



**ANNUAL REPORT**

30 April 2023

**Affin Hwang World  
Series – China  
Allocation  
Opportunity Fund**

**MANAGER**

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

**TRUSTEE**

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

**Built On Trust**

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# AFFIN HWANG WORLD SERIES – CHINA ALLOCATION OPPORTUNITY FUND

## Annual Report and Audited Financial Statements For The Financial Year Ended 30 April 2023

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## FUND INFORMATION

Fund Name	Affin Hwang World Series – China Allocation Opportunity Fund	
Fund Type	Growth & Income	
Fund Category	Feeder Wholesale	
Investment Objective	The Fund seeks to achieve capital appreciation and regular income over medium to long term period.	
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income for the respective Classes in the following manner, after the end of its first financial year:	
	Class(es)	Frequency
	USD Class	Monthly
	MYR Class	
	MYR Hedged-Class	Quarterly
	SGD Hedged-Class	
	AUD Hedged-Class	
	GBP Hedged-Class	
	EUR Hedged-Class	
RMB Hedged-Class		

## FUND PERFORMANCE DATA

Category	As at 30 Apr 2023 (%)					As at 30 Apr 2022 (%)					As at 30 Apr 2021 (%)				
Portfolio composition															
<b>Collective investment scheme</b>	98.04					98.08					97.09				
<b>Cash and cash equivalent</b>	1.96					1.92					2.91				
<b>Total</b>	<b>100.00</b>					<b>100.00</b>					<b>100.00</b>				
Currency class	USD Class	MYR Class	MYR Hedged -class	AUD Hedged -class	SGD Hedged -class	USD Class	MYR Class	MYR Hedged -class	AUD Hedged -class	SGD Hedged -class	USD Class	MYR Class	MYR Hedged -class	AUD Hedged -class	SGD Hedged -class
Total NAV (million)	3.844	17.697	84.193	7.251	3.168	5.158	23.094	109.367	9.724	4.446	7.968	24.322	176.257	16.006	6.961
NAV per Unit (in respective currencies)	0.3131	0.3357	0.2952	0.3001	0.2977	0.3721	0.3891	0.3584	0.3635	0.3576	0.5932	0.5821	0.5635	0.5848	0.5712
Unit in Circulation (million)	12.277	52.718	285.205	24.160	10.643	13.864	59.311	305.011	26.753	12.433	13.432	41.785	312.809	27.372	12.188
Highest NAV	0.3721	0.3927	0.3584	0.3635	0.3576	0.5977	0.5920	0.5684	0.5888	0.5757	0.6509	0.6321	0.6178	0.6428	0.6280
Lowest NAV	0.2670	0.3034	0.2569	0.2595	0.2556	0.3411	0.3446	0.3280	0.3339	0.3280	0.5243	0.5420	0.4959	0.5247	0.5072
Return of the Fund (%)	-10.80	-8.58	-12.68	-12.48	-11.77	-33.39	-29.09	-32.46	-33.96	-33.52	17.20	11.38	17.83	15.23	15.93
- Capital Growth (%)	-15.86	-13.72	-17.63	-17.44	-16.75	-37.27	-33.16	-36.40	-37.84	-37.39	12.73	7.40	13.27	11.03	12.02
- Income Distribution (%)	6.00	5.97	6.01	6.01	5.98	6.18	6.09	6.19	6.25	6.20	3.96	3.70	4.03	3.78	3.49
Gross Distribution per Unit (sen)	1.92	2.05	1.84	1.86	1.83	2.87	2.85	2.76	2.85	2.77	2.28	2.12	2.20	2.16	1.94
Net Distribution per Unit (sen)	1.92	2.05	1.84	1.86	1.83	2.87	2.85	2.76	2.85	2.77	2.28	2.12	2.20	2.16	1.94
Total Expense Ratio (%) <sup>1</sup>			1.89					1.88					1.91		
Portfolio Turnover Ratio (times) <sup>2</sup>			0.28					0.15					1.32		

<sup>1</sup>The TER of the Fund was higher due to a lower average Net Asset Value for the financial year.

<sup>2</sup>The PTR of the Fund was higher due to a lower average Net Asset Value for the financial year.

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

The performance figures are a comparison of the growth/decline in 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**

The NAV per Unit prior and subsequent to the distributions are as follow:

**USD Class**

Cum Date	Ex-Date	Cum-distribution (USD)	Distribution per Unit (USD)	Ex-distribution (USD)
17-May-22	18-May-22	0.3616	0.0019	0.3603
14-Jun-22	15-Jun-22	0.3607	0.0018	0.3634
19-Jul-22	20-Jul-22	0.3417	0.0016	0.3397
16-Aug-22	17-Aug-22	0.3320	0.0019	0.3308
20-Sep-22	21-Sep-22	0.3234	0.0014	0.3193
18-Oct-22	19-Oct-22	0.2961	0.0015	0.2893
15-Nov-22	16-Nov-22	0.3008	0.0013	0.3002
20-Dec-22	21-Dec-22	0.3193	0.0014	0.3182
17-Jan-23	18-Jan-23	0.3462	0.0015	0.3450
16-Feb-23	17-Feb-23	0.3370	0.0017	0.3309
16-Mar-23	17-Mar-23	0.3202	0.0016	0.3189
18-Apr-23	19-Apr-23	0.3247	0.0016	0.3200

**MYR Class**

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
17-May-22	18-May-22	0.3813	0.0020	0.3807
14-Jun-22	15-Jun-22	0.3831	0.0019	0.3853
19-Jul-22	20-Jul-22	0.3653	0.0018	0.3633
16-Aug-22	17-Aug-22	0.3562	0.0019	0.3551
20-Sep-22	21-Sep-22	0.3544	0.0015	0.3494
18-Oct-22	19-Oct-22	0.3356	0.0017	0.3281
15-Nov-22	16-Nov-22	0.3282	0.0014	0.3277
20-Dec-22	21-Dec-22	0.3402	0.0015	0.3394
17-Jan-23	18-Jan-23	0.3599	0.0016	0.3577
16-Feb-23	17-Feb-23	0.3566	0.0018	0.3525
16-Mar-23	17-Mar-23	0.3464	0.0017	0.3439
18-Apr-23	19-Apr-23	0.3459	0.0017	0.3415

**MYR Hedged-Class**

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
17-May-22	18-May-22	0.3481	0.0019	0.3468
14-Jun-22	15-Jun-22	0.3475	0.0017	0.3501
19-Jul-22	20-Jul-22	0.3294	0.0016	0.3276
16-Aug-22	17-Aug-22	0.3196	0.0017	0.3185
20-Sep-22	21-Sep-22	0.3116	0.0014	0.3077
18-Oct-22	19-Oct-22	0.2853	0.0014	0.2788
15-Nov-22	16-Nov-22	0.2876	0.0012	0.2870
20-Dec-22	21-Dec-22	0.3044	0.0014	0.3032
17-Jan-23	18-Jan-23	0.3292	0.0015	0.3280
16-Feb-23	17-Feb-23	0.3195	0.0016	0.3137
16-Mar-23	17-Mar-23	0.3031	0.0015	0.3019
18-Apr-23	19-Apr-23	0.3065	0.0015	0.3020

