

# Affin Hwang World Series - America Equity Fund

Annual Report  
30 September 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
Deutsche Trustees Malaysia Berhad (763950-H)

# AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

**Annual Reports and Audited Financial Statements  
For The Financial Period From 19 May 2021 (Date of Launch) To 30 September 2021**

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## FUND INFORMATION

Fund Name	Affin Hwang World Series – America Equity Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over long term period
Benchmark	S&P 500 Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate.

### BREAKDOWN OF UNITHOLDERS BY MYR HEDGED SIZE AS AT 30 SEPTEMBER 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	19	184
10,001 to 50,000	37	949
50,001 to 500,000	27	5,180
500,001 and above	3	91,085
<b>Total</b>	<b>86</b>	<b>97,398</b>

\* Note: Excluding Manager's stock

### BREAKDOWN OF UNITHOLDERS BY USD SIZE AS AT 30 SEPTEMBER 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	2	52
50,001 to 500,000	2	167
500,001 and above	2	11,424
<b>Total</b>	<b>6</b>	<b>11,643</b>

\* Note: Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY SGD HEDGED SIZE AS AT 30 SEPTEMBER 2021**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	1	20
50,001 to 500,000	0	0
500,001 and above	1	2,911
<b>Total</b>	<b>2</b>	<b>2,931</b>

*\* Note: Excluding Manager's stock*

**BREAKDOWN OF UNITHOLDERS BY AUD HEDGED SIZE AS AT 30 SEPTEMBER 2021**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	0	0
50,001 to 500,000	0	0
500,001 and above	1	3,280
<b>Total</b>	<b>1</b>	<b>3,280</b>

*\* Note: Excluding Manager's stock*

## FUND PERFORMANCE DATA

Category	As at 30 Sep 2021 (%)
Portfolio composition	
Collective investment scheme	97.55
Cash & cash equivalent	2.45
<b>Total</b>	<b>100.00</b>

Currency class	USD Class	MYRH Class	SGDH Class	AUDH Class
Total NAV (million)	5.827	49.212	1.482	1.662
NAV per Unit (in respective currencies)	0.5000	0.5052	0.5038	0.5050
Unit in Circulation (million)	11.654	97.410	2.941	3.291
Highest NAV	0.5175	0.5222	0.5215	0.5237
Lowest NAV	0.4912	0.4951	0.4947	0.4983
Return of the Fund (%) <sup>iii</sup>	0.00	1.04	0.76	1.00
- Capital Growth (%) <sup>i</sup>	0.00	1.04	0.76	1.00
- Income Distribution (%) <sup>ii</sup>	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil
Management Expense Ratio (%)		0.72		
Portfolio Turnover Ratio (times)		0.79		

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

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

An illustration of the above would be as follow:-

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

## MANAGER'S REPORT

### Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 30 September 2021.

### Performance Review

#### USD Class

For the period 25 June 2021 to 30 September 2021, the Fund registered a 0.00% return compared to the benchmark return of 0.96%. The Fund thus underperformed the Benchmark by 0.96%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2021 was USD0.5000 while the initial NAV was USD0.5000. The Fund will strive to achieve its investment objective.

Table 1: Performance of the Fund

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>0.00%</b>
<b>Benchmark</b>	<b>0.96%</b>
<b>Outperformance</b>	<b>(0.96%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>0.00%</b>
<b>Benchmark</b>	<b>0.96%</b>
<b>Outperformance</b>	<b>(0.96%)</b>

