bank balances and other instruments, which are capable of being converted into cash within 7 days.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Liquidity risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts in the table below are the contractual undiscounted cash flows.

	<u>Within one month USD</u>	<u>Between one month to one year USD</u>	<u>Total USD</u>
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	3,348	-	3,348
Amount due to Manager			
- management fees	239	-	239
- cancellation of units	15,891	-	15,891
Amount due to Trustee	10	-	10
Auditors' remuneration	-	1,828	1,828
Tax agent fee	-	800	800
Other payables and accruals	-	1,730	1,730
Net assets attributable to unitholders*	176,217	-	176,217
	<u>195,705</u>	<u>4,358</u>	<u>200,063</u>
<u>2021</u>			
Amount due to Manager			
- management fees	275	-	275
Amount due to Trustee	11	-	11
Auditors' remuneration	-	1,893	1,893
Tax agent fee	-	802	802
Other payables and accruals	-	1,214	1,214
Net assets attributable to unitholders*	217,677	-	217,677
	<u>217,963</u>	<u>3,909</u>	<u>221,872</u>

\*Units are redeemed on demand at the unitholder's option (Note K). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders of these instruments typically retain them for the medium to long term return.

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interests, principals and proceeds from realisation of investments. The Manager manages credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and bank balances is managed by ensuring they are held by parties with credit rating AA or higher.

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The following table sets out the credit risk concentration and counterparties of the Fund:

		Cash and cash <u>equivalents</u> USD	Other <u>assets*</u> USD	<u>Total</u> USD
<u>2022</u>				
Financial Services				
- AAA		7,261	-	7,261
Others				
- NR		-	25,757	25,757
		<u>7,261</u>	<u>25,757</u>	<u>33,018</u>
		<u><u>7,261</u></u>	<u><u>25,757</u></u>	<u><u>33,018</u></u>
	Forward foreign currency <u>contracts</u> USD	Cash and cash <u>equivalents</u> USD	Other <u>assets*</u> USD	<u>Total</u> USD
<u>2021</u>				
Financial Services				
- AAA	1,066	10,735	-	11,801
Others				
- NR	-	-	3,874	3,874
	<u>1,066</u>	<u>10,735</u>	<u>3,874</u>	<u>15,675</u>
	<u><u>1,066</u></u>	<u><u>10,735</u></u>	<u><u>3,874</u></u>	<u><u>15,675</u></u>

\* Other assets consist of amount due from Manager and amount due from broker.

# AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Capital risk

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

### 3 FAIR VALUE ESTIMATION

Financial instruments comprise of financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded price for financial assets.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques.

#### (i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**3 FAIR VALUE ESTIMATION (CONTINUED)**

(i) Fair value hierarchy (continued)

The determination of what constitutes ‘observable’ requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s financial assets and financial liabilities (by class) measured at fair value:

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2022</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	167,205	-	-	167,205
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	3,348	-	3,348
<u>2021</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	206,197	-	-	206,197
- forward foreign currency contracts	-	1,066	-	1,066
	<u>206,197</u>	<u>1,066</u>	<u>-</u>	<u>207,263</u>



## **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

#### **3 FAIR VALUE ESTIMATION (CONTINUED)**

(ii) Fair value hierarchy (continued)

Investments whose values are based on published market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Fund does not adjust the published prices for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These includes forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- (ii) The carrying values of cash and cash equivalents, amount due from broker, amount due from Manager and all current liabilities except for forward foreign currency contracts are a reasonable approximation of the fair values due to their short-term nature.

#### **4 MANAGEMENT FEE**

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 May 2022, management fee is recognised at a rate of 1.50% (2021: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis, as stated in the Fund's Information Memorandum.

There will be no further liability to the Manager in respect of management fee other than the amounts recognised above.

#### **5 TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, excluding of foreign custodian fees and charges.

For the financial year ended 31 May 2022, the Trustee's fee is recognised at a rate of 0.06% (2021: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, as stated in the Fund's Information Memorandum.

