



**ANNUAL REPORT**  
31 May 2023

# Affin Hwang World Series – **Global Target Return Fund**

MANAGER  
AHAM Asset Management Berhad  
*(Formerly known as Affin Hwang Asset  
Management Berhad)*  
199701014290 (429786-T)

TRUSTEE  
CIMB Commerce Trustee Berhad  
(313031-A)

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# AFFIN HWANG WORLD SERIES – GLOBAL TARGET RETURN FUND

## Annual Report and Audited Financial Statements For The Financial Year Ended 31 May 2023

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## FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Target Return Fund
Fund Type	Growth
Fund Category	Feeder (wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long-term period.
Benchmark	USD LIBOR 3 Months
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

## FUND PERFORMANCE DATA

Category	As at 31 May 2023 (%)							
Portfolio composition								
<b>Collective investment scheme</b>	98.60							
<b>Cash and cash equivalent</b>	1.40							
<b>Total</b>	<b>100.00</b>							
Currency class	USD Class	MYR Hedged- class	SGD Hedged- class	AUD Hedged- class	GBP Hedged- class	EUR Hedged- class	RMB Hedged- class	HKD Hedged- class
Total NAV (million)	0.047	1.985	0.366	0.258	0.679	0.012	0.036	0.001
NAV per Unit (in respective currencies)	0.5532	0.5622	0.5173	0.5276	0.5053	0.4376	0.5455	0.2194
Unit in Circulation (million)	0.085	3.531	0.708	0.489	1.344	0.028	0.066	0.003
Highest NAV	0.5598	0.5739	0.5238	0.5343	0.5105	0.4644	0.5738	0.2214
Lowest NAV	0.5145	0.5254	0.4858	0.4838	0.469	0.4332	0.5331	0.2048
Return of the Fund (%)	2.27	0.79	0.19	1.89	0.80	-5.81	-3.52	1.34
- Capital Growth (%)	2.27	0.79	0.19	1.89	0.80	-5.81	-3.52	1.34
- Income Distribution (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expense Ratio (%) <sup>1</sup>					1.76			
Portfolio Turnover Ratio (times) <sup>2</sup>					0.40			

<sup>1</sup> The Fund's TER increased due to the lower average NAV of the Fund during the financial year.

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

## FUND PERFORMANCE DATA (CONTINUED)

Category	As at 31 May 2022 (%)							
Portfolio composition								
<b>Collective investment scheme</b>	97.97							
<b>Cash and cash equivalent</b>	2.03							
<b>Total</b>	<b>100.00</b>							
Currency class	USD Class	MYR Hedged- class	SGD Hedged- class	AUD Hedged- class	GBP Hedged- class	EUR Hedged- class	RMB Hedged- class	HKD Hedged- class
Total NAV (million)	0.167	3.984	0.366	0.556	0.967	0.049	0.012	0.001
NAV per Unit (in respective currencies)	0.5409	0.5578	0.5163	0.5178	0.5013	0.4646	0.5654	0.2165
Unit in Circulation (million)	0.308	7.143	0.708	1.073	1.929	0.106	0.022	0.003
Highest NAV	0.5928	0.6103	0.5667	0.5736	0.5514	0.5151	0.6110	0.6919
Lowest NAV	0.5304	0.5465	0.5056	0.5070	0.4909	0.4556	0.5533	0.1434
Return of the Fund (%)	-6.95	-6.19	-7.34	-8.32	-7.73	-8.36	-4.56	-68.11
- Capital Growth (%)	-6.95	-6.19	-7.34	-8.32	-7.73	-8.36	-4.56	-68.11
- Income Distribution (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expense Ratio (%)					1.72			
Portfolio Turnover Ratio (times)					0.57			

## FUND PERFORMANCE DATA (CONTINUED)

Category	As at 31 May 2021 (%)
Portfolio composition	
<b>Collective investment scheme</b>	94.58
<b>Cash and cash equivalent</b>	5.42
<b>Total</b>	<b>100.00</b>

Currency class	USD Class	MYR Hedged- class	SGD Hedged- class	AUD Hedged- class	GBP Hedged- class	EUR Hedged- class	RMB Hedged- class	HKD Hedged- class
Total NAV (million)	0.485	4.140	0.011	0.820	0.085	0.009	0.013	1.271
NAV per Unit (in respective currencies)	0.5813	0.5946	0.5572	0.5648	0.5433	0.5070	0.5924	0.6789
Unit in Circulation (million)	0.835	6.963	0.019	1.451	0.156	0.018	0.022	1.872
Highest NAV	0.5813	0.5946	0.5572	0.5648	0.5433	0.5070	0.5924	0.6789
Lowest NAV	0.5088	0.5151	0.4933	0.4981	0.4876	0.4519	0.5124	0.5931
Return of the Fund (%)	14.29	15.48	12.98	13.39	11.42	12.22	15.68	14.50
- Capital Growth (%)	14.29	15.48	12.98	13.39	511.42	12.22	15.68	14.50
- Income Distribution (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management Expense Ratio (%)					1.84			
Portfolio Turnover Ratio (times)					0.46			

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

The performance figures are a comparison of the growth/decline in Net Asset Value ("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**

No income distribution or unit splits were declared for the financial year ended 31 May 2023.

### **Performance Review**

#### **USD Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a 2.27% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 1.88%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was USD0.5532 while the NAV as at 31 May 2022 was USD0.5409.

Since commencement, the Fund has registered a return of 10.64% compared to the benchmark return of 9.48%, outperforming by 1.16%.

#### **AUD Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a 1.89% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 2.26%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was AUD0.5276 while the NAV as at 31 May 2022 was AUD0.5178.

Since commencement, the Fund has registered a return of 5.52% compared to the benchmark return of 9.48%, underperforming by 3.96%.

#### **EUR Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a -5.81% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 9.96%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was EUR0.4376 while the NAV as at 31 May 2022 was EUR0.4646.

Since commencement, the Fund has registered a return of -12.48% compared to the benchmark return of 9.48%, underperforming by 21.96%.

#### **GBP Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a 0.80% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 3.35%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2023 was GBP0.5053 while the NAV as at 31 May 2022 was GBP0.5013.

Since commencement, the Fund has registered a return of 1.06% compared to the benchmark return of 9.48%, underperforming by 8.42%.

### **HKD Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a 1.34% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 2.81%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2023 was HKD0.2194 while the NAV as at 31 May 2022 was HKD0.2165.

