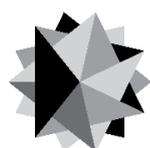


Affin Hwang World Series - Global Disruptive Innovation Fund

Quarterly Report
31 July 2022

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

Quarterly Report and Financial Statements As at 31 July 2022

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QUARTERLY REPORT

FUND INFORMATION

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

FUND PERFORMANCE DATA

USD Class

| Category | As at 31 Jul 2022 | As at 30 Apr 2022 |
|-------------------------------|----------------------|----------------------|
| Total NAV (USD'million) | 13.046 | 15.411 |
| NAV per Unit (USD) | 0.2231 | 0.2397 |
| Unit in Circulation (million) | 58.475 | 64.299 |

MYR Hedged-class

| Category | As at 31 Jul 2022 | As at 30 Apr 2022 |
|-------------------------------|----------------------|----------------------|
| Total NAV (RM'million) | 579.609 | 632.634 |
| NAV per Unit (RM) | 0.2241 | 0.2411 |
| Unit in Circulation (million) | 2586.086 | 2623.553 |

SGD Hedged-class

| Category | As at 31 Jul 2022 | As at 30 Apr 2022 |
|-------------------------------|----------------------|----------------------|
| Total NAV (SGD'million) | 4.903 | 5.196 |
| NAV per Unit (SGD) | 0.2184 | 0.2363 |
| Unit in Circulation (million) | 22.445 | 21.985 |

AUD Hedged-class

| Category | As at 31 Jul 2022 | As at 30 Apr 2022 |
|-------------------------------|----------------------|----------------------|
| Total NAV (AUD'million) | 3.732 | 4.517 |
| NAV per Unit (AUD) | 0.2113 | 0.2342 |
| Unit in Circulation (million) | 17.661 | 19.290 |

