

Affin Hwang World Series - US Dollar Liquidity Fund

Annual Report
31 May 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (001281T)

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 – US Dollar Liquidity Fund
Fund Type	Income
Fund Category	Feeder Wholesale
Investment Objective	The Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income on a monthly basis, after the end of its first financial year

FUND PERFORMANCE DATA

Category	As At 31 May 2022 (%)	As At 31 May 2021 (%)
Portfolio composition		
Collective investment scheme	98.00	99.88
Cash and cash equivalent	2.00	0.12
Total	100.00	100.00
Currency class	<u>USD</u>	<u>USD</u>
	<u>Class</u>	<u>Class</u>
Total NAV (in million)	0.704	0.900
NAV per unit (in USD)	0.9986	0.9987
Unit in Circulation (in million)	0.705	0.901
Highest NAV	0.9987	1.0004
Lowest NAV	0.9979	0.9984
Return of the Fund (%) ⁱⁱⁱ	-0.01	0.05
- Capital Return (%) ⁱ	-0.01	-0.13
- Income Return (%) ⁱⁱ	Nil	0.18
Gross Distribution per Unit (sen)	Nil	0.18
Net Distribution per Unit (sen)	Nil	0.18
Total Expenses Ratio (%) ¹	0.27	0.38
Portfolio Turnover Ratio (times) ²	3.45	2.39

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	=	Capital return x Income return – 1

¹ The TER of the Fund decreased due to lower expenses incurred during the financial year

² The PTR increased during the financial year due to a lower average NAV of the Fund

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit splits were declared for the financial year ended 31 May 2022.

Performance Review

For the period 1 June 2021 to 31 May 2022, the Fund registered a return of -0.01%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2022 was USD0.9986 while the NAV as at 31 May 2021 was USD0.9987.

Since commencement, the Fund has registered a return of 0.04%.

Table 1: Performance of the Fund

	1 Year (1/6/21 - 31/5/22)	Since Commencement (10/3/20 - 31/5/22)
Fund	(0.01%)	0.04%

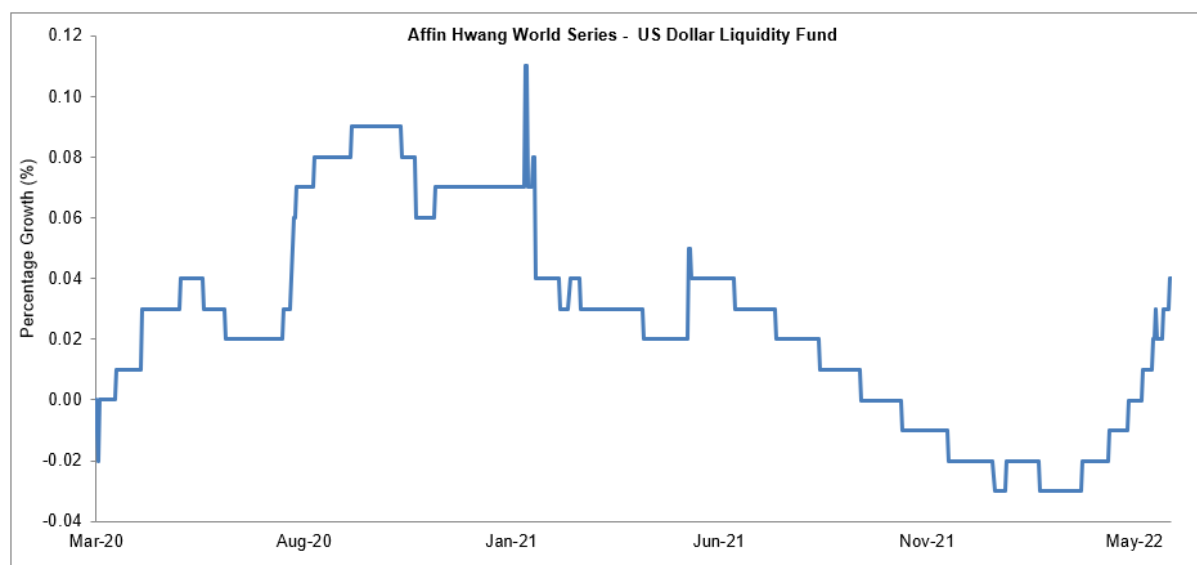
Table 2: Average Total Return

	1 Year (1/6/21 - 31/5/22)	Since Commencement (10/3/20 - 31/5/22)
Fund	(0.01%)	0.02%

Table 3: Annual Total Return

	FYE 2022 (01/6/21 - 31/5/22)	FYE 2021 (10/3/20 - 31/5/21)
Fund	(0.01%)	0.05%

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 year under review, please refer to Fund Performance Data.