There will be no further liability to the Trustee in respect of Trustee fee other than the amounts recognised above.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT  
DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**6 DISTRIBUTIONS**

	<u>2022</u> USD	<u>2021</u> USD
Distributions to unitholders is from the following sources:		
Dividend income	16,330	13,722
Gross realised income	16,330	13,722
Less: Expenses	-	-
Net distribution amount	<u>16,330</u>	<u>13,722</u>

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**6 DISTRIBUTIONS (CONTINUED)**

	Gross/Net distribution per unit (sen)					
	<u>AUD-Hedged class</u> AUD	<u>RMB-Hedged class</u> RMB	<u>MYR Class</u> RM	<u>MYR-Hedged class</u> RM	<u>SGD-Hedged class</u> SGD	<u>USD Class</u> USD
<u>2022</u>						
16.06.2021	0.19	0.21	0.21	0.20	0.20	0.21
21.07.2021	0.25	0.25	0.25	0.25	0.25	0.25
18.08.2021	0.20	0.23	0.25	0.25	0.23	0.23
20.09.2021	0.21	0.22	0.25	0.21	0.21	0.22
20.10.2021	0.22	0.25	0.25	0.25	0.25	0.25
16.11.2021	0.20	0.21	0.23	0.20	0.20	0.21
15.12.2021	0.25	0.25	0.25	0.25	0.25	0.25
19.01.2022	0.19	0.22	0.22	0.23	0.20	0.21
16.02.2022	0.21	0.25	0.25	0.22	0.22	0.25
16.03.2022	0.22	0.22	0.22	0.25	0.24	0.22
20.04.2022	0.20	0.25	0.17	0.21	0.21	0.22
18.05.2022	0.23	0.25	0.20	0.24	0.23	0.23
	<u>2.57</u>	<u>2.81</u>	<u>2.75</u>	<u>2.76</u>	<u>2.69</u>	<u>2.75</u>

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**6 DISTRIBUTIONS (CONTINUED)**

	Gross/Net distribution per unit (sen)					
	<u>AUD-Hedged class</u> AUD	<u>RMB-Hedged class</u> RMB	<u>MYR Class</u> RM	<u>MYR-Hedged class</u> RM	<u>SGD-Hedged class</u> SGD	<u>USD Class</u> USD
<u>2021</u>						
17.06.2020	0.25	0.25	0.03	0.25	0.25	0.25
19.08.2020	-	-	0.15	0.02	0.10	0.16
17.09.2020	0.22	0.21	0.25	0.25	0.21	0.18
21.10.2020	0.25	0.03	0.25	0.25	0.04	0.24
18.11.2020	0.25	0.25	0.25	0.25	0.25	0.25
16.12.2020	0.25	0.19	0.25	0.25	0.25	0.25
20.01.2021	0.25	0.25	0.25	0.25	0.21	0.25
17.02.2021	0.25	0.25	0.25	0.25	0.25	0.25
17.03.2021	0.25	0.25	0.21	0.25	0.20	0.21
21.04.2021	0.25	0.25	0.13	0.11	0.25	0.25
19.05.2021	0.25	0.25	0.25	0.22	0.22	0.25
	<u>2.47</u>	<u>2.18</u>	<u>2.27</u>	<u>2.35</u>	<u>2.23</u>	<u>2.54</u>

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

During the financial year ended 31 May 2022, the Fund incurred unrealised loss of USD65,652 (2021: USD Nil).