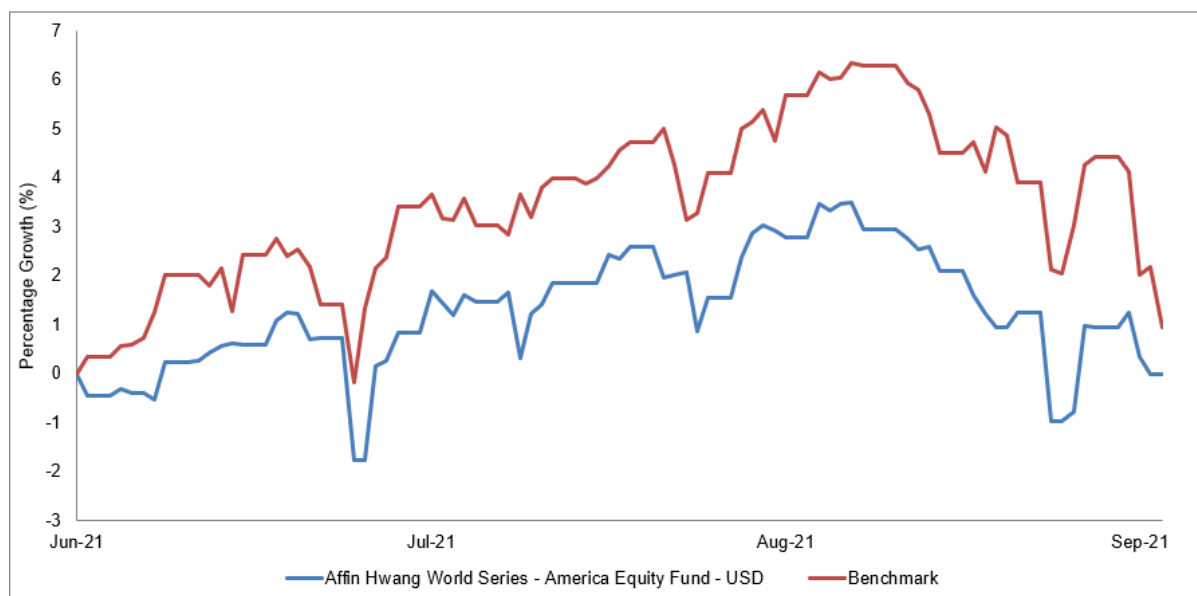
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021 (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>0.00%</b>
<b>Benchmark</b>	<b>0.96%</b>
<b>Outperformance</b>	<b>(0.96%)</b>

Source of Benchmark: Bloomberg

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



### **AUD Hedged-Class**

For the period 25 June 2021 to 30 September 2021, the Fund registered a 1.00% return compared to the benchmark return of 6.11%. The Fund thus underperformed the Benchmark by 5.11%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2021 was AUD0.5050 while the initial NAV was AUD0.5000. The Fund has met its investment objective.

Table 1: Performance of the Fund

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>1.00%</b>
<b>Benchmark</b>	<b>6.11%</b>
<b>Outperformance</b>	<b>(5.11%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>1.00%</b>
<b>Benchmark</b>	<b>6.11%</b>
<b>Outperformance</b>	<b>(5.11%)</b>

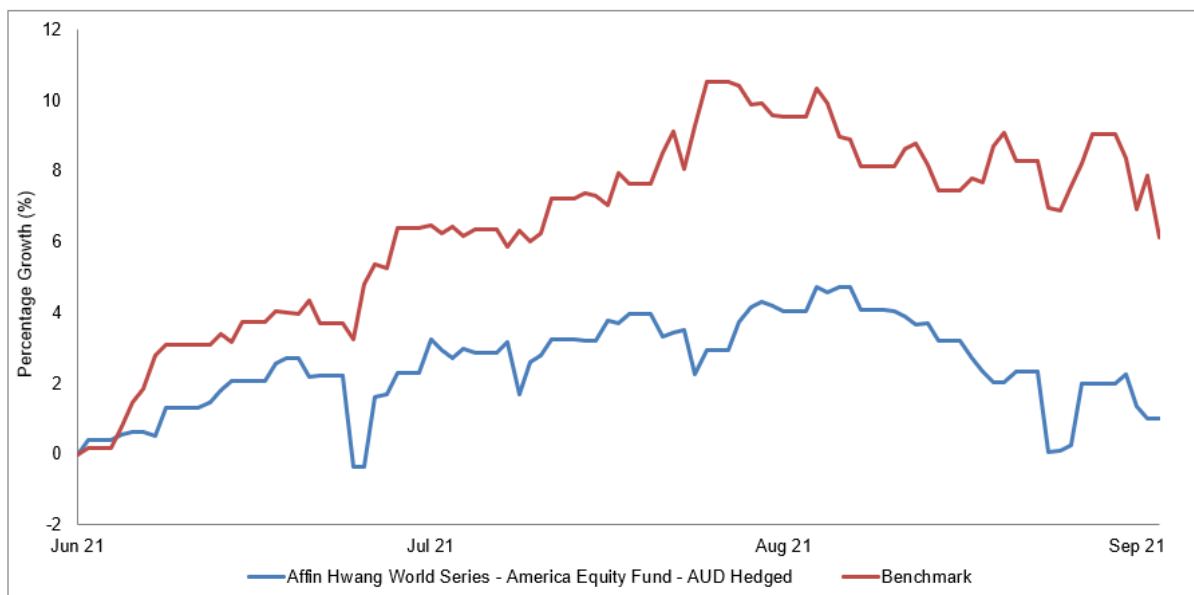
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021 (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>1.00%</b>
<b>Benchmark</b>	<b>6.11%</b>
<b>Outperformance</b>	<b>(5.11%)</b>

Source of Benchmark: Bloomberg

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



### **MYR Hedged-Class**

For the period 25 June 2021 to 30 September 2021, the Fund registered a 1.04% return compared to the benchmark return of 1.65%. The Fund thus underperformed the Benchmark by 0.61%. The Net Asset Value per unit (“NAV”) of the Fund as at 30 September 2021 was MYR0.5052 while the initial NAV was MYR0.5000. The Fund has met its investment objective.