As at 31 May 2022, the asset allocation of the Fund's exposure to the collective investment scheme stood at 98.00% (2021:99.88%) of the Fund's NAV, while the balance was held in cash and cash equivalent.

Strategies Employed

The Target Fund Manager continue to maintain higher levels of liquidity than in the past. They remain comfortable keeping the Weighted Average Maturity (WAM) short in the 20-30 day range.

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 Managers' 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 in 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 year 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 year under review, no soft commission was received by the manager 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

There were no changes made to the Fund's information memorandum during the financial year under review.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 Deeds, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 July 2022

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

	<u>Note</u>	Financial year ended 31.5.2022 USD	Financial period from 18.2.2020 (date of launch) to 31.5.2021 USD
INVESTMENT INCOME			
Dividend income		682	3,187
Interest income from financial assets at amortised cost		-	30
Net gain on financial assets at fair value through profit or loss	9	1,424	3,315
		<u>2,106</u>	<u>6,532</u>
EXPENSES			
Management fee	4	(2,222)	(5,194)
Trustee fee	5	(178)	(387)
Other expenses		(5)	(10)
		<u>(2,405)</u>	<u>(5,591)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(299)	941
Taxation	7	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR/PERIOD		<u>(299)</u>	<u>941</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		<u>(299)</u>	<u>941</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 – US DOLLAR LIQUIDITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022

	<u>Note</u>	<u>2022</u> USD	<u>2021</u> USD
ASSETS			
Cash and cash equivalents		13,512	1,146
Amount due from Manager			
- management fee rebate receivable		102	116
Dividends receivable		622	8
Financial assets at fair value through profit or loss	9	689,924	898,727
TOTAL ASSETS		<u>704,160</u>	<u>899,997</u>
LIABILITIES			
Amount due to Manager			
- management fee		148	192
Amount due to Trustee		12	15
TOTAL LIABILITIES		<u>160</u>	<u>207</u>
NET ASSET VALUE OF THE FUND		<u>704,000</u>	<u>899,790</u>
EQUITY			
Unitholders' capital		706,471	901,962
Accumulated losses		(2,471)	(2,172)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>704,000</u>	<u>899,790</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>705,000</u>	<u>901,000</u>
NET ASSET VALUE PER UNIT (USD)		<u>0.9986</u>	<u>0.9987</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 – US DOLLAR LIQUIDITY FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Unitholders' <u>capital</u> USD	Accumulated <u>losses</u> USD	<u>Total</u> USD
Balance as at 1 June 2021	901,962	(2,172)	899,790
Total comprehensive loss for the financial year	-	(299)	(299)
Movement in unitholders' capital:			
Creation of units arising from applications	1,091,073	-	1,091,073
Cancellation of units	(1,286,564)	-	(1,286,564)
Balance as at 31 May 2022	<u>706,471</u>	<u>(2,471)</u>	<u>704,000</u>
Balance as at 18 February 2020 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	941	941
Distributions (Note 8)	-	(3,113)	(3,113)
Movement in unitholders' capital:			
Creation of units arising from applications	3,877,496	-	3,877,496
Creation of units arising from distributions	3,113	-	3,113
Cancellation of units	(2,978,647)	-	(2,978,647)
Balance as at 31 May 2021	<u>901,962</u>	<u>(2,172)</u>	<u>899,790</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 – US DOLLAR LIQUIDITY FUND