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**7 TAXATION**

	<u>2022</u> USD	<u>2021</u> USD
Current taxation	385	-

The numerical reconciliation between net (loss)/profit before finance cost and taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

	<u>2022</u> USD	<u>2021</u> USD
Net (loss)/profit before finance cost and taxation	(71,073)	34,421
Tax at Malaysian statutory rate of 24% (2021: 24%)	(17,058)	8,261
Tax effects of:		
Investment loss not brought to tax/ (investment income not subject to tax)	15,124	(10,630)
Expenses not deductible for tax purposes	756	904
Restriction on tax deduction expenses for Wholesale Funds	1,178	1,465
Tax on foreign sourced income	385	-
Tax expense	385	-

**8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<u>2022</u> USD	<u>2021</u> USD
Financial assets at fair value through profit or loss:		
- collective investment scheme	167,205	206,197
	<u>2022</u> USD	<u>2021</u> USD
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	(14,409)	(6,743)
- unrealised (loss)/gain on changes in fair value	(61,062)	19,293
- management fee rebate on collective investment scheme #	2,090	2,621
	(73,381)	15,171

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

# In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme have been considered as part of its NAV. In order to prevent the double charging of management fee, management fee charged on the Fund's investments in collective investment scheme have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the NAV of the collective investment schemes.

(a) Collective investment scheme

(i) Collective investment scheme as at 31 May 2022 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> USD	Fair <u>value</u> USD	Percentage <u>of NAV</u> %
Ashmore SICAV - Emerging Markets Short Duration Fund - (Retail Income II USD)	3,717	228,894	167,205	94.89
Total collective investment scheme	<u>3,717</u>	<u>228,894</u>	<u>167,205</u>	<u>94.89</u>
Accumulated unrealised loss on collective investment scheme		<u>(61,689)</u>		
Total collective investment scheme		<u>167,205</u>		

(ii) Collective investment scheme as at 31 May 2021 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> USD	Fair <u>value</u> USD	Percentage <u>of NAV</u> %
Ashmore SICAV - Emerging Markets Short Duration Fund - (Retail Income II USD)	2,823	206,824	206,197	94.73
Total collective investment scheme	<u>2,823</u>	<u>206,824</u>	<u>206,197</u>	<u>94.73</u>
Accumulated unrealised loss on collective investment scheme		<u>(627)</u>		
Total collective investment scheme		<u>206,197</u>		

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(b) Target Fund's top 10 holdings

(i) The Target Fund's top 10 holdings as at 31 May 2022 is as follows:

	<u>Percentage of Target Fund's NAV</u> %
Petroleos De Venezuela 8.5% 27/10/2020(Regs)	10.10
Petroleos Mexicanos 6.875% 16/10/2025	8.00
Cimpor Financial Opertns 5.75% 17/07/2024 (Regs)	7.60
Oi Sa 10% 27/07/2025	6.20
Puma International Fin 5.125% 06/10/2024 (Regs)	4.80
Gol finance 7% 31/01/2025 (Regs)	4.10
Digicel Intl Finance 8.75% 25/05/2024 (Regs)	4.00
Ypf Sociedad Anonima 4% 12/02/2026 (Regs)	3.90
Azul Investments Llp 5.875% 26/10/2024	3.60
Digicel Group 10% 01/04/2024	3.50
Total	<u>55.80</u>

(ii) The Target Fund's top 10 holdings as at 31 May 2021 is as follows:

	<u>Percentage of Target Fund's NAV</u> %
Csn Resource Sa 7.625% 13/02/2023 (Regs)	4.40
Liquid Telecom Finance 8.5% 13/07/2022 (Regs)	4.20
Metinvest Bv 7.75% 23/04/2023 (Regs)	3.70
Dno Asa 8.75% 31/05/2023 (Regs) (144a)	3.20
Petroleos De Venezuela 8.5% 27/10/2020 (Regs)	3.20
Cimpor Financial Opertns 5.75% 17/07/2024 (Regs)	3.10
China Evergrande Group 8.25% 23/03/2022 (Regs)	3.10
Oi Sa 10% 27/07/2025	3.10
First Quantum Minerals Ltd 6.5% 01/03/2024 (Regs)	3.00
Ypf Sociedad Anonima 4% 12/02/2026 (Regs)	2.80
Total	<u>33.80</u>