Since commencement, the Fund has registered a return of -56.12% compared to the benchmark return of 9.48%, underperforming by 65.60%.

### **MYR Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a 0.79% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 3.36%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2023 was MYR0.5622 while the NAV as at 31 May 2022 was MYR0.5578.

Since commencement, the Fund has registered a return of 12.44% compared to the benchmark return of 9.48%, outperforming by 2.96%.

### **RMB Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a -3.52% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 7.67%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2023 was RMB0.5455 while the NAV as at 31 May 2022 was RMB0.5654.

Since commencement, the Fund has registered a return of 9.10% compared to the benchmark return of 9.48%, underperforming by 0.38%.

### **SGD Hedged-Class**

For the period 1 June 2022 to 31 May 2023, the Fund registered a 0.19% return compared to the benchmark return of 4.15%. The Fund thus underperformed the Benchmark by 3.96%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 May 2023 was SGD0.5173 while the NAV as at 31 May 2022 was SGD0.5163.

Since commencement, the Fund has registered a return of 3.46% compared to the benchmark return of 9.48%, underperforming by 6.02%.



Table 1: Performance of the Fund

	1 Year (1/6/22 - 31/5/23)	3 Years (1/6/20 - 31/5/23)	5 Years (1/6/18 - 31/5/23)	Since Commencement (14/5/18 - 31/5/23)
Benchmark	4.15%	4.82%	9.35%	9.48%
USD	2.27%	8.77%	11.55%	10.64%
Outperformance	(1.88%)	3.95%	2.20%	1.16%
AUD Hedged	1.89%	5.92%	6.50%	5.52%
Outperformance	(2.26%)	1.10%	(2.85%)	(3.96%)
EUR Hedged	(5.81%)	(3.14%)	(10.89%)	(12.48%)
Outperformance	(9.96%)	(7.96%)	(20.24%)	(21.96%)
GBP Hedged	0.80%	3.63%	1.36%	1.06%
Outperformance	(3.35%)	(1.19%)	(7.99%)	(8.42%)
HKD Hedged	1.34%	(63.00%)	(55.36%)	(56.12%)
Outperformance	(2.81%)	(67.82%)	(64.71%)	(65.60%)
MYR Hedged	0.79%	9.19%	12.73%	12.44%
Outperformance	(3.36%)	4.37%	3.38%	2.96%
RMB Hedged	(3.52%)	6.52%	10.36%	9.10%
Outperformance	(7.67%)	1.70%	1.01%	(0.38%)
SGD Hedged	0.19%	4.89%	4.57%	3.46%
Outperformance	(3.96%)	0.07%	(4.78%)	(6.02%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/22 - 31/5/23)	3 Years (1/6/20 - 31/5/23)	5 Years (1/6/18 - 31/5/23)	Since Commencement (14/5/18 - 31/5/23)
Benchmark	4.15%	1.58%	1.80%	1.81%
USD	2.27%	2.84%	2.21%	2.02%
Outperformance	(1.88%)	1.26%	0.41%	0.21%
AUD Hedged	1.89%	1.94%	1.27%	1.07%
Outperformance	(2.26%)	0.36%	(0.53%)	(0.74%)
EUR Hedged	(5.81%)	(1.06%)	(2.28%)	(2.60%)
Outperformance	(9.96%)	(2.64%)	(4.08%)	(4.41%)
GBP Hedged	0.80%	1.20%	0.27%	0.21%
Outperformance	(3.35%)	(0.38%)	(1.53%)	(1.60%)
HKD Hedged	1.34%	(28.21%)	(14.89%)	(15.04%)
Outperformance	(2.81%)	(29.79%)	(16.69%)	(16.85%)
MYR Hedged	0.79%	2.97%	2.42%	2.35%
Outperformance	(3.36%)	1.39%	0.62%	0.54%
RMB Hedged	(3.52%)	2.13%	1.99%	1.74%
Outperformance	(7.67%)	0.55%	0.19%	(0.07%)
SGD Hedged	0.19%	1.60%	0.90%	0.68%
Outperformance	(3.96%)	0.02%	(0.90%)	(1.13%)

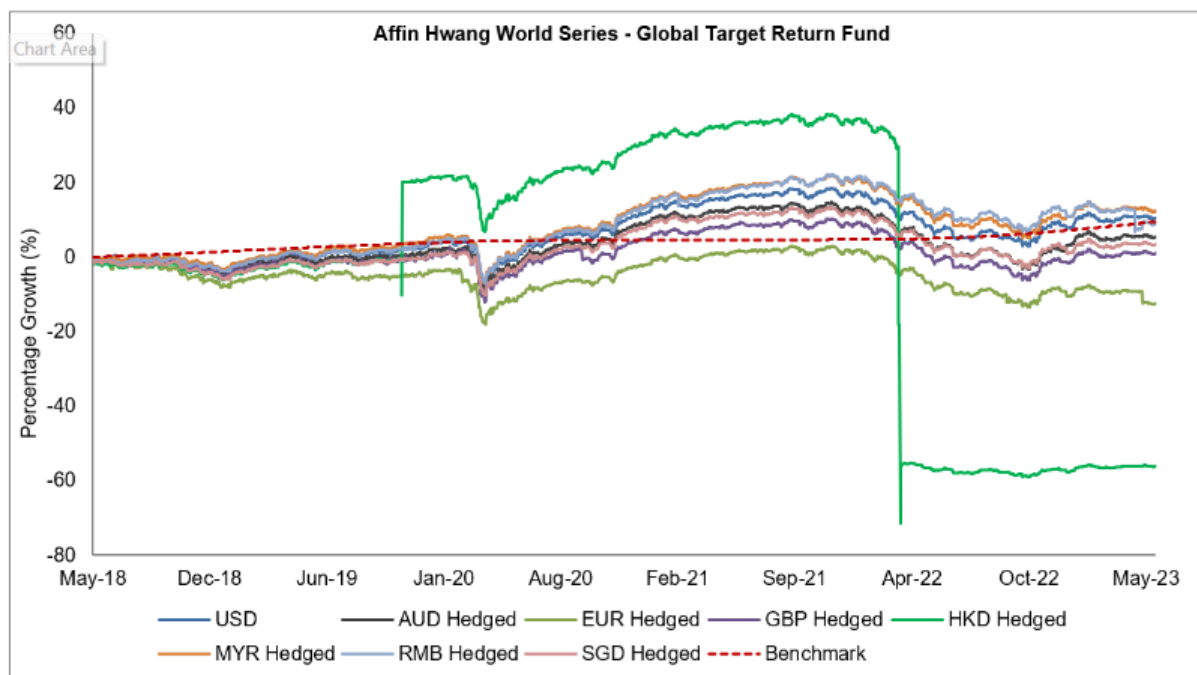
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2023 (1/6/22 - 31/5/23)	FYE 2022 (1/6/21 - 31/5/22)	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (14/5/18 - 31/5/19)
Benchmark	4.15%	0.42%	0.22%	1.75%	2.65%
USD	2.27%	(6.95%)	14.29%	2.35%	(0.62%)
Outperformance	(1.88%)	(7.37%)	14.07%	0.60%	(3.27%)
AUD Hedged	1.89%	(8.32%)	13.39%	1.10%	(1.46%)
Outperformance	(2.26%)	(8.74%)	13.17%	(0.65%)	(4.11%)
EUR Hedged	(5.81%)	(8.36%)	12.22%	(4.24%)	(5.64%)
Outperformance	(9.96%)	(8.78%)	12.00%	(5.99%)	(8.29%)
GBP Hedged	0.80%	(7.73%)	11.42%	0.04%	(2.52%)
Outperformance	(3.35%)	(8.15%)	11.20%	(1.71%)	(5.17%)
HKD Hedged	1.34%	(68.11%)	14.50%	21.92%	(2.74%)
Outperformance	(2.81%)	(68.53%)	14.28%	20.17%	(5.39%)
MYR Hedged	0.79%	(6.19%)	15.48%	2.45%	0.52%
Outperformance	(3.36%)	(6.61%)	15.26%	0.70%	(2.13%)
RMB Hedged	(3.52%)	(4.56%)	15.68%	2.60%	(0.18%)
Outperformance	(7.67%)	(4.98%)	15.46%	0.85%	(2.83%)
SGD Hedged	0.19%	(7.34%)	12.98%	1.19%	(2.52%)
Outperformance	(3.96%)	(7.76%)	12.76%	(0.56%)	(5.17%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark since commencement.