Fund Performance

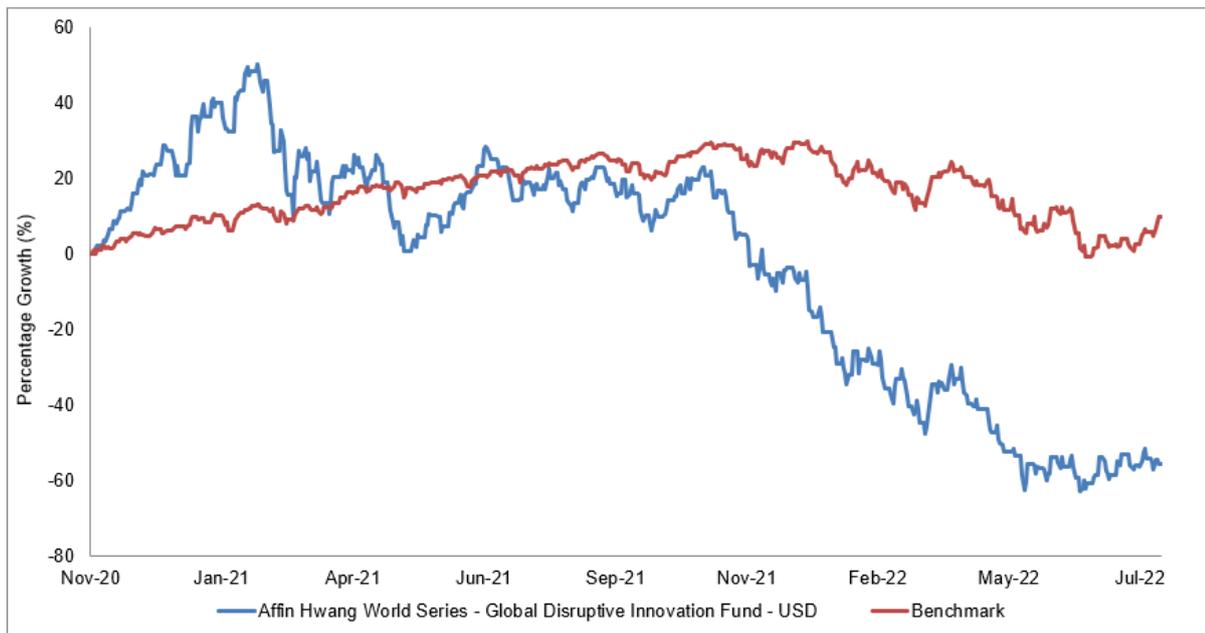
USD Class

Table 1: Performance as at 31 July 2022

| | 3 Months (1/5/22 - 31/7/22) | 6 Months (1/2/22 - 31/7/22) | 1 Year (1/8/21 - 31/7/22) | Since Commencement (10/11/20 - 31/7/22) |
|-----------------------|---------------------------------------|---------------------------------------|-------------------------------------|---|
| Fund | (6.93%) | (39.96%) | (61.88%) | (55.38%) |
| Benchmark | (1.76%) | (10.22%) | (10.52%) | 9.76% |
| Outperformance | (5.17%) | (29.74%) | (51.36%) | (65.14%) |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



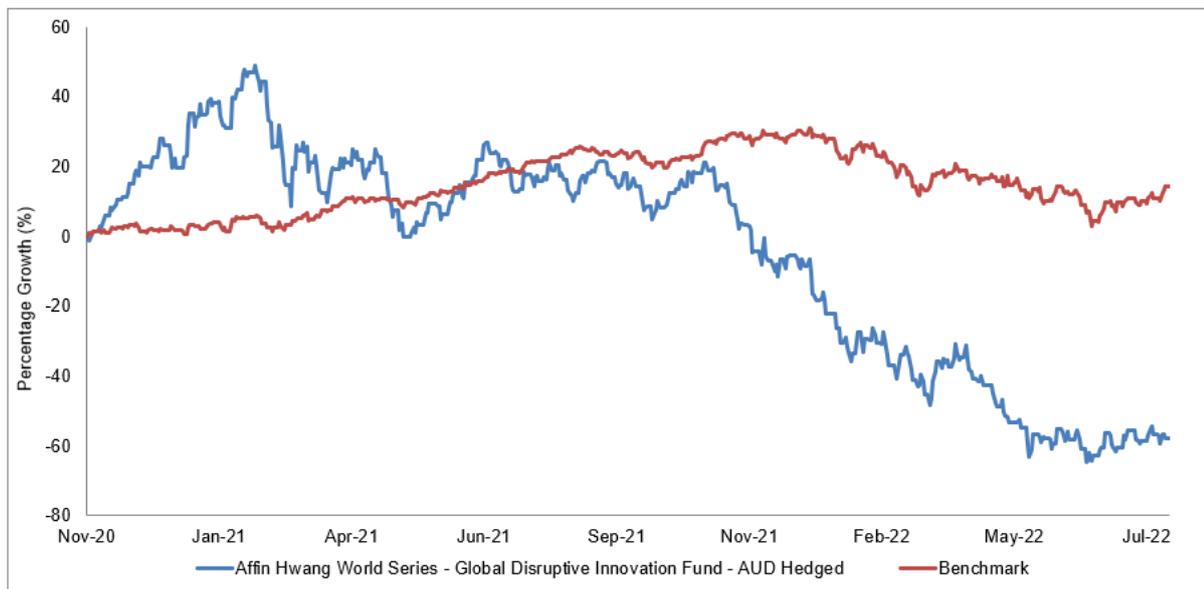
AUD Hedged Class

Table 1: Performance as at 31 July 2022

| | 3 Months (1/5/22 - 31/7/22) | 6 Months (1/2/22 - 31/7/22) | 1 Year (1/8/21 - 31/7/22) | Since Commencement (10/11/20 - 31/7/22) |
|-----------------------|--|--|--|--|
| Fund | (9.78%) | (41.90%) | (63.56%) | (57.74%) |
| Benchmark | (0.27%) | (9.14%) | (5.83%) | 14.62% |
| Outperformance | (9.51%) | (32.76%) | (57.73%) | (72.36%) |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