Table 1: Performance of the Fund

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>1.04%</b>
<b>Benchmark</b>	<b>1.65%</b>
<b>Outperformance</b>	<b>(0.61%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>1.04%</b>
<b>Benchmark</b>	<b>1.65%</b>
<b>Outperformance</b>	<b>(0.61%)</b>

Source of Benchmark: Bloomberg

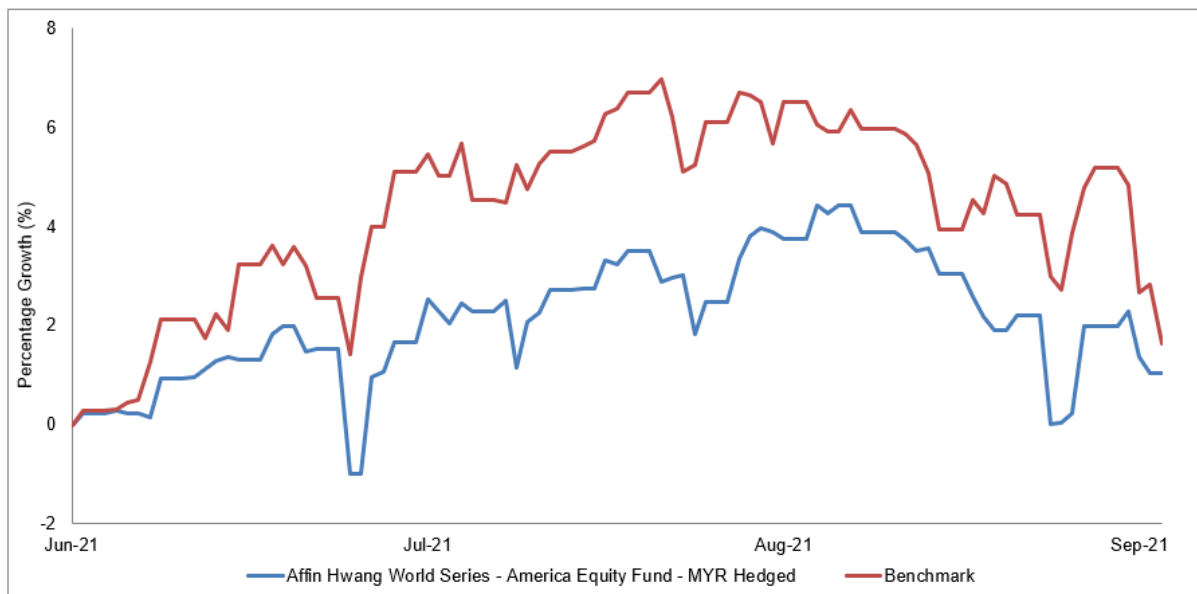
Table 3: Annual Total Return

	<b>FYE 2021 (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>1.04%</b>
<b>Benchmark</b>	<b>1.65%</b>
<b>Outperformance</b>	<b>(0.61%)</b>

Source of Benchmark: Bloomberg



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



### **SGD Hedged-Class**

For the period 25 June 2021 to 30 September 2021, the Fund registered a 0.76% return compared to the benchmark return of 2.14%. The Fund thus underperformed the Benchmark by 1.38%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2021 was SGD0.5038 while the initial NAV was SGD0.5000. The Fund has met its investment objective.

Table 1: Performance of the Fund

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>0.76%</b>
<b>Benchmark</b>	<b>2.14%</b>
<b>Outperformance</b>	<b>(1.38%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>0.76%</b>
<b>Benchmark</b>	<b>2.14%</b>
<b>Outperformance</b>	<b>(1.38%)</b>