*"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."*

Benchmark: USD London Interbank Offered Rate ("LIBOR") 3 Months

**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 2023, the asset allocation of the Fund's exposure to the collective investment scheme stood at 98.60% of the Fund's NAV, while the balance was held in cash.

### **Strategies Employed**

The Fund continues to maintain its strategy of investing a minimum of 80% of the Fund's NAV into the Target Fund which aims to achieve returns through an active management of exposure to various asset classes.

### **Market Review**

Market volatility persisted over the past year as macro events and policy rate increases across the global economy affected stock and bond markets. Over the year under review, the Standard and Poor's ("S&P") 500 returned 2.89%, MSCI AC World index returned 2.64%, MSCI AC Asia ex Japan Index 1.40%, and the Financial Times Stock Exchange ("FTSE") Bursa Malaysia -7.94%. Bond markets were similarly impacted with the Bloomberg Barclays Global Aggregate Index down -4.48%, while local bond markets saw edge higher with the benchmark 10-year Malaysian Government Securities ("MGS") yield closing at 3.85%.

The financial year under review started off turbulent May last year, driven by a confluence of unprecedented events that unfolded globally. The Russia-Ukraine conflict casted a shadow of geopolitical instability, heightening risk sentiments and increasing volatility. Although Covid cases have started to trend downward

since a year ago, the market continues to grapple with the ongoing effects of the pandemic and geopolitical instability. Temporary closure of factories and logistical facilities created disruptions in the flow of goods and services resulted in supply chain bottlenecks and delayed deliveries. Now that supply have started to normalise, and goods and services are readily available, consumer spending is returning to pre-pandemic levels. In order to regulate consumer spending driven by stimulus over the lock-down period to rein in inflation, central banks globally embarked on a series of policy rates increases.

The US Federal Reserve (“Fed”) raised their policy rates in each monetary policy committee meetings since March last year, to of 5.25% in May 2023. The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even a potential recession. Further signs of tension in the economy were also visible in March this year as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggered concerns of contagion to other vulnerable banks. However, despite the Fed’s effort in policy tightening, economic indicators continue to remain positive. In addition to fractures in the banking sector, other notable events over the year included the concern over the US approaching its debt ceiling in January, failing which to reach a consensus to suspend or raise the limit could result in a catastrophic default. However, investors heaved a sigh of relief after lawmakers passed a bill to raise the debt ceiling, in a deal that included concessions on spending expected to have limited effect on economic growth.

The global equity was volatile throughout the year and ended the month of May down 1.25%, but with a stark difference between sectors. Technology stocks were boosted by enthusiasm over new developments in generative Artificial Intelligence (“AI”) while energy and materials stocks were among the weaker performers in the month. Although economic data released remained broadly supportive, the prospect of a government default has put investors on edge.

At the start of the financial year, both the China onshore and offshore equity markets regained momentum as COVID cases in China seemed to have peaked out and an ease in lockdown measures in various cities including Shanghai’s reopening in June last year was seen. However, by the end of the financial year, Chinese stocks trended downwards, amongst other factors includes high-profile divestments of Chinese internet platform companies and lingering geopolitical risks. After great anticipation of China’s reopening cooled, Chinese equities fell sharply by the end of the financial year. Weak demand for exports and lacklustre consumer spending has effected in the slowing down of factory outputs in China.

In Asia, the broader MSCI Asia ex-Japan index fell over the year. The effect of China’s cooling economy also weakened sentiment towards Hong Kong stocks. India on the other hand showed gains driven by steady earnings and foreign inflows. The development in AI helped boost Taiwan and South Korea’s technology stocks.

Major macro events over the financial year under review had a notable effect on the domestic market. While Bank Negara similarly raised policy rates to tame domestic inflation, the pace of increase was more measured compared to other major central banks. Due to Malaysia’s close trade relation to China, the Ringgit has weakened considerably year to date. In a statement, Bank Negara Malaysia (“BNM”) believes that the depreciation of the Ringgit is not fundamentally driven and that global headwinds are driving investors to seek safe haven assets like the US dollar. On local fixed income, the 10-year MGS yield closed unchanged at 3.71%. Malaysia’s gross domestic product (“GDP”) for the first quarter of 2023 came relatively strong at 5.60% compared to market expectations of 5.10% driven by an expansion of household spending and strong employment growth. The strong GDP showing may have been a factor that weighed on BNM’s decision to hike the overnight policy rate (“OPR”) earlier in May.