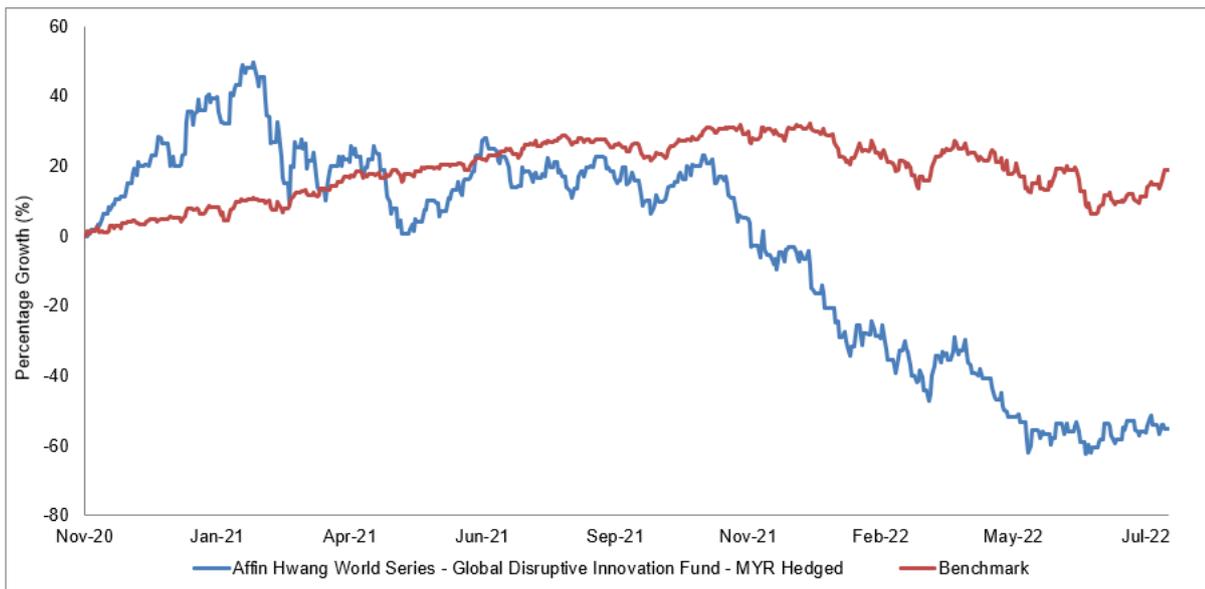
MYR Hedged Class

Table 1: Performance as at 31 July 2022

| | 3 Months (1/5/22 - 31/7/22) | 6 Months (1/2/22 - 31/7/22) | 1 Year (1/8/21 - 31/7/22) | Since Commencement (10/11/20 - 31/7/22) |
|-----------------------|--|--|--|--|
| Fund | (7.05%) | (39.92%) | (61.65%) | (55.18%) |
| Benchmark | 0.90% | (4.45%) | (5.64%) | 18.90% |
| Outperformance | (7.95%) | (35.47%) | (56.01%) | (74.08%) |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