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

	Financial year ended 31.5.2022 USD	Financial period from 18.2.2020 (date of launch) to 31.5.2021 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	3,169,542	3,060,000
Purchase of investments	(2,960,657)	(3,958,727)
Dividend received	68	3,179
Interest received	-	30
Management fee rebate received	1,356	3,199
Management fee paid	(2,266)	(5,002)
Trustee fee paid	(181)	(372)
Payment for other fees and expenses	(5)	(10)
Net cash flows generated from/(used in) operating activities	<u>207,857</u>	<u>(897,703)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,091,073	3,877,496
Payments for cancellation of units	(1,286,564)	(2,978,647)
Net cash flows (used in)/generated from financing activities	<u>(195,491)</u>	<u>898,849</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,366	1,146
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR/DATE OF LAUNCH	<u>1,146</u>	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u><u>13,512</u></u>	<u><u>1,146</u></u>

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 – US DOLLAR LIQUIDITY 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/period. 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 J.

(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 – 2021 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 – US DOLLAR LIQUIDITY 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 for 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.

Interest income

Interest income from short-term deposits with licensed financial institutions are recognised based on effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gains and loss on sale of investments

For collective investment schemes ("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 DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

D TAXATION

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

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 period-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 are measured at fair value through profit or loss.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

Investment 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, dividends receivable 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 and amount due to Trustee as financial liabilities measured at amortised cost.

(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/period which they arise.

Investment in CIS is valued at the last published NAV per unit at the date of the statement of financial position as at 31 May 2022 and 31 May 2021.

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 asset 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.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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)

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.

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/period.

H CASH AND CASH EQUIVALENTS

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

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

I UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year/period if a unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

J 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 is 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.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

K REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax 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 – US DOLLAR LIQUIDITY 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 – US Dollar Liquidity Fund (the “Fund”) pursuant to the execution of a Deed dated 15 January 2020 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund commenced operations on 10 March 2020 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 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 Securities Commission (“SC”) and all relevant laws:

- (a) Collective investment schemes;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives; and
- (e) Any other form of 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 investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation.

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 18 July 2022.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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	Total USD
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		13,512	-	13,512
Amount due from Manager				
- management fee rebate receivable		102	-	102
Dividends receivable		622	-	622
Collective investment scheme	9	-	689,924	689,924
		<hr/>	<hr/>	<hr/>
Total		14,236	689,924	704,160
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		148	-	148
Amount due to Trustee		12	-	12
		<hr/>	<hr/>	<hr/>
Total		160	-	160
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,146	-	1,146
Amount due from Manager				
- management fee rebate receivable		116	-	116
Dividends receivable		8	-	8
Collective investment scheme	9	-	898,727	898,727
		<hr/>	<hr/>	<hr/>
Total		1,270	898,727	899,997
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 <u>cost</u> USD	At fair value through <u>profit or loss</u> USD	<u>Total</u> USD
<u>2021 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to Manager		192	-	192
- management fee		15	-	15
Amount due to Trustee		<u>15</u>	<u>-</u>	<u>15</u>
Total		<u>207</u>	<u>-</u>	<u>207</u>

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

As at the end of the financial year ended 31 May 2022 and 31 May 2021, the Fund is not exposed to any price risk as the price of the CIS remains at USD 1.00. Distributions to the Fund's unitholders are accrued daily.

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 the end of the financial year ended 31 May 2022 and 31 May 2021, the Fund is not exposed to any interest rate risk.

c) Currency risk

As at the end of the financial year ended 31 May 2022 and 31 May 2021, the Fund is not exposed to any currency risk as all the balances are denominated in USD.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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

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.

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</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Amount due to Manager			
- management fee	148	-	148
Amount due to Trustee	12	-	12
	<u>160</u>	<u>-</u>	<u>160</u>
<u>2021</u>			
Amount due to Manager			
- management fee	192	-	192
Amount due to Trustee	15	-	15
	<u>207</u>	<u>-</u>	<u>207</u>

Credit risk

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

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

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 (continued)

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

	Cash and cash equivalents USD	Dividends receivable USD	Amount due from Manager USD	Total USD
<u>2022</u>				
Financial services				
- AAA	13,512	-	-	13,512
Others				
- NR	-	622	102	724
	<u>13,512</u>	<u>622</u>	<u>102</u>	<u>14,236</u>
<u>2021</u>				
Financial services				
- AAA	1,146	-	-	1,146
Others				
- NR	-	8	116	124
	<u>1,146</u>	<u>8</u>	<u>116</u>	<u>1,270</u>

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital net of accumulated losses. The amount of equity 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 financial assets and financial liabilities. Fair value 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 market (such as trading securities) are based on quoted market prices at the close of trading on the year/period end date. The Fund utilises the last traded price for financial assets.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

3 FAIR VALUE ESTIMATION (CONTINUED)

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.