**AUD Hedged-Class**

Cum Date	Ex-Date	Cum-distribution (AUD)	Distribution per Unit (AUD)	Ex-distribution (AUD)
17-May-22	18-May-22	0.3526	0.0019	0.3513
14-Jun-22	15-Jun-22	0.3515	0.0018	0.3540
19-Jul-22	20-Jul-22	0.3327	0.0016	0.3308
16-Aug-22	17-Aug-22	0.3232	0.0017	0.3222
20-Sep-22	21-Sep-22	0.3145	0.0014	0.3105
18-Oct-22	19-Oct-22	0.2875	0.0015	0.2808
15-Nov-22	16-Nov-22	0.2914	0.0012	0.2910
20-Dec-22	21-Dec-22	0.3088	0.0014	0.3077
17-Jan-23	18-Jan-23	0.3342	0.0015	0.3329
16-Feb-23	17-Feb-23	0.3244	0.0016	0.3184
16-Mar-23	17-Mar-23	0.3074	0.0015	0.3062
18-Apr-23	19-Apr-23	0.3114	0.0015	0.3069

**SGD Hedged-Class**

Cum Date	Ex-Date	Cum-distribution (SGD)	Distribution per Unit (SGD)	Ex-distribution (SGD)
17-May-22	18-May-22	0.3473	0.0020	0.3459
14-Jun-22	15-Jun-22	0.3463	0.0017	0.3489
19-Jul-22	20-Jul-22	0.3276	0.0016	0.3257
16-Aug-22	17-Aug-22	0.3182	0.0016	0.3173
20-Sep-22	21-Sep-22	0.3100	0.0014	0.3061
18-Oct-22	19-Oct-22	0.2835	0.0014	0.2769
15-Nov-22	16-Nov-22	0.2875	0.0011	0.2871
20-Dec-22	21-Dec-22	0.3049	0.0014	0.3038
17-Jan-23	18-Jan-23	0.3303	0.0015	0.3290
16-Feb-23	17-Feb-23	0.3210	0.0016	0.3152
16-Mar-23	17-Mar-23	0.3048	0.0015	0.3036
18-Apr-23	19-Apr-23	0.3088	0.00151	0.3043

No unit splits were declared for the financial year ended 30 April 2023.

## **Performance Review**

### **USD Class**

For the period 1 May 2022 to 30 April 2023, the Fund registered a return of -10.80%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2023 was USD0.3131 while the NAV as at 30 April 2022 was USD0.3721. During the same period under review, the Fund has declared a total gross income distribution of USD0.01919 per unit.

Since commencement, the Fund registered a return of -23.58%.

### **MYR Class**

For the period 1 May 2022 to 30 April 2023, the Fund registered a return of -8.58%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2023 was MYR0.3357 while the NAV as at 30 April 2022 was MYR0.3891. During the same period under review, the Fund has declared a total gross income distribution of MYR0.02048 per unit.

Since commencement, the Fund registered a return of -19.59%.

### **AUD Hedged-Class**

For the period 1 May 2022 to 30 April 2023, the Fund registered a return of -12.48%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2023 was AUD0.3001 while the NAV as at 30 April 2022 was AUD0.3635. During the same period under review, the Fund has declared a total gross income distribution of AUD0.01862 per unit.

Since commencement, the Fund registered a return of -28.87%.

### **MYR Hedged-Class**

For the period 1 May 2022 to 30 April 2023, the Fund registered a return of -12.68%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2023 was MYR0.2952 while the NAV as at 30 April 2022 was MYR0.3584. During the same period under review, the Fund has declared a total gross income distribution of MYR0.01840 per unit.

Since commencement, the Fund registered a return of -29.94%.

### **SGD Hedged-Class**

For the period 1 May 2022 to 30 April 2023, the Fund registered a return of -11.77%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2023 was SGD0.2977 while the NAV as at 30 April 2022 was SGD0.3576. During the same period under review, the Fund has declared a total gross income distribution of SGD0.01831 per unit.

Since commencement, the Fund registered a return of -28.74%.

Table 1: Performance of the Fund

	<b>1 Year</b> <b>(1/5/22 - 30/4/23)</b>	<b>3 Years</b> <b>(1/5/20 - 30/4/23)</b>	<b>Since Commencement</b> <b>(4/3/19 - 30/4/23)</b>
<b>USD Class</b>	<b>(10.80%)</b>	<b>(30.37%)</b>	<b>(23.58%)</b>
<b>MYR Class</b>	<b>(8.58%)</b>	<b>(27.79%)</b>	<b>(19.59%)</b>
<b>AUD Hedged-Class</b>	<b>(12.48%)</b>	<b>(33.40%)</b>	<b>(28.87%)</b>
<b>MYR Hedged-Class</b>	<b>(12.68%)</b>	<b>(30.51%)</b>	<b>(29.94%)</b>
<b>SGD Hedged-Class</b>	<b>(11.77%)</b>	<b>(32.00%)</b>	<b>(28.74%)</b>

Table 2: Average Total Return

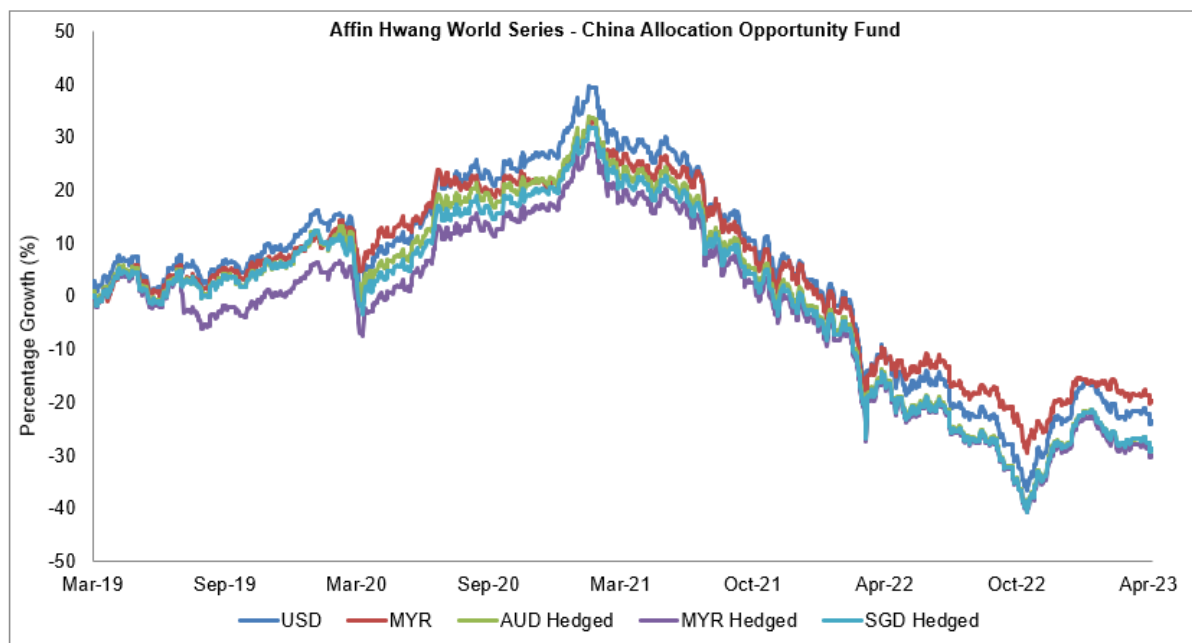
	<b>1 Year</b> <b>(1/5/22 - 30/4/23)</b>	<b>3 Years</b> <b>(1/5/20 - 30/4/23)</b>	<b>Since Commencement</b> <b>(4/3/19 - 30/4/23)</b>
<b>USD Class</b>	<b>(10.80%)</b>	<b>(11.37%)</b>	<b>(6.26%)</b>
<b>MYR Class</b>	<b>(8.58%)</b>	<b>(10.29%)</b>	<b>(5.10%)</b>
<b>AUD Hedged-Class</b>	<b>(12.48%)</b>	<b>(12.67%)</b>	<b>(7.86%)</b>
<b>MYR Hedged-Class</b>	<b>(12.68%)</b>	<b>(11.43%)</b>	<b>(8.19%)</b>
<b>SGD Hedged-Class</b>	<b>(11.77%)</b>	<b>(12.06%)</b>	<b>(7.82%)</b>