## **Investment Outlook**

The conundrum continues. After the fastest monetary policy tightening cycle in generations, central banks remain ‘in-play’ and ready to tighten further. The global economy is more resilient than generally expected, particularly the US economy, and has so far weathered the storm of higher interest rates. There are a number of theories being bandied about to explain the surprising resilience, from households drawing down COVID-related savings buffers to spendthrift Boomers breaking the shackles after years of very low interest rates, spending their higher investment income on services. For central banks, the reason doesn’t matter. The risk for them remains that demand for services (which is 80% of the US economy, for example) keeps the labour market very tight and maintains pressure for real wage gains (wage increases that more than

compensate for higher inflation). Without productivity gains, this shifts inflation from a transitory problem to a more permanent one. Central banks will fail on their primary objective if higher inflation expectations become embedded in business and consumer behaviour.

The problem for central banks is twofold. Firstly, they really have only one tool and it's a very blunt tool to fight inflation – increasing official interest rates to seek a reduction in aggregate demand and to increase unemployment. As the Bank for International Settlements (“BIS”) warned last year, aggressively tighter monetary policy has a second order effect by worsening inequality. By pushing debtors into serious financial trouble, but helping those with substantial financial assets (an increasingly large demographic thanks to Boomers retiring with pensions) who do relatively well and keep the economy humming, the wealth gulf widens even further. This could mean monetary policy has lost some of its potency – feeding the ‘have’s’ while starving the ‘have-not’s’ - and financial conditions are not yet tight enough to impact aggregate demand.

Secondly, by focusing on the labour force, particularly wage increases and productivity, and targeting a higher unemployment rate, central bankers are watching the rear-view mirror to set policy as the unemployment rate is a lagging economic indicator. In this down cycle the labour market could remain even more durable than typical and lag the economy even further than usual, as businesses, recently caught-out by labour shortages post COVID, hoard their workforce and only retrench workers as the last resort. This prolongs the cycle as the impact of monetary policy is diluted and the risk of a policy mistake substantially increases as central banks overtighten and tip the economy into recession. Central bankers are acutely aware of the risks of overtightening but have stated consistently they will err on the side of caution regarding inflation, as this is the greater long term economic problem. Engineering a soft landing is incredibly difficult with such a blunt policy tool. This is why the Target Fund Manager believe the probability is higher for recession than for a soft landing.

Just as central bankers don't know the tipping point for official interest rates, investors don't know either. However as investors, the Target Fund Manager can monitor the economic indicators that typically lead the business cycle and they can adjust our portfolio positioning as market pricing of bond yields and equity valuations shift from being overly pessimistic to overly optimistic. In September last year, the Target Fund Manager's assessment was market pricing was overly pessimistic for the outlook. They substantially increased the risk level of the portfolio by doubling the equity exposure and increasing credit exposure. As equity and credit markets recovered, valuations become more stretched for our assessment of the risks to the economy, particularly as central banks remain an active headwind and biased to higher rates. As a result, from March this year they have shifted the portfolio back to be more defensively positioned, reducing equities, hedging exposure to non-investment grade credit and increasing the portfolio's risk hedges (duration and foreign currency exposure) which should do well as the economy slows. The Target Fund Manager have maintained a high exposure to investment grade credit as valuations in this sector reflect the risk of recession and provide valuable income above the cash rate.

Since March, the US equity market has performed surprisingly well for the cyclical outlook, with June being particularly strong and participation broadening beyond technology. The Target Fund Manager view this move as mostly a positioning adjustment as investors were positioned underweight following the regional banking crisis. The move has been supported by company earnings growth generally beating bleak expectations, but the Target Fund Manager have observed that higher selling prices have offset falling volumes. With inflation peaking, companies will find it more difficult to increase selling prices to maintain earnings growth. With further interest rate increases in the offering and leading indicators continuing to point to recession, the Target Fund Manager expects companies to see margins compress and earnings decline in the second half of the year and with US private equity's (“PE”) at 21 times (17 times not including the ‘Mega Seven’) the market is not priced for their outlook. They have therefore maintained the portfolio's equity weight at 15%. We have adjusted our credit exposure by reducing the hedge on non-investment grade issuers by 2% to reduce the negative impact of the hedge on the portfolio's yield. In rates the Target Fund Manager increased duration exposure to 3 years by adding 0.25 years to the Australian duration exposure and have started shifting this exposure towards shorter-dated maturities as early signs of overtightening are starting to appear in the Australian economy. In summary, despite recent market moves in risk assets, the Target Fund Manager remains positioned for a weakening growth environment and favour bonds over equities.

### **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**

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 unitholders 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 information memorandum during the financial year under review.

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG WORLD SERIES – GLOBAL TARGET RETURN FUND (“Fund”)**

We have acted as the Trustee of the Fund for the financial year ended 31 May 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as 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 Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For and on behalf of  
**CIMB Commerce Trustee Berhad**

**Datin Ezreen Eliza binti Zulkiplee**  
Chief Executive Officer

Kuala Lumpur  
27 July 2023



**AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**



# **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

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## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>INVESTMENT (LOSS)/INCOME</b>			
Net gain/(loss) on foreign currency exchange		17,452	(8,078)
Net gain/(loss) on financial assets at fair value through profit or loss	7	32,406	(185,360)
Net loss on forward foreign currency contracts at fair value through profit or loss	8	(160,065)	(247,954)
		<u>(110,207)</u>	<u>(441,392)</u>
<b>EXPENSES</b>			
Management fee	4	(33,631)	(53,874)
Trustee fee	5	(899)	(1,438)
Auditors' remuneration		(1,623)	(1,918)
Tax agent's fee		(505)	(838)
Other expenses		(2,865)	(3,887)
		<u>(39,523)</u>	<u>(61,955)</u>
<b>NET LOSS BEFORE TAXATION</b>		(149,730)	(503,347)
Taxation	6	-	-
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>(149,730)</u>	<u>(503,347)</u>
Decrease in net assets attributable to unitholders comprise the following:			
Realised amount		(204,155)	(159,075)
Unrealised amount		54,425	(344,272)
		<u>(149,730)</u>	<u>(503,347)</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 - GLOBAL TARGET RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>ASSETS</b>			
Cash and cash equivalents		70,322	101,624
Amount due from Manager			
- management fee rebate receivable		1,938	3,080
Financial assets at fair value through profit or loss	7	1,747,855	2,957,243
Forward foreign currency contracts at fair value through profit or loss	8	-	6,007
<b>TOTAL ASSETS</b>		<u>1,820,115</u>	<u>3,067,954</u>
<b>LIABILITIES</b>			
Forward foreign currency contracts at fair value through profit or loss	8	40,632	15,545
Amount due to broker		-	25,000
Amount due to Manager			
- management fee		2,364	3,805
Amount due to Trustee		63	101
Auditors' remuneration		1,750	1,918
Tax agent's fee		804	1,137
Other payables and accruals		1,757	1,811
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>47,370</u>	<u>49,317</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>1,772,745</u>	<u>3,018,637</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,772,745</u>	<u>3,018,637</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONTINUED)

