



ANNUAL REPORT
31 July 2023

Affin Hwang World
Series - **Strategic Bond**
Fund

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

Trustee
CIMB Commerce Trustee Berhad
(313031-A)

Built On Trust

aham.com.my

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

Contents	Page
FUND INFORMATION	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT	V
TRUSTEE'S REPORT	X
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

FUND INFORMATION

Fund Name	Affin Hwang World Series – Strategic Bond Fund
Fund Type	Growth
Fund Category	Feeder (Wholesale)
Benchmark	Bloomberg Barclays Global Aggregate (USD hedged)
Investment Objective	The Fund seeks to provide capital appreciation over long term period
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate

FUND PERFORMANCE DATA

Category	As at 31 Jul 2023 (%)				As at 31 Jul 2022 (%)			
Portfolio composition								
Collective investment scheme	96.39				97.07			
Cash and cash equivalent	3.61				2.93			
Total	100.00				100.00			
Currency class	MYR Hedged- class	USD	AUD Hedged- class	SGD Hedged- class	MYR Hedged- class	USD	AUD Hedged- class	SGD Hedged- class
Total NAV (million)	0.405	0.004	0.003	0.004	0.572	0.004	0.004	0.004
NAV per Unit (in respective currencies)	0.3695	0.3553	0.3427	0.3505	0.4510	0.4316	0.4205	0.4287
Unit in Circulation (million)	1.096	0.010	0.010	0.010	1.268	0.010	0.010	0.010
Highest NAV	0.4534	0.4338	0.4229	0.4309	0.5082	0.5000	0.5051	0.5038
Lowest NAV	0.3688	0.3532	0.3410	0.3488	0.4288	0.4103	0.3995	0.4080
Return of the Fund (%)	-18.07	-17.68	-18.50	-18.22	-9.80	-13.68	-15.90	-14.26
- Capital Growth (%)	-18.07	-17.68	-18.50	-18.22	-9.80	-13.68	-15.90	-14.26
- Income Distribution (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expense Ratio (%) ¹	1.82				2.22			
Portfolio Turnover Ratio (times) ²	0.28				1.25			

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

¹The Fund's TER was lower due to lower expenses incurred by the Fund for the financial year.

² The PTR of the Fund was lower than previous year due to lower trading activities of the Fund for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Fund Performance

Performance Review (1 August 2022 to 31 July 2023)

USD Class

For the period 1 August 2022 to 31 July 2023, the Fund registered a -17.68% return compared to the benchmark return of -1.95%. The Fund thus underperformed the Benchmark by 15.73%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2023 was USD0.3553 while the NAV per unit on 31 July 2022 was USD0.4316.

Since commencement, the Fund has registered a return of -28.94% compared to the benchmark return of -7.73%, underperforming by 21.21%.

AUD Hedged-Class

For the period 1 August 2022 to 31 July 2023, the Fund registered a -18.50% return compared to the benchmark return of -1.95%. The Fund thus underperformed the Benchmark by 16.55%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2023 was AUD0.3427 while the NAV per unit on 31 July 2022 was AUD0.4205.

Since commencement, the Fund has registered a return of -31.46% compared to the benchmark return of -7.73%, underperforming by 23.73%.

MYR Hedged-Class

For the period 1 August 2022 to 31 July 2023, the Fund registered a -18.07% return compared to the benchmark return of -1.95%. The Fund thus underperformed the Benchmark by 16.12%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2023 was MYR0.3695 while the NAV per unit on 31 July 2022 was MYR0.4510.

Since commencement, the Fund has registered a return of -26.10% compared to the benchmark return of -7.73%, underperforming by 18.37%.

SGD Hedged-Class

For the period 1 August 2022 to 31 July 2023, the Fund registered a -18.24% return compared to the benchmark return of -1.95%. The Fund thus underperformed the Benchmark by 16.29%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2023 was SGD0.3505 while the NAV per unit on 31 July 2022 was SGD0.4286.

Since commencement, the Fund has registered a return of -29.90% compared to the benchmark return of -7.73%, underperforming by 22.17%.

Table 1: Performance of the Fund

	1 Year (1/8/22 - 31/7/23)	Since Commencement (2/4/21 - 31/7/23)
Benchmark	(1.95%)	(7.73%)
USD Class	(17.68%)	(28.94%)
Outperformance	(15.73%)	(21.21%)
AUD Hedged-Class	(18.50%)	(31.46%)
Outperformance	(16.55%)	(23.73%)
MYR Hedged-Class	(18.07%)	(26.10%)
Outperformance	(16.12%)	(18.37%)
SGD Hedged-Class	(18.24%)	(29.90%)
Outperformance	(16.29%)	(22.17%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/8/22 - 31/7/23)	Since Commencement (2/4/21 - 31/7/23)
Benchmark	(1.95%)	(3.39%)
USD Class	(17.68%)	(13.63%)
Outperformance	(15.73%)	(10.24%)
AUD Hedged-Class	(18.50%)	(14.96%)
Outperformance	(16.55%)	(11.57%)
MYR Hedged-Class	(18.07%)	(12.17%)
Outperformance	(16.12%)	(8.78%)
SGD Hedged-Class	(18.24%)	(14.13%)
Outperformance	(16.29%)	(10.74%)