Table 3: Annual Total Return

	<b>FYE 2023</b> <b>(1/5/22 - 30/4/23)</b>	<b>FYE 2022</b> <b>(1/5/21 - 30/4/22)</b>	<b>FYE 2021</b> <b>(1/5/20 - 30/4/21)</b>	<b>FYE 2020</b> <b>(4/3/19 - 30/4/20)</b>
<b>USD Class</b>	<b>(10.80%)</b>	<b>(33.39%)</b>	<b>17.20%</b>	<b>9.75%</b>
<b>MYR Class</b>	<b>(8.58%)</b>	<b>(29.09%)</b>	<b>11.38%</b>	<b>11.36%</b>
<b>AUD Hedged-Class</b>	<b>(12.48%)</b>	<b>(33.96%)</b>	<b>15.23%</b>	<b>6.80%</b>
<b>MYR Hedged-Class</b>	<b>(12.68%)</b>	<b>(32.46%)</b>	<b>17.83%</b>	<b>0.82%</b>
<b>SGD Hedged-Class</b>	<b>(11.77%)</b>	<b>(33.52%)</b>	<b>15.93%</b>	<b>4.79%</b>



Figure 1: Movement of the Fund 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.”*

**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 30 April 2023, the asset allocation of the Fund’s exposure to the collective investment scheme stood at 98.04% of the Fund’s NAV, while the balance was held in cash.

**Strategies Employed**

Within equities, the Target Fund Manager positioned for a balanced allocation between onshore and offshore with a slight onshore bias. With China’s consumption-driven recovery story being challenged by investors, they seek for opportunities by examining the market from various perspectives and granularity, e.g., looking at onshore vs offshore, sectors, themes, factor styles etc. The Target Fund Manager had a preference for offshore at the beginning of 2023, to leverage increased interests from global investors. Since then, market dynamics have changed with geopolitical concerns rising, conviction in the economic recovery waning and international flows into the Chinese markets stalling. The Target Fund Manager therefore gradually added to onshore out of offshore and are now slightly tilted towards the former.

Within fixed income, the Target Fund Manager kept their high yield exposure steady given fragile market sentiment and preferred investment grade bonds for its attractive yield and lower volatility. On the other hand, they also continue to be cautious on HY, but are mindful that valuations have become attractive again. Amid our top-down views, the Target Fund Manager continued to hold a modest position in Chinese government bonds as a diversifier.

In terms of foreign exchange (“FX”) currency, the Target Fund Manager maintained a slight RMB hedge in the portfolio as a diversifier as we see RMB being reasonably stable at the current level.

## **Market Review**

The period under review witnessed market fluctuations and economic developments driven by various global and domestic factors. The performance of global markets during the reviewed period exhibited mixed results. The Standard & Poor's 500 ("S&P 500") returned 2.64%, while the Morgan Stanley Capital International ("MSCI") AC World Index registered a slightly higher return of 3.77%. However, the MSCI AC Asia ex Japan Index experienced a decline of -5.63%, indicating regional challenges. The Financial Times Stock Exchange ("FTSE") Bursa Malaysia also faced a decline of -7.71%. In the bond markets, the Bloomberg Barclays Global Aggregate Index declined by -2.31%, while local bond markets experienced slight gains, with the benchmark 10-year Malaysian Government Securities ("MGS") yield closing at 3.84%.

The financial year began with Federal Reserve Chair Jerome Powell affirming the central bank's hawkish pivot towards taming inflation. The May 2022 Federal Open Market Committee ("FOMC") meeting resulted in a 50 basis points rate hike, and subsequently throughout the next 12 months, the US Federal Reserve ("Fed") raised policy rates to the current level of 5%. The sharp pace of tightening raised concerns in financial markets, as over-tightening could potentially lead to a growth slowdown. The People's Bank of China ("PBoC") however, implemented a sharper-than-expected 15 basis points reduction in its prime rate for 5-year loans. This move is aimed to cushion the impact of a slowdown and stimulate growth in China's property sector, which plays a significant role in its economy.

Global equities were volatile in the first quarter of 2023 as turmoil in the banking sector jolted markets. The fallout of Silicon Valley Bank had an impact on United States ("US") equities as concerns about contagion spread throughout Wall Street. The commercial bank, known for providing loans primarily to start-up and technology companies, faced a severe cash shortage as it was forced to realize losses in its bond securities. Similarly, San Francisco-based First Republic, like many other regional lenders, found itself in a tight spot due to the Fed's decision to raise interest rates in its fight against inflation. Consequently, the value of the bonds held by the bank, purchased at lower interest rates, suffered. As fears about the well-being of First Republic grew, depositors began seeking alternative options as fears spread about First Republic's health. Concerns about the U.S debt ceiling also weighed on sentiments as failing to reach an agreement on raising or suspending the ceiling would result in severe spending cuts by the government.

The MSCI AC World Index over the 12 months period, financials were weak amid turmoil in the banking sector mentioned earlier. While energy was the largest contributor to the index over the reviewed period, declining oil prices over the past 3 months affected negatively on the returns of the index.

Throughout the year, the MSCI Asia ex Japan Index experienced weakness primarily due to volatility in China. A growing wave of mortgage boycotts by homebuyers and concerns related to COVID-19 flare-ups spooked investors. Investors became cautious about the potential impact of the increase in COVID-19 infections on economic growth and corporate earnings. Lockdowns, travel restrictions, and supply chain disruptions weighed on business activities, affecting market performance across multiple sectors. Tensions between the United States and China also played a significant role in shaping the market dynamics. Throughout the year, diplomatic and trade tensions between the two countries were rekindled, leading to uncertainties and market jitters. Escalating disputes and the possibility of further restrictions or tariffs on trade created a challenging environment for businesses operating in the region and the resulting uncertainty impacted investor confidence and contributed to the weakness observed in index.

Taiwan and Korea, two export-driven economies heavily reliant on technology sectors, faced specific challenges during the review period. With the global economy slowdown, demand for technological components and devices waned, affecting the performance of these countries' export-oriented industries. Reduced demand, coupled with supply chain disruptions and uncertainties in the global market, led to a decline in economic activities and negatively impacted the performance of the regional index.