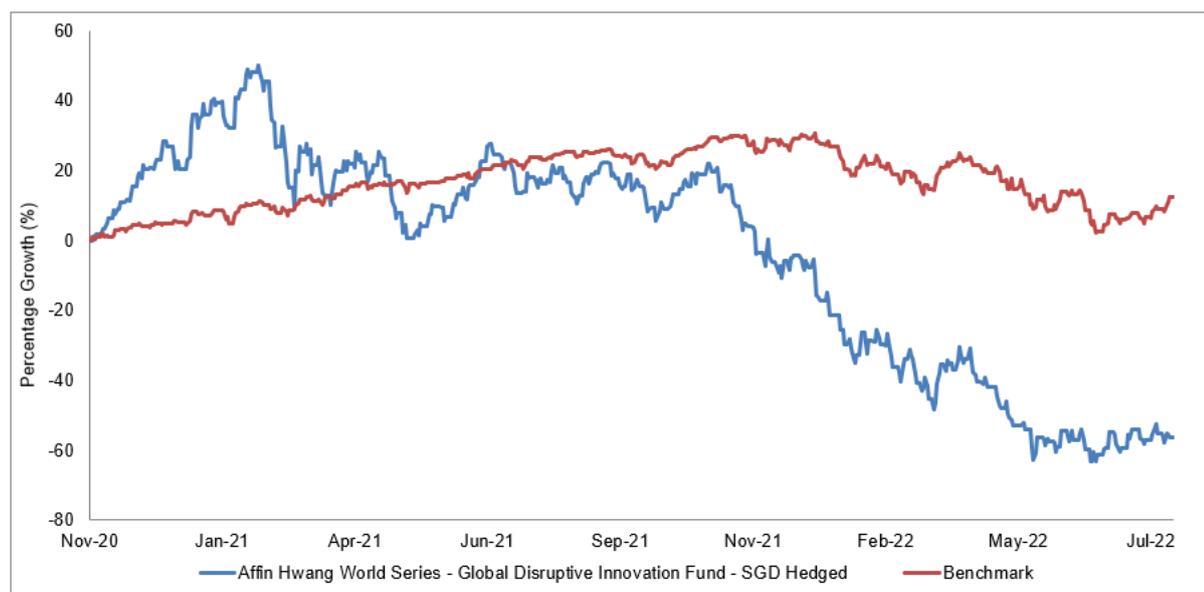
SGD Hedged Class

Table 1: Performance as at 31 July 2022

| | 3 Months (1/5/22 - 31/7/22) | 6 Months (1/2/22 - 31/7/22) | 1 Year (1/8/21 - 31/7/22) | Since Commencement (10/11/20 - 31/7/22) |
|-----------------------|--|--|--|--|
| Fund | (7.58%) | (40.67%) | (62.49%) | (56.32%) |
| Benchmark | (1.75%) | (8.18%) | (8.67%) | 12.63% |
| Outperformance | (5.83%) | (32.49%) | (53.82%) | (68.95%) |

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark



“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: MSCI World 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

Fund’s asset mix during the period under review:

| | 31 July 2022 |
|---------------------|---------------------|
| | (%) |
| Unit Trust | 98.21 |
| Derivative | -3.30 |
| Cash & money market | 5.09 |
| Total | 100.00 |

Strategies Employed & Market Review

The largest contributors to performance included Tesla, CRISPR, Intellia Therapeutics, Block, and Coinbase. Shares of Tesla rose in early July after it was announced that the company sold 78,000 of its Chinese-produced vehicles in June - a 142% leap from May and a 135% jump from 2021. Shares rallied in the following weeks, likely benefiting from stronger than expected profits. On the earnings call, founder and CEO Elon Musk said that the company aims to produce 40,000 vehicles a week by the end of this year.

Shares of CRISPR and Intellia Therapeutics traded up alongside what ARK believes was a meaningful market rotation into growth stocks led by the biotechnology (biotech) segment. Biotech stocks generally are considered "high growth" and tend to perform better in a subdued interest rate environment. ARK also believes we may be seeing the beginning of a new trend of mergers and acquisitions (M&A) consolidation in the biotech sector that contributes to investor confidence amid continued COVID-19 opportunities. Shares of Block and the broader fintech industry traded up with the market rotation into growth stocks. Closely tied to the crypto market ecosystem, shares of Coinbase rallied in tandem with major cryptocurrencies, offsetting the selloff that followed reports of the US Securities and Exchange Commission (SEC) investigating a former Coinbase employee for insider trading. As part of the investigation, several digital assets listed by the company were deemed securities by the SEC. While bitcoin currently is the only cryptoasset that the SEC and Commodity Futures Trading Commission (CFTC) agree is a non-security, Coinbase maintains that it lists no securities as tokens on its platform and has submitted to the SEC a petition seeking greater regulatory clarity on the designation of digital assets.