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 (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	689,924	-	-	689,924
	<u>689,924</u>	<u>-</u>	<u>-</u>	<u>689,924</u>

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value: (continued)

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2021</u>				
Financial assets at fair value through profit or loss - collective investment scheme	898,727	-	-	898,727

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.

(ii) The carrying values of cash and cash equivalents, dividends receivable and amount due from Manager and all current liabilities 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, the management fee is recognised at a rate of 0.25% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum. For the period from 18 February 2020 (date of launch) to 31 May 2020, the management fee is recognised at a rate of 0.4% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum. Effective from 1 June 2020, the management fee is recognised at a rate of 0.25% per annum of the NAV of the Fund, calculated on a daily basis.

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

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

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, exclusive of foreign custodian fees.

For the financial year ended 31 May 2022, the Trustee fee is recognised at a rate of 0.02% per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Information Memorandum. For the period from 18 February 2020 (date of launch) to 31 March 2020, the Trustee fee is recognised at a rate of 0.03% per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Information Memorandum. Effective from 1 April 2020, the Trustee fee is recognised at a rate of 0.02% per annum of the NAV of the Fund, calculated on a daily basis.

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

6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial year ended 31 May 2022 and for the financial period from 18 February 2020 (date of launch) to 31 May 2021, auditors' remuneration of RM7,500 and tax agent's fee of RM3,500 is borne by the Manager.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

7 TAXATION

	Financial year ended <u>31.5.2022</u> USD	Financial period from 18.2.2020 (date of launch) to <u>31.5.2021</u> USD
Current taxation	-	-

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

	Financial year ended <u>31.5.2022</u> USD	Financial period from 18.2.2020 (date of launch) to <u>31.5.2021</u> USD
Net (loss)/profit before taxation	(299)	941
Tax at Malaysian statutory rate of 24% (2021: 24%)	(72)	226
Tax effects of:		
Investment income not subject to tax	(183)	(772)
Expenses not deductible for tax purposes	44	95
Restriction on tax deductible expenses for Wholesale Funds	211	451
Tax expense	-	-

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

8 DISTRIBUTIONS

	Financial year ended <u>31.5.2022</u> USD	Financial period from 18.2.2020 (date of launch) to <u>31.5.2021</u> USD
Distribution to unitholders is from the following sources:		
Dividend income	-	3,113
Gross realised income	-	3,113
Less: Expenses	-	-
Net distribution amount	-	3,113

There is no distribution for the financial year ended 31 May 2022.

During the financial period from 18 February 2020 (date of launch) to 31 May 2021, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit</u> (sen)
17.06.2020	0.06
15.07.2020	0.03
19.08.2020	0.02
17.09.2020	0.01
21.10.2020	0.01
18.11.2020	0.01
16.12.2020	0.01
20.01.2021	0.01
17.02.2021	0.01
17.03.2021	0.01
	<u>0.18</u>

Gross distribution per unit is derived from gross realised income less expense 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.

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

9 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 - foreign	689,924	898,727
	<u>689,924</u>	<u>898,727</u>
	Financial year ended <u>31.5.2022</u> USD	Financial period from 18.2.2020 (date of launch) to <u>31.5.2021</u> USD
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	82	-
- management fee rebate on collective investment scheme#	1,342	3,315
	<u>1,424</u>	<u>3,315</u>

In arriving at the fair value of collective investment scheme, the management fee initially paid to the Manager of collective investment scheme has been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines, management fee charged on the Fund's investments in collective investment scheme has 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 net asset value of the collective investment scheme.