The bond market over the period was influenced by a combination of factors including central bank actions, inflation concerns and currency movements. Bond yields showed mixed movements during this period. Towards the end of 2022, government bond yields edged up due to market disappointment at the hawkish tone from central banks, despite evidence of slowing economic growth. However, in 2023, yields fluctuated initially pricing in rate hikes and later discounting rate cuts due to concerns over the banking crisis.

On the domestic front, Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate ("OPR") by 25 basis points to 2.00% during its Monetary Policy Committee meeting in May 2022. By the end of the financial period under review, the OPR reached 2.75%. The central bank cited that the global economy persists to be

weighed down by elevated cost pressures and higher interest rates. While headline inflation moderated slightly, core inflation remained elevated. BNM emphasized the nature of rate adjustments remains accommodative and supportive of economic growth.

The year under review also witnessed the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister. In his budget speech in February 2023, Prime Minister cum Finance Minister Datuk Seri Anwar Ibrahim emphasized fiscal discipline and outlined measures to reduce the country's fiscal deficit to 5.00% of Gross Domestic Product ("GDP"). These measures included to achieve this goal includes the introduction of new tax measures, such as a luxury goods tax, excise duties on nicotine-containing products, and higher dividends from national major Petronas, amounting to RM 40 billion.

## **Investment Outlook**

Chinese policy has moved in a pro-growth direction with the abandonment of zero-COVID-19 measures, more support for the property sector, and the end of the regulatory campaign against internet platform companies. These shifts bolster the Target Fund Manager's conviction that economic activity and earnings will improve meaningfully from 2022 to 2023.

Unlike March, macro data for April 2023 came in softer than expected and disappointed some investors. Market questioned the magnitude and sustainability of the China recovery. In the Target Fund Manager's view, there is indeed a divergence between services and goods recovery as expected, and there are increasing chances of stimulus should there are continuous weakness in manufacturing and labour data to boost demand and consumption given China, as opposed to other major economies, has little concern on inflation.

Lingering property developers headlines on bond default and retrenchment of housing activities took valuation of some quality developers back to level last seen in October. The Target Fund Manager continue to believe that consumer confidence resumption is needed to prop up the real estate sector.

The Target Fund Manager is closely monitoring geopolitical tensions between the US and China, particularly related to the latter's relationship with Russia, as these carry left-tail risks to both operating performance and valuations. Lately there are some signs of stabilizing, marked by the ongoing diplomatic visits between the top leadership.

The Target Fund Manager is convinced that equities, relative to credits, are in a better position to benefit from re-opening of China. They are holding a more balanced approach to onshore and offshore equities with a slight onshore bias. Within credits, they kept their high yield exposure steady given fragile market sentiment and preferred investment grade bonds for its attractive yield and lower volatility. In our view, it is important to be selective in terms of sector and sub-market allocation to capture policy and sentiment tailwind and navigate the volatile market. The Target Fund Manager continue to believe that allocation to China offers diversification benefit to international investors in the long run.

In terms of positioning, they remain constructively positioned, despite heightened volatility since end Jan. This is largely because they continue to have conviction in economic recovery, though are mindful that the recovery is uneven and there are areas of softness. The Target Fund Manager continue to favour equity over credit as way to express the positive macro view, this is taken into account cross assets risk/reward profiles in particular liquidity and sector concentration constraints. On balance, they are seeing more opportunities in sub-asset class level within Equities.

Within equities, the Target Fund Manager positioned for a balanced allocation between onshore and offshore with a slight onshore bias. With China's consumption-driven recovery story being challenged by investors, we seek for opportunities by examining the market from various perspectives and granularity, e.g., looking at onshore vs offshore, sectors, themes, factor styles etc. We had a preference for offshore at the beginning of the year, to leverage increased interests from global investors. Since then, market dynamics have changed with geopolitical concerns rising, conviction in the economic recovery waning and international flows into the Chinese markets stalling. The Target Fund Manager have therefore gradually added to onshore out of offshore and are now slightly tilted towards the former.

Among onshore equities, the Target Fund Manager have been at the margin adding to State Owned Enterprise exposures, to take advantage of recent government reform initiatives as well as favourable market condition as investors seek for granular themes to play given lack of directional move at the broad index

level. This led them to be somewhat more exposed to sectors such as financials which has been performing well amid concerns around US/European banks.

The Target Fund Manager remains agile and closely monitors developments in policy, macros, and investor feedback. Their balanced positioning continues to reflect the view that China's recovery will be bumpy as reiterated by uneven data prints, and allows them to benefit from improvements in sentiment and economic growth whilst buffering against downtrends in the environment.

Within Fixed income, the Target Fund Manager kept their high yield exposure steady given fragile market sentiment and preferred investment grade bonds for its attractive yield and lower volatility. On the other hand, they continue to be cautious on HY, but are mindful that valuations have become attractive again. Amid their top-down views, the Target Fund Manager continued to hold a modest position in Chinese government bonds as a diversifier.

In terms of foreign exchange currency, they maintained a slight RMB hedge in the portfolio as a diversifier as we see RMB being reasonably stable at the current level.

### **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 Unit holders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

During the financial year under review, no soft commission was received by the management company on behalf of the Fund.

### **Cross Trade**

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

### **Securities Financing Transactions**

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

### **Changes Made to The Fund's Information Memorandum**

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

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG CHINA ALLOCATION OPPORTUNITY FUND (“FUND”)**

We have acted as the Trustee of the Fund for the financial year ended 30 April 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.

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

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

**NORHAYATI BINTI AZIT**  
**DIRECTOR – FUND SERVICES**

Kuala Lumpur  
27 June 2023

**AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023**

# **AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023**

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## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>INVESTMENT LOSS</b>			
Dividend income		2,204,384	3,776,671
Interest income from financial assets at amortised cost		1,116	834
Net gain/(loss) on foreign currency exchange		223	(10,968)
Net loss on financial assets at fair value through profit or loss	9	(6,359,027)	(27,695,505)
Net loss on forward foreign currency contracts at fair value through profit or loss	11	(1,687,850)	(2,745,344)
		<u>(5,841,154)</u>	<u>(26,674,312)</u>
<b>EXPENSES</b>			
Management fee	4	(682,303)	(1,141,570)
Trustee fee	5	(22,757)	(38,076)
Fund accounting fee	6	(3,396)	(3,344)
Auditors' remuneration		(1,795)	(1,912)
Tax agent's fee		(785)	(836)
Other expenses		(7,290)	(7,267)
		<u>(718,326)</u>	<u>(1,193,005)</u>
<b>NET LOSS BEFORE FINANCE COST AND TAXATION</b>		(6,559,480)	(27,867,317)
Finance cost	7	(2,201,469)	(3,751,272)
<b>NET LOSS BEFORE TAXATION</b>		(8,760,949)	(31,618,589)
Taxation	8	(10,991)	(32,706)
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>(8,771,940)</u>	<u>(31,651,295)</u>



## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
Decrease in net assets attributable to unitholders comprise the following:			
Realised amount		(9,895,522)	(4,127,986)
Unrealised amount		1,123,582	(27,523,309)
		<u>(8,771,940)</u>	<u>(31,651,295)</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 - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>ASSETS</b>			
Cash and cash equivalents	10	1,015,876	1,544,625
Amount due from broker		340,000	417,872
Amount due from Manager			
- creation of units		8,868	3,785
- management fee rebate receivable		40,806	56,077
Financial assets at fair value through profit or loss	9	33,169,879	44,879,915
Forward foreign currency contracts at fair value through profit or loss	11	19,594	1,170
Tax recoverable		10,930	16,692
<b>TOTAL ASSETS</b>		<b>34,605,953</b>	<b>46,920,136</b>
<b>LIABILITIES</b>			
Forward foreign currency contracts at fair value through profit or loss	11	608,746	936,766
Amount due to broker		-	14,752
Amount due to Manager			
- management fee		51,705	71,320
- cancellation of units		109,232	133,381
Amount due to Trustee		1,723	2,377
Fund accounting fee		262	-
Auditors' remuneration		1,682	1,723
Tax agent's fee		785	804
Other payable and accruals		113	68
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>774,248</b>	<b>1,161,191</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>33,831,705</b>	<b>45,758,945</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>33,831,705</b>	<b>45,758,945</b>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 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		4,772,287	6,962,794
- MYR class		3,967,967	5,303,499
- MYR Hedged-class		18,879,005	25,116,339
- SGD Hedged-class		2,368,903	3,217,970
- USD class		3,843,543	5,158,343
		<u>33,831,705</u>	<u>45,758,945</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>			
- AUD Hedged-class	12(a)	24,160,000	26,753,000
- MYR class	12(b)	52,718,000	59,311,000
- MYR Hedged-class	12(c)	285,205,000	305,011,000
- SGD Hedged-class	12(d)	10,643,000	12,433,000
- USD class	12(e)	12,277,000	13,864,000
		<u>385,003,000</u>	<u>417,372,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- AUD Hedged-class		0.1975	0.2603
- MYR class		0.0753	0.0894
- MYR Hedged-class		0.0662	0.0823
- SGD Hedged-class		0.2226	0.2588
- USD class		0.3131	0.3721
		<u>0.1975</u>	<u>0.2603</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- AUD Hedged-class		AUD0.3001	AUD0.3635
- MYR class		RM0.3357	RM0.3891
- MYR Hedged-class		RM0.2952	RM0.3584
- SGD Hedged-class		SGD0.2977	SGD0.3576
- USD class		USD0.3131	USD0.3721
		<u>AUD0.3001</u>	<u>AUD0.3635</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 - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	<u>2023</u> USD	<u>2022</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	45,758,945	74,773,782
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	1,795,890	12,463,335
- AUD Hedged-class	142,486	1,957,075
- MYR class	186,933	3,026,127
- MYR Hedged-class	1,110,760	5,574,237
- SGD Hedged-class	206,343	973,413
- USD class	149,368	932,483
Creation of units arising from distributions	1,819,290	3,639,424
- AUD Hedged-class	269,765	582,747
- MYR class	190,520	316,196
- MYR Hedged-class	1,002,199	2,099,382
- SGD Hedged-class	131,437	256,387
- USD class	225,369	384,712
Cancellation of units	(6,770,478)	(13,466,301)
- AUD Hedged-class	(907,476)	(2,563,406)
- MYR class	(845,896)	(1,047,952)
- MYR Hedged-class	(3,358,388)	(7,784,509)
- SGD Hedged-class	(766,254)	(1,066,001)
- USD class	(892,464)	(1,004,433)

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

	<u>2023</u> USD	<u>2022</u> USD
Decrease in net assets attributable to unitholders during the financial year	(8,771,941)	(31,651,295)
- AUD Hedged-class	(1,695,282)	(5,475,400)
- MYR Class	(867,089)	(2,943,289)
- MYR Hedged-class	(4,991,905)	(17,909,548)
- SGD Hedged-class	(420,592)	(2,200,516)
- USD class	(797,073)	(3,122,542)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<b>33,831,705</b>	<b>45,758,945</b>

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 - CHINA ALLOCATION OPPORTUNITY FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale and redemption of investments		9,130,428	7,789,136
Purchase of investments		(4,252,178)	(10,315,248)
Dividend received		2,204,384	3,776,671
Interest received		1,116	834
Management fee rebate received		551,150	917,792
Management fee paid		(701,918)	(1,174,203)
Trustee fee paid		(23,411)	(39,164)
Fund accounting fee paid		(3,134)	(3,344)
Payment for other fees and expenses		(9,886)	(10,527)
Net realised foreign currency exchange loss		(1,223)	(7,538)
Realised loss on forward foreign currency contracts		(2,034,293)	(1,565,446)
Tax paid		(5,229)	(49,398)
		4,855,805	(680,435)
Net cash flows generated from/ (used in) operating activities		4,855,805	(680,435)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,790,806	13,850,936
Payments for cancellation of units		(6,794,627)	(13,343,963)
Payment for distributions		(382,179)	(111,848)
		(5,386,000)	395,125
Net cash flows (used in)/ generated from financing activities		(5,386,000)	395,125
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(530,195)	(285,310)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		1,446	(3,430)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>		1,544,625	1,833,365
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	10	1,015,876	1,544,625

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 - CHINA ALLOCATION OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 M.

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2023) 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 2023).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2023) 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 - CHINA ALLOCATION OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

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

- (a) 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**

##### Dividend income

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

##### Interest income

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

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

##### Realised gains and 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 DISTRIBUTIONS**

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

## **AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**



## **FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

### **D TAXATION**

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

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

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

### **F FOREIGN CURRENCY TRANSLATIONS**

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

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

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

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

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

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

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

(i) Classification (continued)

The contractual cash flows of the Fund's debt securities are solely 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.

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

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

The Fund classifies amount due to brokers, amount due to Manager, amount due to Trustee, amount due to brokers, fund accounting fee, 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.

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 period which they arise.

Investment in collective investment schemes are valued at the last published NAV per unit at the date of the statement of financial position.

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

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

##### (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.

##### Qualitative criteria:

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

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

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

## **AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

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

(iii) Impairment (continued)

##### Write-off

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

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

#### **H CASH AND CASH EQUIVALENTS**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **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 five classes of units, known respectively as the AUD Hedged-class, MYR class, MYR 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 net asset value ("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 unitholders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

## **AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

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

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

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

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

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

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

#### **L 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 position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instruments 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 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.

## **AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

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

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

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

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

#### Functional currency

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

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

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

The analysis of realised and unrealised amount 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 - CHINA ALLOCATION OPPORTUNITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023**

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

The Wholesale Fund was constituted under the name Affin Hwang World Series – China Allocation Opportunity (the “Fund”) pursuant to the execution of a Deed dated 24 December 2018 as modified by First supplemental information memorandum dated 28 August 2019 (the “Deed”) entered into between AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 4 March 2019 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deeds.

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

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

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

The main objective of the Fund is to achieve capital appreciation and regular income over medium to long term period.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients. 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 June 2023.