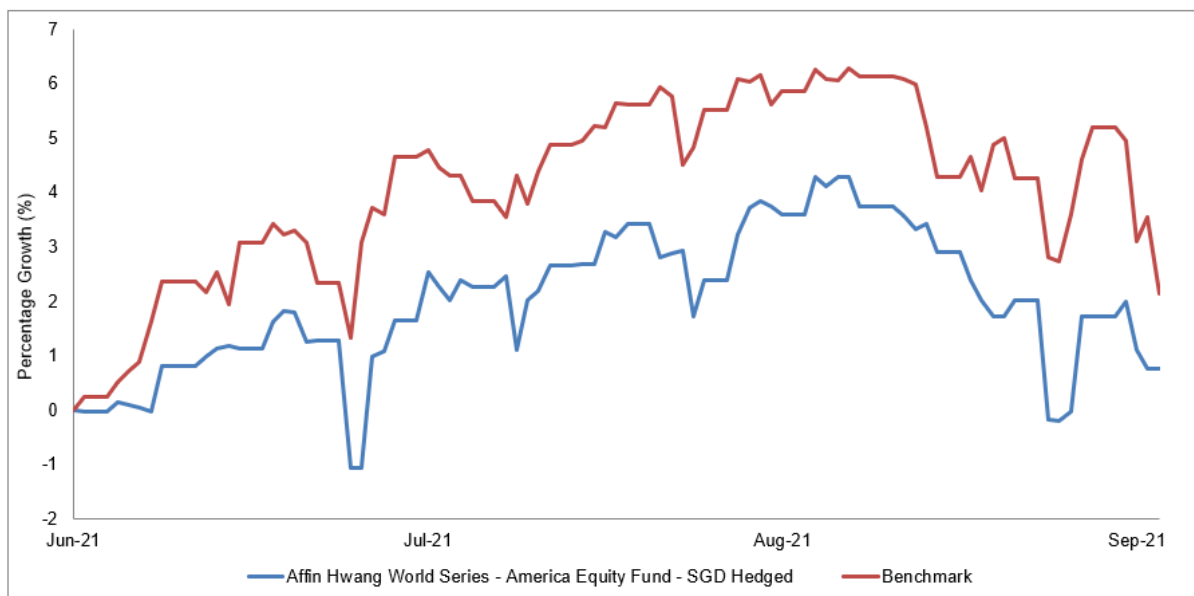
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021 (25/6/21 - 30/9/21)</b>
<b>Fund</b>	<b>0.76%</b>
<b>Benchmark</b>	<b>2.14%</b>
<b>Outperformance</b>	<b>(1.38%)</b>

Source of Benchmark: Bloomberg

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



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

Benchmark: S&P 500 Index

**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 September 2021, the asset allocation of the Fund stood at 97.55% in collective investment scheme while the balance was held in cash and cash equivalent.

### **Strategy Employed**

While the Fund's strategy remains invested in owning high quality businesses; the Fund currently has a tilt towards value stocks and the financials and materials sectors are our largest overweight exposures. The portfolio is well positioned to capture alpha.

### **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue

to unsettle markets. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed's dovish testimony. The S&P 500 and Nasdaq index rose, buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress. US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank's view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker in June as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The Group of Seven ("G7") nations and North Atlantic Treaty Organisation ("NATO") held its annual summit with political leaders from US and Europe vowing to toughen its stance on China.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

Asia was dragged by the weakness in the Chinese market in July. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions.

In Asia, the MSCI Asia ex-Japan index reversed course by climbing slightly higher. Regulatory noise still dominated headlines in China amidst calls for more oversight in the electric vehicle (EV) industry. The Fed is currently adopting a wait-and-see approach to the Delta variants impact and its implication on job data, highlighting that inflation is transitory and it was more harmful to react amidst the temporary surge in inflation.

The local equity market's performance was muted relative to regional peers. In the February result season, the tech sector was largely reporting earnings that beat expectations on the back of robust demand. Meanwhile, Finance Minister clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government was mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Fiscal deficit is expected to breach above the government's target of 6.0%. With the unveiled PEMULIH stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The next Parliament sitting is slated in September which Datuk Seri Ismail Sabri will face a test of majority support through a vote of confidence. With political stability expected until the next General Election (GE) due by 2023, the local market could see further

support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

During its quarterly GDP briefing, BNM said that Malaysia's GDP grew 16.1% y-o-y in the 2Q'21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

Prime Minister Datuk Seri Ismail Sabri Yaakob unveiled his cabinet line-up with familiar faces at the helm. Foreigners turned net buyers in the last week of August with net inflows rising to the tune of RM960 million which is the strongest weekly inflow since 2019.

On a separate note, Bank Negara Malaysia is slated to hold its next Monetary Policy Committee meeting on 9 September 2021. Despite recently revising its 2021 GDP forecast to a lowered range of 3.0-4.0%, we expect the central bank to keep rates unchanged at 1.75% amid several supportive drivers including: (i) healthy vaccination rollouts, (ii) robust external demand, and (iii) gradual reopening of sectors and economies.