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- AUD-Hedged Class		167,241	399,102
- EUR-Hedged Class		13,081	52,813
- GBP-Hedged Class		839,366	1,220,569
- HKD-Hedged Class		84	83
- MYR-Hedged Class		430,586	910,570
- RMB-Hedged Class		5,052	1,862
- SGD-Hedged Class		270,311	267,033
- USD Class		47,024	166,605
		<u>1,772,745</u>	<u>3,018,637</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>			
- AUD-Hedged Class	9(a)	489,000	1,073,000
- EUR-Hedged Class	9(b)	28,000	106,000
- GBP-Hedged Class	9(c)	1,344,000	1,929,000
- HKD-Hedged Class	9(d)	3,000	3,000
- MYR-Hedged Class	9(e)	3,531,000	7,143,000
- RMB-Hedged Class	9(f)	66,000	22,000
- SGD-Hedged Class	9(g)	708,000	708,000
- USD Class	9(h)	85,000	308,000
		<u>6,254,000</u>	<u>11,292,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- AUD-Hedged Class		0.3420	0.3719
- EUR-Hedged Class		0.4672	0.4982
- GBP-Hedged Class		0.6245	0.6327
- HKD-Hedged Class		0.0280	0.0277
- MYR-Hedged Class		0.1219	0.1275
- RMB-Hedged Class		0.0766	0.0846
- SGD-Hedged Class		0.3818	0.3772
- USD Class		<u>0.5532</u>	<u>0.5409</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2023 (CONTINUED)

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>REPRESENTED BY: (CONTINUED)</b>			
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- AUD-Hedged Class		AUD0.5276	AUD0.5178
- EUR-Hedged Class		EUR0.4376	EUR0.4646
- GBP-Hedged Class		GBP0.5053	GBP0.5013
- HKD-Hedged Class		HKD0.2194	HKD0.2165
- MYR-Hedged Class		RM0.5622	RM0.5578
- RMB-Hedged Class		RMB0.5455	RMB0.5654
- SGD-Hedged Class		SGD0.5173	SGD0.5163
- USD Class		USD0.5532	USD0.5409
		<u><u>          </u></u>	<u><u>          </u></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 - GLOBAL TARGET RETURN FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	<u>2023</u> USD	<u>2022</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	3,018,637	2,429,528
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	75,860	2,463,576
- AUD-Hedged Class	-	139,113
- EUR-Hedged Class	-	51,536
- GBP-Hedged Class	11,176	1,338,745
- MYR-Hedged Class	54,813	507,130
- RMB-Hedged Class	4,888	-
- SGD-Hedged Class	-	366,377
- USD Class	4,983	60,675
Cancellation of units	(1,172,022)	(1,371,120)
- AUD-Hedged Class	(195,475)	(289,389)
- EUR-Hedged Class	(38,285)	-
- GBP-Hedged Class	(331,414)	(7,250)
- HKD-Hedged Class	-	(154,798)
- MYR-Hedged Class	(480,296)	(479,465)
- RMB-Hedged Class	(1,557)	-
- SGD-Hedged Class	-	(79,664)
- USD Class	(124,995)	(360,554)
Decrease in net assets attributable to unitholders during the financial year	(149,730)	(503,347)
- AUD-Hedged Class	(36,386)	(85,510)
- EUR-Hedged Class	(1,447)	(9,873)
- GBP-Hedged Class	(60,965)	(231,153)
- HKD-Hedged Class	1	(8,872)
- MYR-Hedged Class	(54,501)	(121,116)
- RMB-Hedged Class	(141)	(183)
- SGD-Hedged Class	3,278	(27,699)
- USD Class	431	(18,941)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<u>1,772,745</u>	<u>3,018,637</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 - GLOBAL TARGET RETURN FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	<u>2023</u> USD	<u>2022</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	1,486,150	1,671,947
Purchase of investments	(297,000)	(2,535,000)
Management fee rebate received	28,786	42,746
Management fee paid	(35,072)	(53,164)
Trustee fee paid	(937)	(1,419)
Payment for other fees and expenses	(5,548)	(6,892)
Net realised foreign currency exchange loss	(34,518)	(6,394)
Realised loss on forward foreign currency contracts	(128,971)	(235,262)
	<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities	1,012,890	(1,123,438)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	75,860	2,463,576
Payments for cancellation of units	(1,172,022)	(1,371,120)
	<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities	(1,096,162)	1,092,456
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(83,272)	(30,982)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	51,970	(1,684)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<hr/>	<hr/>
	101,624	134,290
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<hr/>	<hr/>
	70,322	101,624
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 31 May 2023 and 31 May 2022 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 - GLOBAL TARGET RETURN FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

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 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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 L.

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

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 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.

## **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)**

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

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

The amendments also specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed 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**

##### Realised gains and losses 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 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.

#### **D 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.

## **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)**

#### **E 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.

#### **F 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 financial assets measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to broker, amount due to Manager, amount due to Trustee, payables for auditors' remuneration, tax agent's fee, and other payables and accruals 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.

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

##### (ii) Recognition and measurement (continued)

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 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 period 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, except forward foreign currency contracts 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.

##### 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.

## **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)**

#### **F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

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

###### Definition of default and credit-impaired financial assets (continued)

###### Qualitative criteria:

The debtor meets unlikelihood 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; and
- 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.

#### **G 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.

#### **H 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 F 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.

## **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)**

#### **I CREATION AND CANCELLATION OF UNITS**

The unitholders' contributions 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 eight classes of units, known respectively as the AUD-Hedged Class, EUR-Hedged Class, GBP-Hedged Class, HKD-Hedged 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.

Units are created and cancelled at the unitholder's 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 unitholders of respective classes with the total number of outstanding units of respective classes.