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the statement of financial position, there are 4 (2021: 6) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD94,375 (2021: USD178,651). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the Hedged-classes denominated in Australian Dollar, Malaysian Ringgit, Singapore Dollar and Chinese Yuan. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

	<u>2022</u> USD	<u>2021</u> USD
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	-	1,066
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	3,348	-
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss:		
- realised (loss)/gain on forward foreign currency contracts	(1,044)	13,038
- unrealised (loss)/gain on changes in fair value	(4,415)	819
	<u>(5,459)</u>	<u>13,857</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 31 May 2022 is as follows:

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
CIMB Bank Bhd	94,375	97,723	(3,348)	(1.90)
Total forward foreign currency contracts	<u>94,375</u>	<u>97,723</u>	<u>(3,348)</u>	<u>(1.90)</u>



**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**9 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)**

(a) Forward foreign currency contracts (continued)

(ii) Forward foreign currency contracts as at 31 May 2021 is as follows:

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
CIMB Bank Bhd	178,651	177,585	1,066	0.49
Total forward foreign currency contracts	<u>178,651</u>	<u>177,585</u>	<u>1,066</u>	<u>0.49</u>

**10 NUMBER OF UNITS IN CIRCULATION**

(a) AUD Hedged-class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	13,000	40,000
Creation of units arising from applications	4,529	110,291
Creation of units arising from distributions	1,183	2,285
Cancellation of units	(7,712)	(139,576)
At the end of the financial year	<u>11,000</u>	<u>13,000</u>

(b) MYR Class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	399,000	76,000
Creation of units arising from applications	1,970,586	488,297
Creation of units arising from distributions	55,495	15,317
Cancellation of units	(825,081)	(180,614)
At the end of the financial year	<u>1,600,000</u>	<u>399,000</u>

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)**

(c) MYR Hedged-class units in circulation	<u>2022</u>	<u>2021</u>
	No. of units	No. of units
At the beginning of the financial year	1,896,000	1,116,000
Creation of units arising from applications	66,099	4,680,933
Creation of units arising from distributions	28,869	93,196
Cancellation of units	(389,968)	(3,994,129)
At the end of the financial year	<u>1,601,000</u>	<u>1,896,000</u>
(d) RMB Hedged-class units in circulation	<u>2022</u>	<u>2021</u>
	No. of units	No. of units
At the beginning of the financial year	87,000	19,000
Creation of units arising from applications	6,918	320,142
Creation of units arising from distributions	9,264	7,001
Cancellation of units	(24,182)	(259,143)
At the end of the financial year	<u>79,000</u>	<u>87,000</u>
(e) SGD Hedged-class units in circulation	<u>2022</u>	<u>2021</u>
	No. of units	No. of units
At the beginning of the financial year	32,000	20,000
Creation of units arising from applications	2,231	14,759
Creation of units arising from distributions	2,822	1,818
Cancellation of units	(11,053)	(4,577)
At the end of the financial year	<u>26,000</u>	<u>32,000</u>

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)**

(f) USD Class units in circulation	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	17,000	17,000
Creation of units arising from applications	5,144	2,649
Creation of units arising from distributions	1,729	1,226
Cancellation of units	(6,873)	(3,875)
At the end of the financial year	<u>17,000</u>	<u>17,000</u>

**11 TRANSACTIONS WITH BROKER**

(i) Details of transaction with the broker for the financial year ended 31 May 2022 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Northern Trust Global Services SE	<u>208,304</u>	<u>100.00</u>

(ii) Details of transaction with the broker for the financial year ended 31 May 2021 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Northern Trust Global Services SE	<u>833,180</u>	<u>100.00</u>

## AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)

#### 12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties of and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

The units held by the Manager as at the end of the financial year are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>No. of units</u>	<u>USD</u>	<u>No. of units</u>	<u>USD</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (the units are held legally for booking purposes)				
- AUD Hedged-class	10,836	1,553	12,851	3,290
- MYR class	2,267	122	2,734	241
- MYR Hedged-class	3,290	161	3,255	274
- RMB Hedged-class	19,834	655	18,914	1,054
- SGD Hedged-class	9,167	1,402	16,778	4,399
- USD class	2,020	435	3,445	1,222
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Other than the above, there were no units held by the Directors or parties related to the Manager.

**AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022 (CONTINUED)**

**13 TOTAL EXPENSE RATIO (“TER”)**

(a) TER:

	<u>2022</u> %	<u>2021</u> %
TER	4.78	4.56

TER is derived from the following calculation:

$$\text{TER} = \frac{(A + B + C + D + E) \times 100}{F}$$

- A = Management fee, excluding management fee rebates
- B = Trustee fee
- C = Auditors’ remuneration
- D = Tax agent’s fee
- E = Other expenses
- F = Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD168,648 (2021: USD218,278).

**14 PORTFOLIO TURNOVER RATIO (“PTR”)**

	<u>2022</u>	<u>2021</u>
PTR (times)	0.64	1.92

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average NAV of the Fund for the financial year calculated on a daily basis}}$$

where: total acquisition for the financial year = USD118,783 (2021: USD463,000)  
total disposal for the financial year = USD96,713 (2021: USD376,923)

## **AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, Affin Hwang Asset Management Berhad, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 38 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 May 2022 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 May 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**AFFIN HWANG ASSET MANAGEMENT BERHAD**

**DATO' TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
18 July 2022

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT DURATION FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Affin Hwang World Series – Emerging Markets Short Duration Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2022, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 38.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT  
DURATION FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT  
DURATION FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - EMERGING MARKETS SHORT  
DURATION FUND (CONTINUED)

OTHER MATTERS

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
18 July 2022

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

Affin Hwang Asset Management Berhad  
Ground Floor  
Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

Tel : 03 – 2116 6000  
Fax : 03 – 2116 6100  
Toll free no : 1-800-88-7080  
Email: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)

### **PENANG**

Affin Hwang Asset Management Berhad  
No. 10-C-24 Precinct 10  
Jalan Tanjung Tokong  
10470 Penang

Tel : 04 – 899 8022  
Fax : 04 – 899 1916

### **PERAK**

Affin Hwang Asset Management Berhad  
1, Persiaran Greentown 6  
Greentown Business Centre  
30450 Ipoh Perak

Tel : 05 – 241 0668  
Fax : 05 – 255 9696

### **MELAKA**

Affin Hwang Asset Management Berhad  
Ground Floor, No. 584, Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka

Tel : 06 – 281 2890 / 3269  
Fax : 06 – 281 2937

### **JOHOR**

Affin Hwang Asset Management Berhad  
Unit 22-05, Level 22  
Menara Landmark  
No. 12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor Darul Takzim

Tel : 07 – 227 8999  
Fax : 07 – 223 8998

### **SABAH**

Affin Hwang Asset Management Berhad  
Unit 1.09(a), Level 1  
Plaza Shell  
29, Jalan Tunku Abdul Rahman  
88000 Kota Kinabalu  
Sabah

Tel : 088 – 252 881  
Fax : 088 – 288 803

## **DIRECTORY OF SALES OFFICE (CONTINUED)**

### **SARAWAK**

Affin Hwang Asset Management Berhad  
Ground Floor, No. 69  
Block 10, Jalan Laksamana Cheng Ho  
93200 Kuching  
Sarawak

Tel : 082 – 233 320  
Fax : 082 – 233 663

Affin Hwang Asset Management Berhad  
1<sup>st</sup> Floor, Lot 1291  
Jalan Melayu, MCLD  
98000 Miri  
Sarawak

Tel : 085 – 418 403  
Fax : 085 – 418 372

[www.affinhwangam.com](http://www.affinhwangam.com)

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)