The top detractors include Roku, Zoom Video Communications (Zoom), Invitae, 10X Genomics, and 2U. Shares of Roku fell after the company missed both revenue and earnings estimates in its second quarter report. Management withdrew full-year revenue guidance, citing a slowdown in the growth of advertising budgets and a pullback in consumer discretionary spending, and lowered guidance for third quarter revenue growth to 3% on a year-over-year basis. Despite the disappointing quarter and weak guidance, ARK believes Roku's long-term growth story remains intact, particularly because consumers continue to adopt CTV and abandon linear TV. During the second quarter, Roku's total active accounts increased to 63 million, or 15% on a year-over-year basis, an acceleration from 14% in the first quarter. Total hours streamed also grew 19% year-over-year to 21 billion, while average platform revenue per user increased 21% to \$44.10 on a trailing twelve-month basis. Shares of Zoom traded down on relatively little company-specific news. Zoom is a leader in cloud communications, providing solutions for video conferencing, voice, and chat worldwide. In ARK's view, Zoom offers the premier video conferencing software in a world moving from legacy, on-prem hardware to cloud-based software, disrupting the traditional enterprise communication stack. Shares of Invitae traded down after the company announced a major strategic realignment and corporate restructuring. Invitae's current COO, Kenneth D. Knight, previously a Vice President at Amazon, will replace Sean George as CEO. Randy Scott, Invitae's co-founder and former CEO, will take an active role as Chairman of the Board, and co-founder Sean George will remain on the Board. Importantly, the company will continue integrating its robust suite of digital services into its testing menu to create product experiences that, in ARK's view, no other firm can replicate. Shares of 10X Genomics fell after the company announced the commercial availability of its Fixed RNA Profiling and Nuclei Isolation Kits. The new products allow formalin-fixed samples in deep cold storage to be analyzed for cell-specific, spatio-temporal ribonucleic acid (RNA) expression, which could expand the company's addressable market significantly. Wall Street appears to be focused on the company's second quarter (2Q) revenue expectations of \$114.5 million, down from \$115.8 million a year earlier. 10X Genomics is the leading provider of single-cell sequencing hardware, consumables, and software, recently making a dedicated push to expand beyond single-cell sequencing and into digital spatial profiling and imaging with its Visium and in situ imaging platforms. 2U traded down following a downgrade from outperform to neutral by an analyst. The analyst lowered its estimates on US software stocks to reflect macro risks ahead of a likely recession. However, in a recent press release, the company announced a realignment of its operations to accelerate its platform strategy and drive sustainable profitability and free cash flow. As part of this plan, the company implemented a new marketing framework, resulting in lower marketing spend late in the second quarter, which impacted results in the period.

Investment Outlook

Dominating most broad-based indexes, several mega-cap stocks seem to have lured risk-averse benchmark-sensitive investors into crowded trades, buying on the selloff, and away from emerging growth opportunities centered on disruptive innovation. In ARK's view, investors in broad-based equity indexes seem to be shorting innovation, perhaps inadvertently and, if history is any guide, to their detriment. As a result, they could be missing investment opportunities like the next Amazon, Apple, or Tesla, companies that invest aggressively at the expense of short-term profits. For years, as many investors assumed that it would

go bankrupt, Amazon invested in an effort to disrupt legacy brick and mortar businesses, capturing a disproportionate share of the retail e-commerce opportunity. In the early days, Wall Street also missed the potential of Apple's iPhone to disrupt Nokia, Samsung, and BlackBerry. Recently, it also denigrated bitcoin and other cryptoassets as Ponzi schemes. In another example of truly disruptive innovation, traditional auto analysts deemed Tesla doomed to failure: they did not understand that Tesla was a robotics, energy storage, and artificial intelligence company, not an auto company. Controversial and volatile in the short-term, companies focused on innovation that solves problems and disrupts legacy industries can surprise on the upside with significant exponential growth trajectories. In ARK's view, active management will play a crucial role as many disruptive companies will compete in winner-take-most markets.

Since March 2021, the yield curve has flattened 181 basis points, from 159 basis points to -22 basis points, suggesting that if the Federal Reserve continues to raise interest rates, both real growth and inflation could surprise on the low side of expectations. US consumer sentiment held at 51, a historic low that undercut levels seen during the coronavirus pandemic, the 2008-2009 Global Financial Crisis, and the early 1980s when the economy suffered two recessions while inflation and interest rates hit double digits.