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

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

## **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)**

#### **L 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.

#### **M 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 - GLOBAL TARGET RETURN FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023**

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

The Wholesale Fund was constituted under the name Affin Hwang World Series - Global Target Return Fund (the "Fund") pursuant to the execution of a Deed dated 28 March 2018 entered in between AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the "Manager") and CIMB Commerce Trustee Berhad (the "Trustee").

The Fund commenced operations on 14 May 2018 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed.

The Fund may invest any of in 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 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 achieve capital appreciation over a 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. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 27 July 2023.

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents		70,322	-	70,322
Amount due from Manager				
- management fee rebate receivable		1,938	-	1,938
Collective investment scheme	7	-	1,747,855	1,747,855
		<u>72,260</u>	<u>1,747,855</u>	<u>1,820,115</u>
Total		<u>72,260</u>	<u>1,747,855</u>	<u>1,820,115</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts at fair value through profit or loss	8	-	40,632	40,632
Amount due to Manager				
- management fee		2,364	-	2,364
Amount due to Trustee		63	-	63
Auditors' remuneration		1,750	-	1,750
Tax agent's fee		804	-	804
Other payables and accruals		1,757	-	1,757
		<u>6,738</u>	<u>40,632</u>	<u>47,370</u>
Total		<u>6,738</u>	<u>40,632</u>	<u>47,370</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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</u> USD
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		101,624	-	101,624
Amount due from Manager				
- management fee rebate receivable		3,080	-	3,080
Collective investment scheme	7	-	2,957,243	2,957,243
Forward foreign currency contracts at fair value through profit or loss	8	-	6,007	6,007
Total		<u>104,704</u>	<u>2,963,250</u>	<u>3,067,954</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts at fair value through profit or loss	8	-	15,545	15,545
Amount due to broker		25,000	-	25,000
Amount due to Manager				
- management fee		3,805	-	3,805
Amount due to Trustee		101	-	101
Auditors' remuneration		1,918	-	1,918
Tax agent's fee		1,137	-	1,137
Other payables and accruals		1,811	-	1,811
Total		<u>33,772</u>	<u>15,545</u>	<u>49,317</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.

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

##### 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>2023</u> USD	<u>2022</u> USD
<b>Quoted investment</b>		
Collective investment scheme	1,747,855	2,957,243

The following table summarises the sensitivity of the Fund's loss after taxation and NAV to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2022: 2%) and decreased by 10% (2022: 2%) 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	<u>Impact on loss</u> <u>after tax/NAV</u> USD
<u>2023</u>		
-10%	1,573,069	(174,786)
0%	1,747,855	-
+10%	1,922,641	174,786
	<u>                    </u>	<u>                    </u>
<u>2022</u>		
-2%	2,898,098	(59,145)
0%	2,957,243	-
+2%	3,016,388	59,145
	<u>                    </u>	<u>                    </u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

##### Market risk (continued)

##### (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 2023 and 31 May 2022, 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 - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 <u>equivalents</u> USD	<u>Total</u> USD
<u>2023</u>				
<u>Financial assets</u>				
Australian Dollar			2,486	2,486
British Pound Sterling			2,386	2,386
China Renminbi			68	68
Euro			1,477	1,477
Hong Kong Dollar			1,326	1,326
Malaysian Ringgit			548	548
Singapore Dollar			2,237	2,237
			10,528	10,528
			10,528	10,528
	Forward foreign currency <u>contracts</u> USD	Other <u>liabilities*</u> USD	Net assets attributable to <u>unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Australian Dollar	5,135	-	167,241	172,376
British Pound Sterling	6,661	-	839,366	846,027
China Renminbi	160	-	5,052	5,212
Euro	352	-	13,081	13,433
Hong Kong Dollar	-	-	84	84
Malaysian Ringgit	23,166	4,311	430,586	458,063
Singapore Dollar	5,158	-	270,311	275,469
	40,632	4,311	1,725,721	1,770,664
	40,632	4,311	1,725,721	1,770,664

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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>Cash and cash equivalents</u> USD	<u>Total</u> USD	
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	932	1,250	2,182	
British Pound Sterling	2,596	3,300	5,896	
China Renminbi	16	1,550	1,566	
Euro	781	1,780	2,561	
Hong Kong Dollar	-	1,340	1,340	
Malaysian Ringgit	1,081	3,128	4,209	
Singapore Dollar	601	2,233	2,834	
	<u>6,007</u>	<u>14,581</u>	<u>20,588</u>	
	<u>Forward foreign currency contracts</u> USD	<u>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Australian Dollar	205	-	399,102	399,307
British Pound Sterling	12,575	-	1,220,569	1,233,144
China Renminbi	-	-	1,862	1,862
Euro	-	-	52,813	52,813
Hong Kong Dollar	-	-	83	83
Malaysian Ringgit	2,765	4,866	910,570	918,201
Singapore Dollar	-	-	267,033	267,033
	<u>15,545</u>	<u>4,866</u>	<u>2,852,032</u>	<u>2,872,443</u>

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

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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 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 in rate %	Impact on loss after tax/ NAV USD
<u>2023</u>		
Australian Dollar	+/- 13.86	-/+ 23,547
British Pound Sterling	+/- 12.57	-/+ 106,046
China Renminbi	+/- 6.29	-/+ 324
Euro	+/- 10.12	-/+ 1,210
Hong Kong Dollar	+/- 0.86	-/+ 11
Malaysian Ringgit	+/- 5.75	-/+ 26,307
Singapore Dollar	+/- 5.76	-/+ 15,738
<u>2022</u>		
Australian Dollar	+/- 10.13	-/+ 40,229
British Pound Sterling	+/- 7.55	-/+ 92,657
China Renminbi	+/- 3.92	-/+ 12
Euro	+/- 6.63	-/+ 3,332
Hong Kong Dollar	+/- 0.56	-/+ 7
Malaysian Ringgit	+/- 3.42	-/+ 31,259
Singapore Dollar	+/- 4.11	-/+ 10,859

##### 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 cash and other instruments, which are capable of being converted into cash within 7 days.



## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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>2023</u>			
Forward foreign currency contracts at fair value through profit or loss	-	40,632	40,632
Amount due to Manager			
- management fees	2,364	-	2,364
Amount due to Trustee	63	-	63
Auditors' remuneration	-	1,750	1,750
Tax agent fee	-	804	804
Other payables and accruals	-	1,757	1,757
Net assets attributable to unitholders*	1,772,745	-	1,772,745
	<u>1,775,172</u>	<u>44,943</u>	<u>1,820,115</u>
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	-	15,545	15,545
Amount due to broker	25,000	-	25,000
Amount due to Manager			
- management fees	3,805	-	3,805
Amount due to Trustee	101	-	101
Auditors' remuneration	-	1,918	1,918
Tax agent fee	-	1,137	1,137
Other payables and accruals	-	1,811	1,811
Net assets attributable to unitholders*	3,018,637	-	3,018,637
	<u>3,047,543</u>	<u>20,411</u>	<u>3,067,954</u>

\*Units are cancelled on demand at the unitholder's option (Note I). 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 - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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.

	Forward foreign currency contracts USD	Cash and cash equivalents USD	Amount due from Manager USD	<u>Total</u> USD
<u>2023</u>				
Financial services				
- AAA	-	70,322	-	70,322
Other				
- NR	-	-	1,938	1,938
	<u>-</u>	<u>70,322</u>	<u>1,938</u>	<u>72,260</u>
	<u>-</u>	<u>70,322</u>	<u>1,938</u>	<u>72,260</u>
<u>2022</u>				
Financial services				
- AAA	1,533	101,624	-	103,157
- AA1	656	-	-	656
- AA3	3,818	-	-	3,818
Other				
- NR	-	-	3,080	3,080
	<u>6,007</u>	<u>101,624</u>	<u>3,080</u>	<u>110,711</u>
	<u>6,007</u>	<u>101,624</u>	<u>3,080</u>	<u>110,711</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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

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 values 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 period end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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 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)

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (ii) Fair value hierarchy (continued)

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 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>2023</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	1,747,855	-	-	1,747,855
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	40,632	-	40,632
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (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>2022</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	2,957,243	-	-	2,957,243
- forward foreign currency contracts	-	6,007	-	6,007
	<u>2,957,243</u>	<u>6,007</u>	<u>-</u>	<u>2,963,250</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	15,545	-	15,545
	<u>-</u>	<u>15,545</u>	<u>-</u>	<u>15,545</u>

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 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.

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 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 2023, the management fee is recognised at a rate of 1.50% (2022: 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 2023, the Trustee's fee is recognised at a rate of 0.04% (2022: 0.04%) 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.

#### 6 TAXATION

	<u>2023</u> USD	<u>2022</u> USD
Current taxation	-	-

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 6 TAXATION (CONTINUED)

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

	<u>2023</u> USD	<u>2022</u> USD
Net loss before taxation	(149,730)	(503,347)
Tax at Malaysian statutory rate of 24% (2022: 24%)	(35,935)	(120,803)
Tax effects of:		
Investment loss not bought to tax	33,084	116,340
Expenses not deductible for tax purposes	1,023	1,479
Restriction on tax deduction expenses for Wholesale Fund	1,828	2,984
Tax expense	-	-

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss:		
- collective investment scheme	1,747,855	2,957,243
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(28,729)	101,088
- unrealised gain/(loss) on changes in fair value	33,491	(329,804)
- management fee rebate on collective investment scheme #	27,644	43,356
	32,406	(185,360)

# 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 which is not permissible under SC's Guidelines, 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.

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

(a) Collective investment scheme

(i) Collective investment scheme as at 31 May 2023 are as follows:

	<u>Quantity</u>	Aggregate cost USD	Fair value USD	Percentage of NAV %
Schroder International Selection Fund Global Target Return - A Accumulation USD Class	14,247	1,703,907	1,747,855	98.60
Total collective investment scheme	<u>14,247</u>	<u>1,703,907</u>	<u>1,747,855</u>	<u>98.60</u>
Accumulated unrealised gain on collective investment scheme		43,948		
Total collective investment scheme		<u>1,747,855</u>		

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

	<u>Quantity</u>	Aggregate cost USD	Fair value USD	Percentage of NAV %
Schroder International Selection Fund Global Target Return - A Accumulation USD Class	24,641	2,946,786	2,957,243	97.97
Total collective investment scheme	<u>24,641</u>	<u>2,946,786</u>	<u>2,957,243</u>	<u>97.97</u>
Accumulated unrealised gain on collective investment scheme		10,457		
Total collective investment scheme		<u>2,957,243</u>		

(b) Target Fund's top 10 holdings

(i) The Target Fund's top 10 holdings as at 31 May 2023 is as follows:

	Percentage of target fund NAV %
IShares \$ Floating Rate BD UCITS E ETF-F	3.10
WI Treasury Note 4.625 15-Mar-2026	1.30
Treasury Note 4.0 29-Feb-2028	1.10
Microsoft Corp	1.00



## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

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

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

(i) The Target Fund's top 10 holdings as at 31 May 2023 is as follows: (continued)

	Percentage of Target Fund's NAV %
Treasury Note 3.5 15-Feb-2033	1.00
Treasury Bond 3.25 15-May-2042	0.80
Alphabet Inc Class A A	0.80
Apple Inc	0.70
GNMA2 30yr tba Cash 5.5 31-Dec-2049	0.70
Treasury Note 4.0 28-Feb-2030	0.60
	<hr/>
Total	11.10
	<hr/> <hr/>

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

	Percentage of Target Fund's NAV %
Supranational	3.90
Treasury Note 1.875 28.02.2027	2.60
Treasury Note 2.625 31.03.2025	2.40
Australia (Commonwealth Of) 3.25 21.04.2025 Reg-S	1.10
Microsoft Corp	1.10
Aplhabet Inc Class A A	0.90
New Zealand (Government Of) 0.25 15.05.2028	0.80
Kommunalbanken as 4.25 16.07.2025 (Senior)	0.70
Landwirtschaftliche Rentenbank Govtguar 4.25 09.01.2025 Reg-S (Senior)	0.70
International Bank for Reconstruct 3.0 19.10.2026 (Senior)	0.68
	<hr/>
Total	14.88
	<hr/> <hr/>

#### 8 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 10 (2022: 10) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD1,776,259 (2022: USD2,909,384). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from Hedged-class denominated in Australian Dollar, Euro, British Pound Sterling, Malaysian Ringgit, China Renminbi, Singapore Dollar. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency is recognised immediately in the statement of comprehensive income.