(a) Collective investment scheme - foreign

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

	<u>Quantity</u>	<u>Aggregate cost</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
HSBC US Dollar Liquidity Fund Class F	689,924	689,924	689,924	98.00
Total collective investment scheme - foreign	<u>689,924</u>	<u>689,924</u>	<u>689,924</u>	<u>98.00</u>
Accumulated unrealised gain/(loss) on collective investment scheme - foreign		-		
Total collective investment scheme - foreign		<u>689,924</u>		

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

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

(a) Collective investment scheme – foreign (continued)

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

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
HSBC US Dollar Liquidity Fund Class F	898,727	898,727	898,727	99.88
Total collective investment scheme - foreign	<u>898,727</u>	<u>898,727</u>	<u>898,727</u>	<u>99.88</u>
Accumulated unrealised gain/(loss) on collective investment scheme - foreign		-		
Total collective investment scheme - foreign		<u>898,727</u>		

(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>
Mizuho Financial Group Inc	5.72
Toronto-Dominion Bank	5.52
Banco Santander S.A.	5.00
Credit Agricole Group	4.08
N.R.W Bank	4.01
Industrial + Commercial Bank of China	3.95
China Construction Bank Corp	3.81
ANZ New Zealand (Int'l) Ltd	3.55
Barclays PLC	3.42
DZ Bank Deutsche Zentral – GE	3.29
Total	<u>42.35</u>

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

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

(b) Target Fund's top 10 holdings (continued)

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

	Percentage of Target Fund's NAV %
China Construction Bank Corp	6.00
Mizuho Financial Group Inc	5.60
Industrial + Commercial Bank of China	4.90
Credit Agricole Group	4.70
Toronto-Dominion Bank	4.50
Banco Santander S.A	3.90
ANZ New Zealand (Int'l) Ltd	3.70
Group BPCE	2.90
Nordea Bank AB	2.50
Kreditanstalt Fur Wiederaufbau	2.20
Total	<u>40.90</u>

10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year/date of launch	901,000	-
Creation of units arising from applications	1,093,000	3,877,907
Creation of units arising from distributions	-	3,114
Cancellation of units during the financial year/period	(1,289,000)	(2,980,021)
At the end of the financial year/period	<u>705,000</u>	<u>901,000</u>

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

11 TRANSACTIONS WITH BROKER

- (i) Details of transactions 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	<u>Percentage of total trade</u> %
BNY Mellon Fund Services (Ireland) Ltd	6,130,199	100.00

- (ii) Details of transactions with the broker for the financial period from 18 February 2020 (date of launch) to 31 May 2021 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	<u>Percentage of total trade</u> %
BNY Mellon Fund Services (Ireland) Ltd	7,018,727	100.00

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

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

<u>Related parties</u>	<u>Relationships</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 associates 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

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 (CONTINUED)

The number of units held by the Manager as at the end of the financial year/period as follows:

	2022		2021	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,130	3,125	2,896	2,892

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

13 TOTAL EXPENSE RATIO (“TER”)

	Financial year ended <u>31.5.2022</u> %	Financial period from 18.2.2020 (date of launch) to <u>31.5.2021</u> %
TER	0.27	0.38

TER is derived from the following calculation:

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

- A = Management fee, excluding management fee rebates
- B = Trustee fee
- C = Other expenses
- D = Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year/period calculated on a daily basis is USD887,980 (2021: USD1,470,180).

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND

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

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial year ended 31.5.2022	Financial period from 18.2.2020 (date of launch) to 31.5.2021
PTR (times)	3.45	2.39

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = USD2,960,657 (2021: USD3,958,727).
total disposal for the financial year/period = USD3,169,460 (2021: USD3,060,000).

AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY 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 27 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 equity and cash flows for the financial year ended 31 May 2022 in accordance with the Malaysian Financial Reporting Standards, 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 – US DOLLAR LIQUIDITY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series – US Dollar Liquidity 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 ended 31 May 2022 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 equity and statement of cash flows for the financial year ended 31 May 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 27.

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 – US DOLLAR LIQUIDITY 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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG WORLD SERIES – US DOLLAR LIQUIDITY FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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 Company'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 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 – US DOLLAR LIQUIDITY 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

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