In ARK's view, long-term inflation fears have been overblown because the US economy is contracting and inventories have piled up. Meanwhile, the consumer savings rate has dropped to 5.1%, the lowest since August 2009, which when coupled with historically low consumer sentiment, suggests less room for consumption. During the past year, in an overreaction to bottlenecks in the supply of goods and services, businesses and consumers appear to have accumulated "inventories". In their first-quarter earnings releases, Walmart and Target—two companies that have perfected supply chain management—reported that inventories increased 32% and 43% in nominal terms on a year-over-year basis, which likely translated into 20-25% and 30-35% in real terms, respectively. Meanwhile, for the first time since its launch in October 2020, the price of Nvidia's RTX 3070 GPU has dropped more than 65% to the MSRP (manufacturer's suggested resale price), and customers of Taiwan Semiconductor seem to be pulling orders in response to excess inventory. In ARK's view, in an attempt to satisfy stronger than expected demand, companies double- and triple-ordered goods, creating an inventory glut that will unwind as companies lower prices to clear their shelves. Unsurprisingly, the Institute for Supply Management (ISM) reported a second sequential contraction in new orders for July. The combination of geopolitical forces and inventory hoarding has pushed the US consumer price inflation, a lagging indicator of inflation, to 9.1% on a year-over-year basis, a rate that ARK believes deflationary forces—good, bad, and cyclical—are beginning to unwind.

Innovation is the source of good deflation, as learning curves cut costs and increase productivity. Yet, ARK believes many companies have catered to the short-term-oriented, risk-averse shareholders and have satisfied demands for profits/dividends "now". As a result, many have leveraged their balance sheets to buy back stock, bolster earnings, and increase dividends. In so doing, many have curtailed investments in innovation and could be ill-prepared for the impact of disintermediation associated with disruptive innovation. Saddled with aging products and services, they could be forced to cut prices to clear unwanted inventories and service debt, causing bad deflation.

If ARK is correct in their assessment that growth, inflation, or both will surprise on the low side of expectations, scarce double-digit growth opportunities should be rewarded accordingly. The adoption of new technologies typically accelerates as concerned businesses and consumers change their behavior much more rapidly than otherwise would be the case, allowing new leadership to surface in the equity market. ARK believes the COVID-19 crisis and Russia's invasion of Ukraine have transformed the world significantly and permanently, suggesting that many innovation-driven strategies and stocks could be productive holdings during the next five to ten years.

In ARK's view, the wall of worry built on the back of high multiple stocks bodes well for equities in the innovation space. The strongest bull markets do climb a wall of worry, a fact that those making comparisons to the tech and telecom bubble seem to forget. No wall of worry existed or tested the equity market in 1999. This time around, the wall of worry has scaled to enormous heights.

AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2022

| | Financial period ended <u>31.7.2022</u> USD | Financial period ended <u>31.7.2021</u> USD |
|--|--|--|
| INVESTMENT LOSS | | |
| Interest income from financial assets at amortised cost | 7,107 | 8,830 |
| Net loss on foreign currency exchange | (118,259) | (531,887) |
| Net loss on forward foreign currency contracts at fair value through profit or loss | (12,700,033) | (12,141,638) |
| Net loss on financial assets at fair value through profit or loss | (256,582,176) | (20,700,237) |
| | <u>(269,393,361)</u> | <u>(33,364,932)</u> |
| EXPENSES | | |
| Management fee | (3,232,307) | (3,652,982) |
| Trustee fee | (104,932) | (119,086) |
| Fund accounting fee | (2,462) | (1,986) |
| Auditors' remuneration | (1,457) | (1,356) |
| Tax agent's fee | (637) | (633) |
| Other expenses | (9,336) | (6,512) |
| | <u>(3,351,131)</u> | <u>(3,782,555)</u> |
| NET LOSS BEFORE TAXATION | (272,744,492) | (37,147,487) |
| Taxation | - | - |
| DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER | <u>(272,744,492)</u> | <u>(37,147,487)</u> |
| Decrease in net asset attributable to unitholders is made up of the following: | | |
| Realised amount | (33,207,514) | 2,275,997 |
| Unrealised amount | (239,536,978) | (39,423,484) |
| | <u>(272,744,492)</u> | <u>(37,147,487)</u> |

AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022

| | <u>2022</u> USD | <u>2021</u> USD |
|--|--------------------|--------------------|
| ASSETS | | |
| Cash and cash equivalents | 9,368,834 | 19,884,089 |
| Amount due from Manager | | |
| - creation of units | 83,074 | 2,114,976 |
| - management fee rebate receivable | 95,188 | 242,295 |
| Financial assets at fair value through profit or loss | 146,786,216 | 377,955,894 |
| Forward foreign currency contracts at fair value through profit or loss | 29,970 | 24,136 |
| TOTAL ASSETS | <u>156,363,282</u> | <u>400,221,390</u> |
| LIABILITIES | | |
| Forward foreign currency contracts at fair value through profit or loss | 4,967,253 | 9,592,314 |
| Amount due to broker | - | 2,660,000 |
| Amount due to Manager | | |
| - management fee | 238,632 | 612,141 |
| - cancellation of units | 1,678,563 | 416,366 |
| Amount due to Trustee | 7,739 | 19,853 |
| Auditors' remuneration | 1,398 | 1,318 |
| Tax agent's fee | 612 | 615 |
| Other payables and accruals | 6 | (177) |
| TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS) | <u>6,894,203</u> | <u>13,302,430</u> |
| NET ASSET VALUE OF THE FUND | <u>149,469,079</u> | <u>386,918,960</u> |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | <u>149,469,079</u> | <u>386,918,960</u> |

AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022 (CONTINUED)

| | <u>2022</u> USD | <u>2021</u> USD |
|--|----------------------|----------------------|
| REPRESENTED BY: | | |
| FAIR VALUE OF OUTSTANDING UNITS | | |
| - AUD Hedged-class | 2,604,442 | 8,180,616 |
| - MYR Hedged-class | 130,263,893 | 331,032,927 |
| - SGD Hedged-class | 3,554,502 | 12,456,760 |
| - USD Class | 13,046,242 | 35,248,657 |
| | <u>149,469,079</u> | <u>386,918,960</u> |
| NUMBER OF UNITS IN CIRCULATION | | |
| - AUD Hedged-class | 17,661,000 | 19,062,000 |
| - MYR Hedged-class | 2,586,086,000 | 2,390,286,000 |
| - SGD Hedged-class | 22,445,000 | 28,914,000 |
| - USD Class | 58,475,000 | 60,231,000 |
| | <u>2,684,667,000</u> | <u>2,498,493,000</u> |
| NET ASSET VALUE PER UNIT (USD) | | |
| - AUD Hedged-class | 0.1475 | 0.4292 |
| - MYR Hedged-class | 0.0504 | 0.1385 |
| - SGD Hedged-class | 0.1584 | 0.4308 |
| - USD Class | 0.2231 | 0.5852 |
| | <u>0.2231</u> | <u>0.5852</u> |
| NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES | | |
| - AUD Hedged-class | AUD0.2113 | AUD0.5798 |
| - MYR Hedged-class | RM0.2241 | RM0.5843 |
| - SGD Hedged-class | SGD0.2184 | SGD0.5822 |
| - USD Class | USD0.2231 | USD0.5852 |
| | <u>USD0.2231</u> | <u>USD0.5852</u> |

AFFIN HWANG WORLD SERIES – GLOBAL DISRUPTIVE INNOVATION FUND

UNAUDITED STATEMENT OF CHANGES IN ASSET ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2022

| | Financial period ended <u>31.7.2022</u> USD | Financial period ended <u>31.7.2021</u> USD |
|--|--|--|
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD | 398,082,175 | - |
| Movement due to units created and cancelled during the financial period | | |
| Creation of units arising from applications | 69,579,952 | 548,292,109 |
| - AUD Hedged-class | 1,816,912 | 13,048,381 |
| - MYR Hedged-class | 59,724,367 | 466,334,052 |
| - SGD Hedged-class | 961,334 | 17,100,368 |
| - USD Class | 7,077,339 | 51,809,308 |
| Cancellation of units | (45,448,556) | (124,225,662) |
| - AUD Hedged-class | (1,244,298) | (4,193,097) |
| - MYR Hedged-class | (34,511,569) | (101,810,648) |
| - SGD Hedged-class | (2,819,401) | (3,646,927) |
| - USD Class | (6,873,288) | (14,574,990) |
| Decrease in net assets attributable to unitholders during the financial period | (272,744,492) | (37,147,487) |
| - AUD Hedged-class | (5,243,926) | (674,668) |
| - MYR Hedged-class | (237,749,517) | (33,490,477) |
| - SGD Hedged-class | (6,939,326) | (996,681) |
| - USD Class | (22,811,723) | (1,985,661) |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD | <u>149,469,079</u> | <u>386,918,960</u> |

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)