### **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise in Asia ex-Japan. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery continues to progress as international borders slowly start to reopen. On COVID-19 developments, over 90% of Malaysia's adult population has been vaccinated. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

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

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

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

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

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

During the financial period under review, the management company had received on behalf of the Fund, soft commissions in the form of research materials, data and quotation services, investment-related publications, market data feed and industry benchmarking agencies which are of demonstrable benefit to Unitholders of the Fund.

**Cross Trade**

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

## **TRUSTEE’S REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

We have acted as Trustee of Affin Hwang World Series – America Equity Fund (“the Fund”) for the financial period from 19 May 2021 (Date of Launch) to 30 September 2021. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has managed the Fund in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission’s Guidelines on Unlisted Capital Market Product under the Lodge and Launch Framework and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by **Affin Hwang Asset Management Berhad** to value and/or price the units of the Fund are adequate and that such valuation/pricing is carried out in accordance with the Deed of the Fund and other regulatory requirements; and
- (b) the creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

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

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

Kuala Lumpur  
15 November 2021

**AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 19 MAY 2021  
(DATE OF LAUNCH) TO 30 SEPTEMBER 2021**

# **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 19 MAY 2021  
(DATE OF LAUNCH) TO 30 SEPTEMBER 2021**

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## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021

	<u>Note</u>	Financial period from 19.5.2021 (date of launch) to <u>30.9.2021</u> USD
<b>INVESTMENT LOSS</b>		
Interest income from financial assets at amortised cost		1,435
Net loss on foreign currency exchange		(36,976)
Net loss on forward foreign currency contracts at fair value through profit or loss		(28,038)
Net gain on financial assets at fair value through profit or loss	8	41,655
		<hr/> <u>(21,924)</u>
<b>EXPENSES</b>		
Management fee	4	(81,274)
Trustee fee	5	(2,712)
Fund accounting fee	6	(555)
Auditors' remuneration		(1,908)
Tax agent's fee		(835)
Other expenses		(1,716)
		<hr/> <u>(89,000)</u>
<b>NET LOSS BEFORE TAXATION</b>		(110,924)
Taxation	7	-
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<hr/> <u>(110,924)</u>

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

	<u>Note</u>	Financial period from 19.5.2021 (date of launch) to <u>30.9.2021</u> USD
Decrease in net asset attributable to unitholders is made up of the following:		
Realised amount		(121,082)
Unrealised amount		10,158
		<hr style="border-top: 1px solid black;"/>
		<u>(110,924)</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 – AMERICA EQUITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	<u>Note</u>	As at <u>30.9.2021</u> USD
<b>ASSETS</b>		
Cash and cash equivalents		501,359
Amount due from Manager		
- creation of units		109,188
- management fee rebate receivable		23,402
Financial assets at fair value through profit or loss	8	19,383,495
Forward foreign currency contracts at fair value through profit or loss	9	64,070
<b>TOTAL ASSETS</b>		<u>20,081,514</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	9	27,949
Amount due to broker		150,000
Amount due to Manager		
- management fee		29,046
Amount due to Trustee		968
Auditors' remuneration		1,911
Tax agent's fee		836
Other payables and accruals		478
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>211,188</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>19,870,326</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>19,870,326</u>

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 (CONTINUED)

	<u>Note</u>	As at <u>30.9.2021</u> USD
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- AUD Hedged-class		1,196,877
- MYR Hedged-class		11,757,684
- SGD Hedged-class		1,088,896
- USD Class		5,826,869
		<u>19,870,326</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- AUD Hedged-class	10 (a)	3,291,000
- MYR Hedged-class	10 (b)	97,410,000
- SGD Hedged-class	10 (c)	2,941,000
- USD Class	10 (d)	11,654,000
		<u>115,296,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>		
- AUD Hedged-class		0.3637
- MYR Hedged-class		0.1207
- SGD Hedged-class		0.3702
- USD Class		<u>0.5000</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- AUD Hedged-class		AUD 0.5050
- MYR Hedged-class		RM0.5052
- SGD Hedged-class		SGD 0.5038
- USD Class		<u>USD 0.5000</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 – AMERICA EQUITY FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021