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 8 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

	<u>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	-	6,007
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	40,632	15,545
Net loss on forward foreign currency contracts at fair value through profit or loss		
- realised loss on forward foreign currency contracts	(128,971)	(235,170)
- unrealised loss on changes in fair value	(31,094)	(12,784)
	<u>(160,065)</u>	<u>(247,954)</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 31 May 2023 is as follows:

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair</u> <u>value</u> USD	<u>Percentage</u> <u>of NAV</u> %
Affin Hwang Investment Bank Bhd#	349,727	352,516	(2,790)	(0.16)
BNP Paribas Malaysia Bhd	108,539	114,439	(5,900)	(0.33)
CIMB Bank Bhd	870,152	882,027	(11,874)	(0.67)
Hong Leong Bank Bhd	407,208	427,276	(20,068)	(1.13)
Total forward foreign currency contracts	<u>1,735,626</u>	<u>1,776,258</u>	<u>(40,632)</u>	<u>(2.29)</u>

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

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair</u> <u>value</u> USD	<u>Percentage</u> <u>of NAV</u> %
Affin Hwang Investment Bank Bhd#	839,132	835,313	3,819	0.13
BNP Paribas Malaysia Bhd	148,256	147,601	655	0.02
CIMB Bank Bhd	1,238,121	1,249,163	(11,042)	(0.37)
Hong Leong Bank Bhd	674,337	677,307	(2,970)	(0.10)
Total forward foreign currency contracts	<u>2,899,846</u>	<u>2,909,384</u>	<u>(9,538)</u>	<u>(0.32)</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 8 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

# The Manager is of the opinion that the transactions with the former immediate holding company have been entered into agreed terms between the related parties.

#### 9 NUMBER OF UNITS IN CIRCULATION

##### (a) AUD-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	1,073,000	1,451,000
Creation of units arising from applications	-	328,000
Cancellation of units	<u>(584,000)</u>	<u>(706,000)</u>
At the end of the financial year	<u><u>489,000</u></u>	<u><u>1,073,000</u></u>

##### (b) EUR-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	106,000	18,000
Creation of units arising from applications	-	88,000
Cancellation of units	<u>(78,000)</u>	-
At the end of the financial year	<u><u>28,000</u></u>	<u><u>106,000</u></u>

##### (c) GBP-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	1,929,000	156,000
Creation of units arising from applications	21,000	1,783,000
Cancellation of units	<u>(606,000)</u>	<u>(10,000)</u>
At the end of the financial year	<u><u>1,344,000</u></u>	<u><u>1,929,000</u></u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

##### (d) HKD-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	3,000	1,872,000
Cancellation of units	-	(1,869,000)
At the end of the financial year	<u>3,000</u>	<u>3,000</u>

##### (e) MYR-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	7,143,000	6,963,000
Creation of units arising from applications	455,000	3,556,000
Cancellation of units	(4,067,000)	(3,376,000)
At the end of the financial year	<u>3,531,000</u>	<u>7,143,000</u>

##### (f) RMB-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	22,000	22,000
Creation of units arising from applications	63,000	-
Cancellation of units	(19,000)	-
At the end of the financial year	<u>66,000</u>	<u>22,000</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(g) SGD-Hedged Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	708,000	19,000
Creation of units arising from applications	-	880,000
Cancellation of units	-	(191,000)
At the end of the financial year	<u>708,000</u>	<u>708,000</u>

(h) USD Class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of financial year	308,000	835,000
Creation of units arising from applications	9,000	104,000
Cancellation of units	(232,000)	(631,000)
At the end of the financial year	<u>85,000</u>	<u>308,000</u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 10 TRANSACTIONS WITH BROKER

(i) Details of transaction with the broker for the financial year ended 31 May 2023 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Schroder Investment Management (Singapore) Ltd	1,758,150	100.00

(ii) 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> %
Schroder Investment Management (Singapore) Ltd	4,231,947	100.00

#### 11 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>
CVC Capital Partners Asia V L P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager and substantial shareholder of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former immediate holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

<u>Related parties</u>	<u>Relationship</u>
Nikko Asset Management International Limited (“NAMI”)	Former substantial shareholder of the Manager
Nikko Asset Management Co., Ltd (“NAM”)	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as 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>2023</u>		<u>2022</u>	
<u>The Manager:</u>	<u>No. of units</u>	<u>USD</u>	<u>No. of units</u>	<u>USD</u>
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the units are held legally for booking purposes)				
- AUD-Hedged Class	2,100	718	2,096	780
- EUR-Hedged Class	3,502	1,636	3,635	1,811
- GBP-Hedged Class	2,997	1,872	2,787	1,763
- HKD-Hedged Class	3,000	84	3,000	83
- MYR-Hedged Class	3,333	406	3,727	475
- RMB-Hedged Class	2,729	209	2,938	249
- SGD-Hedged Class	3,263	1,246	3,263	1,231
- USD Class	2,560	1,416	3,129	1,692
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 12 TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u> %	<u>2022</u> %
TER	<u>1.76</u>	<u>1.72</u>

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 USD2,245,252 (2022: USD3,597,315).



## AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (CONTINUED)

#### 13 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2023</u>	<u>2022</u>
PTR (times)	0.40	0.57

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 = USD272,000 (2022: USD2,560,000)  
total disposal for the financial year = USD1,514,879 (2022: USD1,570,859)

#### 14 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

##### Change in corporate shareholding of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

##### Change in substantial shareholders of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)

On 19 April 2023, Nikko Asset Management International Limited ("NAMI") has divested all its equity interest of 27% in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) to Nikko Asset Management Co., Ltd ("NAM") for 20% and the remaining 7% of the equity interest to Lembaga Tabung Angkatan Tentera ("LTAT") resulting in both NAM and LTAT becoming substantial shareholders of the Manager.

## **AFFIN HWANG WORLD SERIES - GLOBAL TARGET RETURN FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad (formerly known as 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 Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 May 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**AHAM ASSET MANAGEMENT BERHAD**  
**(FORMERLY KNOWN AS AFFIN HWANG ASSET MANAGEMENT BERHAD)**

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

Kuala Lumpur  
27 July 2023

INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – GLOBAL  
TARGET RETURN FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series – Global Target Return Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2023, 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 2023, 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.

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 the Manager's Report, but does not include the financial statements of the Fund and our auditors’ report thereon.

**INDEPENDENT AUDITORS' REPORT  
TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – GLOBAL  
TARGET RETURN FUND (CONTINUED)**

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

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 – GLOBAL  
TARGET RETURN FUND (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINADNCIAL 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 – GLOBAL  
TARGET RETURN 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  
27 July 2023

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### **HEAD OFFICE**

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**AHAM Asset Management Berhad**

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