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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	<u>Total USD</u>
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	1,015,876	-	1,015,876
Amount due from broker		340,000	-	340,000
Amount due from Manager				
- creation of units		8,868	-	8,868
- management fee rebate receivable		40,806	-	40,806
Collective investment scheme	9	-	33,169,879	33,169,879
Forward foreign currency contracts	11	-	19,594	19,594
Total		<u>1,405,550</u>	<u>33,189,473</u>	<u>34,595,023</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	11	-	608,746	608,746
Amount due to Manager				
- management fee		51,705	-	51,705
- cancellation of units		109,232	-	109,232
Amount due to Trustee		1,723	-	1,723
Fund accounting fee		262	-	262
Auditors' remuneration		1,682	-	1,682
Tax agent's fee		785	-	785
Other payables and accruals		113	-	113
Total		<u>165,502</u>	<u>608,746</u>	<u>774,248</u>



## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 USD</u>
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	1,544,625	-	1,544,625
Amount due from broker		417,872	-	417,872
Amount due from Manager				
- creation of units		3,785	-	3,785
- management fee rebate receivable		56,077	-	56,077
Collective investment scheme	9	-	44,879,915	44,879,915
Forward foreign currency contracts	11	-	1,170	1,170
Total		<u>2,022,359</u>	<u>44,881,085</u>	<u>46,903,444</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	11	-	936,766	936,766
Amount due to broker		14,752	-	14,752
Amount due to Manager				
- management fee		71,320	-	71,320
- cancellation of units		133,381	-	133,381
Amount due to Trustee		2,377	-	2,377
Auditors' remuneration		1,723	-	1,723
Tax agent's fee		804	-	804
Other payables and accruals		68	-	68
Total		<u>224,425</u>	<u>936,766</u>	<u>1,161,191</u>

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

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

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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	33,169,879	44,879,915

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: 4%) and decreased by 10% (2022: 4%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted and unquoted securities, having regard to the historical volatility of the prices.

<u>% change in price</u>	<u>Market value</u> USD	<u>Impact on</u> <u>loss after</u> <u>tax/NAV</u> USD
<u>2023</u>		
-10%	29,852,891	(3,316,988)
0%	33,169,879	-
+10%	36,486,867	3,316,988
<u>2022</u>		
-4%	43,084,718	(1,795,197)
0%	44,879,915	-
+4%	46,675,112	1,795,197

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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.

The Fund's exposure to the interest rate risk is mainly confined to short term placement with a financial institution. The Manager overcomes this exposure by way of maintaining deposits on short-term basis.

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the deposits are held on a short-term basis.

##### (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.

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

	<u>Cash and cash equivalents</u> USD	<u>Amount due from Manager</u> USD	<u>Forward foreign currency contracts</u> USD	<u>Total</u> USD
<u>2023</u>				
<u>Financial assets</u>				
Australian Dollar	25,838	6,496	-	32,334
Malaysian Ringgit	5,852	2,159	14,592	22,603
Singapore Dollar	47,514	122	5,002	52,638
	<u>79,204</u>	<u>8,777</u>	<u>19,594</u>	<u>107,575</u>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>2023</u> (continued)				
<u>Financial liabilities</u>				
Australian Dollar	181,463	22,359	4,772,287	4,976,109
Malaysian Ringgit	420,307	9,712	22,846,972	23,276,991
Singapore Dollar	6,976	62,865	2,368,903	2,438,744
	<u>608,746</u>	<u>94,936</u>	<u>29,988,162</u>	<u>30,691,844</u>
	<u>Cash and cash equivalents</u> USD	<u>Amount due from Manager</u> USD	<u>Forward foreign currency contracts</u> USD	<u>Total</u> USD
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	49,384	3,524	1,170	54,078
Malaysian Ringgit	75,121	261	-	75,382
Singapore Dollar	17,605	-	-	17,605
	<u>142,110</u>	<u>3,785</u>	<u>1,170</u>	<u>147,065</u>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>2022</u>				
<u>Financial liabilities</u>				
Australian Dollar	58,929	256	6,962,794	7,021,979
Malaysian Ringgit	826,707	120,012	30,419,838	31,366,557
Singapore Dollar	51,130	15,707	3,217,970	3,284,807
	<u>936,766</u>	<u>135,975</u>	<u>40,600,602</u>	<u>41,673,343</u>

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

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 net asset value 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 increase/(decrease) 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 <u>rate</u> %	Impact on loss after <u>tax/NAV</u> USD
<u>2023</u>		
Australian Dollar	+/- 14.14	+/- 699,142
Malaysian Ringgit	+/- 5.65	+/- 1,312,878
Singapore Dollar	+/- 5.90	+/- 140,796
<u>2022</u>		
Australian Dollar	+/- 9.43	+/- 656,923
Malaysian Ringgit	+/- 3.35	+/- 1,047,444
Singapore Dollar	+/- 3.96	+/- 129,517

##### 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 that they are held by parties with credit rating of AA or higher.

Credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The settlement terms of amount due from brokers are governed by the relevant rules and regulations as prescribed by the respective stock exchanges.

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

##### Credit risk (continued)

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

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

	<u>Cash and cash equivalents</u> USD	<u>Other assets*</u> USD	<u>Forward foreign currency contracts</u> USD	<u>Total</u> USD
<u>2023</u>				
Financial Services				
- AAA	1,015,876	-	16,445	1,032,321
- AA1	-	-	3,149	3,149
- NR	-	340,000	-	340,000
Others				
- NR	-	49,674	-	49,674
	<u>1,015,876</u>	<u>389,674</u>	<u>19,594</u>	<u>1,425,144</u>
<u>2022</u>				
Financial Services				
- AAA	1,544,625	-		1,544,625
- AA2		-	136	136
- NR	-	417,872	1,034	418,906
Others				
- NR	-	59,862	-	59,862
	<u>1,544,625</u>	<u>477,734</u>	<u>1,170</u>	<u>2,023,529</u>

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

##### 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, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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</u> USD	<u>Between one month to one year</u> USD	<u>Total</u> USD
<u>2023</u>			
Forward foreign currency contracts at fair value through profit or loss	253,506	355,240	608,746
Amount due to Manager			
- management fees	51,705	-	51,705
- cancellation of units	109,232	-	109,232
Amount due to Trustee	1,723	-	1,723
Fund accounting fee	-	262	262
Auditors' remuneration	-	1,682	1,682
Tax agent's fee	-	785	785
Other payables and accruals	-	113	113
Net assets attributable to unitholders*	33,831,705	-	33,831,705
	<u>34,247,871</u>	<u>358,082</u>	<u>34,605,953</u>
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	81,259	855,507	936,766
Amount due to broker	14,752	-	14,752
Amount due to Manager			
- management fees	71,320	-	71,320
- cancellation of units	133,381	-	133,381
Amount due to Trustee	2,377	-	2,377
Auditors' remuneration	-	1,723	1,723
Tax agent's fee	-	804	804
Other payables and accruals	-	68	68
Net assets attributable to unitholders*	45,758,945	-	45,758,945
	<u>46,062,034</u>	<u>858,102</u>	<u>46,920,136</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.



## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

##### Capital risk

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

#### 3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the 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)

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

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2023</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	33,169,879	-	-	33,169,879
- forward foreign currency contracts	-	19,594	-	19,594
	<u>33,169,879</u>	<u>19,594</u>	<u>-</u>	<u>33,189,473</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	608,746	-	608,746
	<u>-</u>	<u>608,746</u>	<u>-</u>	<u>608,746</u>
<u>2022</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	44,879,915	-	-	44,879,915
- forward foreign currency contracts	-	1,170	-	1,170
	<u>44,879,915</u>	<u>1,170</u>	<u>-</u>	<u>44,881,085</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	936,766	-	936,766
	<u>-</u>	<u>936,766</u>	<u>-</u>	<u>936,766</u>

## **AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

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

(i) Fair value hierarchy (continued)

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

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

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

#### **4 MANAGEMENT FEE**

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

For the financial year ended 30 April 2023, management fee is recognised at a rate of 1.80% (2022: 1.80%) per annum on the NAV of the Fund, calculated on a daily basis.

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

#### **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 30 April 2023, the Trustee's fee is recognised at a rate of 0.06% (2022: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Info Memorandum.

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

#### **6 FUND ACCOUNTING FEE**

The fund valuation and accounting fee for the Fund is USD3,396 (2022: USD3,344) for the financial year.

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 7 DISTRIBUTIONS

	<u>2023</u> USD	<u>2022</u> USD
Distributions to unitholders are from the following sources:		
Dividend income	2,201,469	3,751,272
Gross realised income	2,201,469	3,751,272
Less: Expenses	-	-
Net distribution amount	<u>2,201,469</u>	<u>3,751,272</u>

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

The Fund has incurred an unrealised loss of USD Nil (2022: USD27,523,309) for the financial year ended 30 April 2023 and 2022.

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 April 2023, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit (sen)</u>				
	<u>AUD Hedged-class</u> AUD	<u>MYR class</u> RM	<u>MYR Hedged-class</u> RM	<u>SGD Hedged-class</u> SGD	<u>USD class</u> USD
18.05.2022	0.190	0.200	0.190	0.200	0.190
15.06.2022	0.180	0.190	0.170	0.170	0.180
20.07.2022	0.160	0.180	0.160	0.160	0.160
17.08.2022	0.170	0.190	0.170	0.160	0.190
21.09.2022	0.140	0.150	0.140	0.140	0.140
19.10.2022	0.150	0.170	0.140	0.140	0.150
16.11.2022	0.120	0.140	0.120	0.110	0.130
21.12.2022	0.140	0.150	0.140	0.140	0.140
18.01.2023	0.150	0.160	0.150	0.150	0.150
17.02.2023	0.160	0.180	0.160	0.160	0.170
17.03.2023	0.150	0.170	0.150	0.150	0.160
19.04.2023	0.152	0.168	0.150	0.151	0.159
	<u>1.862</u>	<u>2.048</u>	<u>1.840</u>	<u>1.831</u>	<u>1.919</u>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 April 2022, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit (sen)</u>				
	<u>AUD Hedged-class</u> AUD	<u>MYR class</u> RM	<u>MYR Hedged-class</u> RM	<u>SGD Hedged-class</u> SGD	<u>USD class</u> USD
19.05.2021	0.250	0.250	0.250	0.210	0.250
16.06.2021	0.250	0.250	0.250	0.250	0.250
21.07.2021	0.250	0.250	0.250	0.250	0.250
18.08.2021	0.250	0.250	0.250	0.250	0.250
20.09.2021	0.250	0.250	0.250	0.250	0.250
20.10.2021	0.250	0.250	0.250	0.250	0.250
17.11.2021	0.250	0.250	0.250	0.250	0.250
15.12.2021	0.250	0.250	0.210	0.250	0.250
19.01.2022	0.250	0.250	0.220	0.220	0.250
16.02.2022	0.210	0.200	0.200	0.210	0.220
16.03.2022	0.220	0.220	0.210	0.210	0.220
20.04.2022	0.170	0.180	0.170	0.170	0.180
	<u>2.850</u>	<u>2.850</u>	<u>2.760</u>	<u>2.770</u>	<u>2.870</u>

**AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)**

**8 TAXATION**

	<u>2023</u> USD	<u>2022</u> USD
Current taxation	10,991	32,706

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	(8,760,949)	(31,618,589)
Tax at Malaysian statutory rate of 24% (2022: 24%)	(2,102,628)	(7,588,461)
Tax effects of:		
Investment income not subject to tax	1,530,488	6,401,835
Expenses not deductible for tax purposes	536,387	911,998
Restriction on tax deduction expenses for Wholesale Funds	35,753	274,628
Foreign income subject to different tax rate	10,991	32,706
Tax expense	10,991	32,706

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 9 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	33,169,879	44,879,915
Net loss on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(7,670,598)	(2,249,006)
- unrealised gain/ (loss) on change in fair value	775,692	(26,339,980)
- management fee on collective investment scheme#	535,879	893,481
	<u>(6,359,027)</u>	<u>(27,695,505)</u>

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

(a) Collective investment scheme

(i) Collective investment scheme as at 30 April 2023 are as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
UBS Lux Key Selection SICAV – China Allocation Opportunity	596,903	59,986,624	33,169,879	98.04
Total collective investment scheme	<u>596,903</u>		<u>33,169,879</u>	<u>98.04</u>
Accumulated unrealised loss on collective investment scheme		(26,816,745)		
Total collective investment scheme		<u>33,169,879</u>		



## AFFIN HWANG WORLD SERIES – CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

a) Collective investment scheme (continued)

(ii) Collective investment scheme as at 30 April 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
UBS Lux Key Selection SICAV – China Allocation Opportunity	683,520	72,472,352	44,879,915	98.08
Total collective investment scheme	<u>683,520</u>	<u>72,472,352</u>	<u>44,879,915</u>	<u>98.08</u>
Accumulated unrealised loss on collective investment scheme		<u>(27,592,437)</u>		
Total collective investment scheme		<u>44,879,915</u>		

b) Target fund top 10 holdings

i) The Target fund's top 10 holdings as at 30 April 2023 is as follows:

	<u>Percentage of target fund NAV %</u>
Kweichow Moutai Co Ltd	4.91
Tencent Holdings Ltd	4.02
NetEase Interactive Entertainment Limited	2.89
US Treasury N/B 3.875% 12/31/2029	2.27
Ping An Insurance Group Co of China Ltd	2.16
China Merchants Bank Co Ltd	2.05
China Government Bond 2.24% 05/25/2025	1.06
Export-import Bank China 3.625% 07/31/2024	0.86
China Development Bank 2.59% 03/17/2025	0.84
State Grid Overseas Investment Ltd 4.125% 05/07/2024	0.82
Total	<u>21.88</u>

## AFFIN HWANG WORLD SERIES – CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

b) Target fund top 10 holdings (continued)

(ii) The Target fund's top 10 holdings as at 30 April 2022 is as follows:

	<u>Percentage of target fund NAV</u> %
Kweichow Moutai Co Ltd	5.25
Tencent Holdings Ltd	5.17
China Merchants Bank Co Ltd	3.35
NETEASE INC	2.72
Hong Kong Exchanges & Clearing Ltd	2.51
Bank of Communication HK 2.304% 07/08/2031	1.34
China Government Bond 3.29% 05/23/2029	0.93
Wheelock Mtn Bvi Ltd 2.375% 01/25/2026	0.93
Meituan 3.05% 10/28/2030	0.83
CMB International Leasing Management Limited 2.75% 08/12/2030	0.83
Total	<u>23.86</u>

#### 10 CASH AND CASH EQUIVALENTS

	<u>2023</u> USD	<u>2022</u> USD
Cash and bank balances	1,015,876	1,476,120
Deposit with a licensed financial institution	-	68,505
	<u>1,015,876</u>	<u>1,544,625</u>

Weighted average effective interest rates per annum of deposit with a licensed financial institution are as follows:

	<u>2023</u> %	<u>2022</u> %
Deposit with a licensed financial institution	-	1.75

Deposit with a licensed financial institution of the Fund has an average maturity of Nil days (2022: 5 days).