	Financial period from 19.5.2021 (date of launch) to <u>30.9.2021</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH</b>	-
Movement due to units created and cancelled during the financial period:	
Creation of units arising from applications	20,354,655
- AUD Hedged-class	1,270,590
- MYR Hedged-class	11,891,656
- SGD Hedged-class	1,134,561
- USD Class	6,057,848
Cancellation of units	(373,405)
- AUD Hedged-class	(18,059)
- MYR Hedged-class	(101,980)
- SGD Hedged-class	(32,988)
- USD Class	(220,378)
Net decrease in net assets attributable to unitholders during the financial period	(110,924)
- AUD Hedged-class	(55,654)
- MYR Hedged-class	(31,992)
- SGD Hedged-class	(12,677)
- USD Class	(10,601)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>19,870,326</u></u>

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

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021

	Financial period from 19.5.2021 (date of launch) to 30.9.2021 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from sale of investments	101,200
Purchase of investments	(19,355,000)
Interest received	1,435
Management fee rebate received	38,558
Management fee paid	(52,228)
Trustee fee paid	(1,744)
Fund accounting fee paid	(555)
Payments for other fees and expenses	(1,234)
Realised loss on forward foreign currency contracts	(64,159)
Net realised loss on foreign currency exchange	(34,747)
	<hr/>
Net cash flows used in operating activities	(19,368,474)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from creation of units	20,245,467
Payments for cancellation of units	(373,405)
	<hr/>
Net cash flows generated from financing activities	19,872,062
	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	503,588
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	(2,229)
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>	<hr/>
	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<hr/> <hr/>
	501,359

Cash and cash equivalents as at 30 September 2021 comprise of bank balances.

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

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021**

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

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

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

The preparation of financial statements in conformity with MFRS 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

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

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)**

#### **B INCOME RECOGNITION**

##### Interest income

Interest income from short term deposit with licensed financial institutions is 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 the investments, determined on a weighted average cost basis.

#### **C TAXATION**

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

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

#### **D FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **E FOREIGN CURRENCY TRANSLATION**

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



## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)**

#### **F FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

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

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

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

The contractual cash flows of the Fund's debt securities are solely 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 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 broker, amount due to Manager, amount due to Trustee, 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.

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

(ii) Recognition and measurement (continued)

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of foreign 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 CIS are valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)**

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

(iii) Impairment (continued)

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

Qualitative criteria:

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

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

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

##### Write-off

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

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

#### **G CASH AND CASH EQUIVALENTS**

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

#### **H AMOUNT DUE FROM/(TO) BROKER**

Amounts due from and to broker 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 broker balance is held for collection. Refer to Note F for accounting policy on recognition and measurement.

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

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

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)**

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

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

The Fund issues cancellable units, in four classes of units, known respectively as the AUD Hedged-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 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 unitholders of respective classes with the total number of outstanding units of respective classes.

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

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

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 negative fair value are presented in liabilities at fair value through profit or loss.

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

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

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

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

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)**

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

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

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

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

#### Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement 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 cash is denominated in USD for the purpose of making settlement of the foreign trades.
- iii) Significant portion of the Fund's expenses are denominated in USD.

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

The analysis of realised and unrealised 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 – AMERICA EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021**

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

The Wholesale Fund was constituted under the name Affin Hwang World Series – America Equity Fund (the “Fund”) pursuant to the execution of a Deed dated 30 April 2021 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 28 June 2021 and will continue its operations until terminated by the Trustee as provided under Clause 11.3 of the Deed.

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

- (a) Collective investment schemes;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives; and
- (e) Any other form of investments permitted by the SC that is in line with the investment objective and asset allocation of the Fund.

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

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

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

The financial statements were authorised for issue by the Manager on 15 November 2021.

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (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>As at 30.9.2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		501,359	-	501,359
Amount due from Manager				
- creation of units		109,188	-	109,188
- management fee rebate receivable		23,402	-	23,402
Collective investment scheme	8	-	19,383,495	19,383,495
Forward foreign currency contracts	9	-	64,070	64,070
Total		<u>633,949</u>	<u>19,447,565</u>	<u>20,081,514</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	27,949	27,949
Amount due to broker		150,000	-	150,000
Amount due to Manager				
- management fee		29,046	-	29,046
Amount due to Trustee		968	-	968
Auditors' remuneration		1,911	-	1,911
Tax agent's fee		836	-	836
Other payables and accruals		478	-	478
Total		<u>183,239</u>	<u>27,949</u>	<u>211,188</u>

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

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

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (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:

	As at <u>30.9.2021</u> USD
<b>Quoted investment</b>	
Collective investment scheme	19,383,495
	<u><u>                    </u></u>

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% 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	Impact on profit after <u>tax/NAV</u> USD
<u>As at 30.9.2021</u>		
-10%	17,445,145	(1,938,350)
0%	19,383,495	-
+10%	21,321,845	1,938,350
	<u><u>                    </u></u>	<u><u>                    </u></u>

##### (b) Interest rate risk

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

As at 30 September 2021, the Fund is not exposed to any interest rate risk.



## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movements 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 the 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>Forward foreign currency contracts</u> USD	<u>Cash and cash equivalents</u> USD	<u>Amount due from Manager</u> USD	<u>Total</u> USD
<u>As at 30.9.2021</u>				
<u>Financial assets</u>				
Australian Dollar	-	842	3,673	4,515
Malaysian Ringgit	64,070	319	25,902	90,291
Singapore Dollar	-	1,047	-	1,047
	<u>64,070</u>	<u>2,208</u>	<u>29,575</u>	<u>95,853</u>
	<u>Forward foreign currency contracts</u> USD	<u>Other liabilities*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Australian Dollar	18,246	-	1,196,877	1,215,123
Malaysian Ringgit	2,254	3,225	11,757,684	11,763,163
Singapore Dollar	7,449	-	1,088,896	1,096,345
	<u>27,949</u>	<u>3,225</u>	<u>14,043,457</u>	<u>14,074,631</u>

\* Other liabilities consist of auditors' remuneration, tax agent's fee and other payables.

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (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 profit 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 remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/ NAV USD
<u>As at 30.9.2021</u>		
Australian Dollar	+/- 4.84	-/+ 58,593
Malaysian Ringgit	+/- 2.06	-/+ 240,461
Singapore Dollar	+/- 2.21	-/+ 24,206

##### 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 of cash.

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

##### Liquidity risk (continued)

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

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

	<u>Within one month USD</u>	<u>Between one month to one year USD</u>	<u>Total USD</u>
<u>As at 30.9.2021</u>			
Forward foreign currency contracts at fair value through profit or loss	1,209	26,740	27,949
Amount due to broker	150,000	-	150,000
Amount due to Manager			
- management fee	29,046	-	29,046
Amount due to Trustee	968	-	968
Auditors' remuneration	-	1,911	1,911
Tax agent's fee	-	836	836
Other payables and accruals	-	478	478
Net assets attributable to unitholders*	19,870,326	-	19,870,326
	<u>20,051,549</u>	<u>29,965</u>	<u>20,081,514</u>

\* Outstanding 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.

##### 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.

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

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

##### Credit risk (continued)

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

	Forward foreign currency contracts USD	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
<u>As at 30.9.2021</u>				
Financial services				
- AAA	8,905	501,359	-	510,264
- AA2	23,335	-	-	23,335
- AA3	20,305	-	-	20,305
- NR	11,525	-	-	11,525
Others				
- NR	-	-	132,590	132,590
	<u>64,070</u>	<u>501,359</u>	<u>132,590</u>	<u>698,019</u>

##### 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.

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

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.

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

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>As at 30.9.2021</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	19,383,495	-	-	19,383,495
- forward foreign currency contracts	-	64,070	-	64,070
	<u>19,383,495</u>	<u>64,070</u>	<u>-</u>	<u>19,447,565</u>

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>As at 30.9.2021</u> (continued)				
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	27,949	-	27,949

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Fund does not adjust the quoted 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 include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

#### 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 period from 19 May 2021 (date of launch) to 30 September 2021, the management fee is recognised at a rate of 1.80% per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Information Memorandum.

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

#### 5 TRUSTEE FEE

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

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

#### 5 TRUSTEE FEE (CONTINUED)

For the financial period from 19 May 2021 (date of launch) to 30 September 2021, the Trustee's fee is recognised at a rate of 0.06% per annum on the NAV of the Fund (excluding foreign custodian fees and charges), calculated on a daily basis as stated in the Fund's Information Memorandum.

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

#### 6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM2,333 (equivalent to: USD555) for the financial period.

#### 7 TAXATION

	Financial period from 19.5.2021 (date of launch) to <u>30.9.2021</u> USD
Current taxation	-

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

	Financial period from 19.5.2021 (date of launch) to <u>30.9.2021</u> USD
Net loss before taxation	(110,924)
Tax at Malaysian statutory rate of 24%	(26,622)
Tax effects of:	
Investment loss not deductible for tax purposes	5,262
Expenses not deductible for tax purposes	1,282
Restriction on tax deductible expenses for Wholesale Funds	20,078
Tax expense	-

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

	As at <u>30.9.2021</u> USD
Financial assets at fair value through profit or loss:	
- collective investment scheme	<u>19,383,495</u>
	Financial period from 19.5.2021 (date of launch) to <u>30.9.2021</u> USD
Net gain on financial assets at fair value through profit or loss:	
- realised gain on sale of investments	3,429
- unrealised loss on changes in fair value	(23,734)
- management fee rebate on collective investment scheme #	61,960
	<u>41,655</u>

# In arriving at the fair value of the Fund's investment in collective investment scheme, the management fee initially paid to the Manager of collective investment scheme have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines, management fee charged on the Fund's investments in collective investment scheme have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme.



## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

(a) Collective investment scheme

(i) Collective investment scheme as at 30 September 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
JPMorgan Funds - America Equity Fund	456,190	19,407,229	19,383,495	97.55
Total collective investment scheme	<u>456,190</u>	<u>19,407,229</u>	<u>19,383,495</u>	<u>97.55</u>
Accumulated unrealised loss on collective investment scheme		<u>(23,734)</u>		
Total collective investment scheme		<u>19,383,495</u>		

#### 9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 39 forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD52,500,000. The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the Hedged-classes denominated in Australian Dollar, Malaysian Ringgit and Singapore Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

#### 10 NUMBER OF UNITS IN CIRCULATION

(a) AUD Hedged-class units in circulation

	<u>As at 30.9.2021 No. of units</u>
At the date of launch	-
Creation of units arising from applications	3,338,000
Cancellation of units	<u>(47,000)</u>
At the end of the financial period	<u>3,291,000</u>

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

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

(b)	MYR Hedged-class units in circulation	As at <u>30.9.2021</u> No. of units
	At the date of launch	-
	Creation of units arising from applications	98,234,000
	Cancellation of units	<u>(824,000)</u>
	At the end of the financial period	<u>97,410,000</u>
(c)	SGD Hedged-class units in circulation	As at <u>30.9.2021</u> No. of units
	At the date of launch	-
	Creation of units arising from applications	3,028,000
	Cancellation of units	<u>(87,000)</u>
	At the end of the financial period	<u>2,941,000</u>
(d)	USD Class units in circulation	As at <u>30.9.2021</u> No. of units
	At the date of launch	-
	Creation of units arising from applications	12,084,000
	Cancellation of units	<u>(430,000)</u>
	At the end of the financial period	<u>11,654,000</u>

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKER

- (i) Details of transactions with the broker for the financial period from 19 May 2021 (date of launch) to 30 September 2021 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	<u>Percentage</u> <u>of total trade</u> %
JP Morgan Asset Management (SG) Ltd	19,606,200	100.00

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

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

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

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

	<u>As at 30.9.2021</u>	
<u>The Manager:</u>	<u>No. of units</u>	<u>USD</u>
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)		
- AUD Hedged-class	10,586	3,850
- MYR Hedged-class	10,973	1,324
- SGD Hedged-class	10,305	3,815
- USD Class	10,859	5,430

## AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)

#### 13 MANAGEMENT EXPENSE RATIO (“MER”)

Financial  
period from  
19.5.2021  
(date of  
launch) to  
30.9.2021  
%

MER 0.72

MER is derived from the following calculation:

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

- 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 the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is USD12,343,981.

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

Financial  
period from  
19.5.2021  
(date of  
launch) to  
30.9.2021

PTR (times) 0.79

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = USD19,505,000  
total disposal for the financial period = USD101,200

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 19 MAY 2021 (DATE OF LAUNCH) TO 30 SEPTEMBER 2021 (CONTINUED)**

#### **15 COMPARATIVES**

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

#### **16 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

## **AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 29 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 September 2021 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period from 19 May 2021 (date of launch) to 30 September 2021 in accordance with the Malaysia Financial Reporting Standards, International Financial Reporting Standards.

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

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

Kuala Lumpur  
15 November 2021

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

in our opinion, the financial statements of Affin Hwang World Series – America Equity Fund (“the fund”) give a true and fair view of the financial position of the fund as at 30 September 2021, and of its financial performance and its cash flows for the financial period from 19 May 2021 (date of launch) to 30 September 2021 in accordance with Malaysian Financial Reporting Standards, 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 September 2021, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial period from 19 May 2021 (date of launch) to 30 September 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 29.

#### 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 – AMERICA EQUITY 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, 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.

Auditors' responsibilities for the audit of the financial statements

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



INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG WORLD SERIES – AMERICA EQUITY FUND (CONTINUED)**

**OTHER MATTERS**

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

**PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants**

**Kuala Lumpur  
15 November 2021**

## **DIRECTORY OF SALES OFFICE**

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