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 11 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the statement of financial position, there are 18 (2022: 29) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD26,100,136 (2022: USD119,801,332). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the Hedged-class denominated in Australian Dollar, Malaysian Ringgit and 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 contracts are recognised immediately in the statement of comprehensive income.

	<u>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	19,594	1,170
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	608,746	936,766
Net loss on forward foreign currency contracts at fair value through profit or loss:		
- realised loss on forward foreign currency contracts	(2,034,294)	(1,565,446)
- unrealised gain/(loss) on changes in fair value	346,444	(1,179,898)
	<u>(1,687,850)</u>	<u>(2,745,344)</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 30 April 2023 are as follows:

<u>Name of issuer</u>	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd #	700,482	706,823	(6,341)	(0.02)
BNP Paribas Malaysia Bhd	6,309,765	6,482,336	(172,571)	(0.51)
CIMB Bank Bhd	3,481,657	3,479,192	2,465	0.01
Citibank Bhd	2,025,395	2,034,358	(8,963)	(0.03)
Hong Leong Bank Bhd	6,407,515	6,619,034	(211,519)	(0.63)
J.P. Morgan Chase Bank Bhd	5,811,643	5,984,101	(172,458)	(0.51)
United Overseas Bank (Malaysia) Bhd	1,363,679	1,383,445	(19,766)	(0.06)
Total forward foreign currency contracts	<u>26,100,136</u>	<u>26,689,289</u>	<u>(589,153)</u>	<u>(1.75)</u>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

(a) Forward foreign currency contracts (continued)

(ii) Forward foreign currency contracts as at 30 April 2022 are as follows:

<u>Name of issuer</u>	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd #	7,989,379	8,198,703	(209,324)	(0.46)
BNP Paribas Malaysia Bhd	7,932,666	8,089,759	(157,093)	(0.34)
CIMB Bank Bhd	4,536,749	4,676,066	(139,317)	(0.30)
Hong Leong Bank Bhd	5,943,667	6,123,509	(179,842)	(0.39)
J.P. Morgan Chase Bank Bhd	9,541,855	9,791,875	(250,020)	(0.55)
Total forward foreign currency contracts	<u>35,944,316</u>	<u>36,879,912</u>	<u>(935,596)</u>	<u>(2.04)</u>

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

#### 12 NUMBER OF UNITS IN CIRCULATION

(a) AUD Hedged-class units in circulation

	<u>2023</u> No. of units	<u>2022</u> No. of units
At the beginning of the financial year	26,753,000	27,372,000
Creation of units arising from applications	657,047	4,979,294
Creation of units arising from distributions	1,252,264	1,684,249
Cancellation of units	(4,502,311)	(7,282,543)
At the end of the financial year	<u>24,160,000</u>	<u>26,753,000</u>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

##### (b) MYR class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of the financial year	59,311,000	41,785,000
Creation of units arising from applications	2,292,671	23,662,543
Creation of units arising from distributions	2,428,053	2,780,347
Cancellation of units	(11,313,724)	(8,916,890)
At the end of the financial year	<u>52,718,000</u>	<u>59,311,000</u>

##### (c) MYR Hedged-class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of the financial year	305,011,000	312,809,000
Creation of units arising from applications	15,323,100	44,362,803
Creation of units arising from distributions	14,345,033	19,152,695
Cancellation of units	(49,474,133)	(71,313,498)
At the end of the financial year	<u>285,205,000</u>	<u>305,011,000</u>

##### (d) SGD Hedged-class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of the financial year	12,433,000	12,188,000
Creation of units arising from applications	917,279	2,556,937
Creation of units arising from distributions	580,467	753,108
Cancellation of units	(3,287,746)	(3,065,045)
At the end of the financial year	<u>10,643,000</u>	<u>12,433,000</u>

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

(e) USD class units in circulation

	<u>2023</u>	<u>2022</u>
	No. of units	No. of units
At the beginning of the financial year	13,864,000	13,432,000
Creation of units arising from applications	446,414	1,684,858
Creation of units arising from distributions	687,481	804,986
Cancellation of units	(2,720,895)	(2,057,844)
At the end of the financial year	<u>12,277,000</u>	<u>13,864,000</u>

#### 13 TRANSACTIONS WITH BROKER

(i) Details of transaction with the broker for the financial year ended 30 April 2023 are as follows:

<u>Name of broker</u>	<u>Value of trade</u>	Percentage of
	USD	<u>total trade</u>
		%
MFEXbyEuroclear	9,835,000	85.35
Northern Trust Global Services SE	1,687,556	14.65
	<u>11,522,556</u>	<u>100.00</u>

(ii) Details of transaction with the broker for the financial year ended 30 April 2022 are as follows:

<u>Name of broker</u>	<u>Value of trade</u>	Percentage of
	USD	<u>total trade</u>
		%
Northern Trust Global Services SE	17,787,008	100.00

## AFFIN HWANG WORLD SERIES – CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

#### 14 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>Relationships</u>
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Substantial shareholder of the Manager and former ultimate holding corporate body 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
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) ("AHAM") 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

## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

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

	2023		2022	
The Manager:	No. of units	USD	No. of units	USD
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (The units are held legally for booking purposes)				
- AUD Hedged-class	3,121	616	2,327	606
- MYR class	3,187	240	3,368	301
- MYR Hedged-class	3,119	206	2,153	177
- SGD Hedged-class	10,133	2,256	10,693	2,767
- USD class	3,933	1,231	3,125	1,1
	3,933	1,231	3,125	1,1

#### 15 TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER	1.89	1.88

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
G	=	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 USD37,928,124 (2022: USD63,457,903).



## AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
PTR (times)	0.28	0.15

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 = USD4,237,426 (2022: USD9,080,000)  
total disposal for the financial year = USD16,723,154 (2022: USD10,456,014)

#### 17 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 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 - CHINA ALLOCATION OPPORTUNITY 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 42 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 30 April 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 30 April 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 June 2023

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the financial statements of Affin Hwang World Series – China Allocation Opportunity Fund give a true and fair view of the financial position of the Fund as at 30 April 2023 and of its financial performance and its cash flows for the financial year ended 30 April 2023 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 30 April 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 ended 30 April 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 42.

### Basis for opinion

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

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

### Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional 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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES - CHINA ALLOCATION OPPORTUNITY FUND  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (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 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.

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 June 2023

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

AHAM Asset Management Berhad  
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