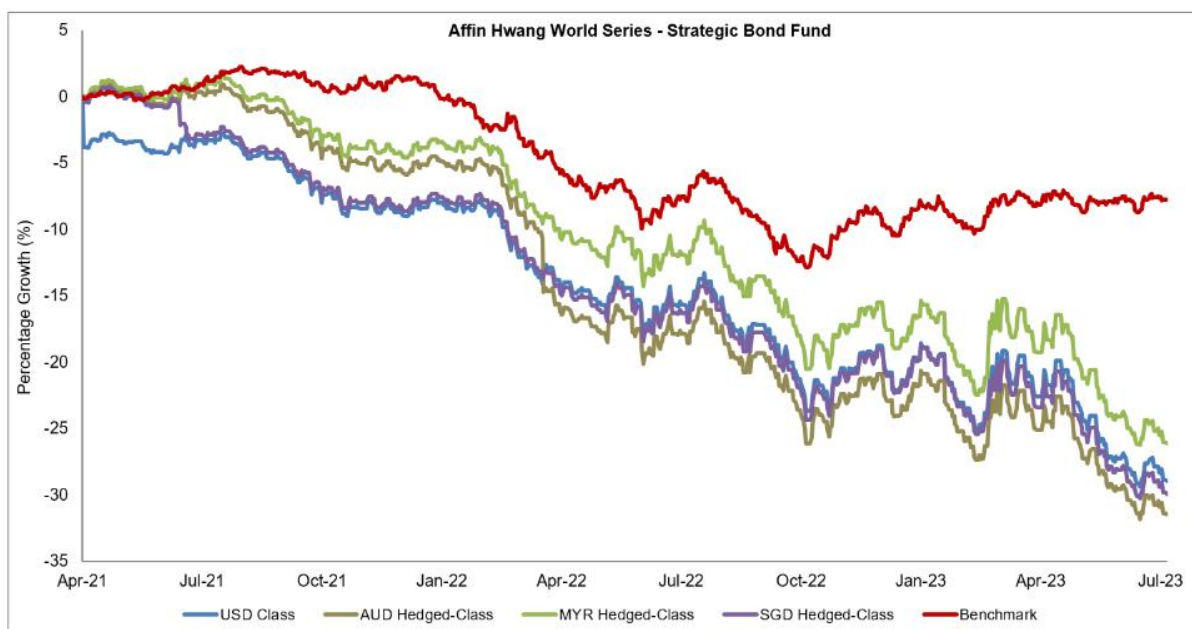
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2023 (1/8/22 - 31/7/23)	FYE 2022 (2/4/21 - 31/7/22)
Benchmark	(1.95%)	(5.89%)
USD Class	(17.68%)	(13.68%)
Outperformance	(15.73%)	(7.79%)
AUD Hedged-Class	(18.50%)	(15.90%)
Outperformance	(16.55%)	(10.01%)
MYR Hedged-Class	(18.07%)	(9.80%)
Outperformance	(16.12%)	(3.91%)
SGD Hedged-Class	(18.24%)	(14.26%)
Outperformance	(16.29%)	(8.37%)

Source of Benchmark: Bloomberg

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



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

Benchmark: Bloomberg Barclays Global Aggregate (USD hedged)

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 financial year under review, please refer to Fund Performance Data.

As at 31 July 2023, the asset allocation of the Fund's exposure to the collective investment scheme stood at 96.39% of the Fund's NAV, while the balance was held in cash.

Strategies Employed

The Fund maintained its strategy of keeping a high investment level and invested solely into a collective investment scheme that provides exposure to global bonds, while maintaining small exposure towards the cash and cash equivalent to manage Fund's liquidity.

Market Review

Over the year under review, the Standard and Poor's ("S&P") 500 returned 12.99% while the Morgan Stanley Capital International ("MSCI") AC World index returned 14.11%. Specific to the Asian region, MSCI AC Asia ex Japan Index was up 6.56% while locally, the Financial Times Stock Exchange ("FTSE") Bursa Malaysia returned 2.04%. Bond markets were down over the year, impacting the Bloomberg Barclays Global Aggregate Index negatively by -2.69%. Domestically, bond markets' benchmark 10-year Malaysian Government Securities ("MGS") yield closed at 3.84%.

Market volatility persisted over the past year as macro events and policy rate increases across the global economy affected stock and bond markets. The economic fallout from the Covid-19 pandemic coupled with the Russia-Ukraine conflict has disrupted supply chains and commodity markets, weighing heavily on global economic growth. Central banks continue to rein in inflation contributed by supply-demand imbalances and

volatility in energy prices among other factors through monetary policy, which inadvertently played a role in destabilising the banking sector March this year.

The U.S. Federal Reserve (“Fed”) raised their policy rates in each monetary policy committee meetings since March last year, to of 5.50% in July 2023, although pausing for the first time in 15 months in June 2023. The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even a potential recession. Further signs of tension in the economy were also visible in March this year as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggered concerns of contagion to other vulnerable banks. In addition to fractures in the banking sector, other notable events over the year included the concern over the US approaching its debt ceiling in January, failing which to reach a consensus to suspend or raise the limit could result in a catastrophic default. However, investors heaved a sigh of relief after lawmakers passed a bill to raise the debt ceiling, in a deal that included concessions on spending expected to have limited effect on economic growth. Despite narrowly avoiding a default, the U.S. did not escape unscathed as Fitch Ratings downgraded its rating on U.S. debt, quoting in a press release “The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management.”

U.S. equities was volatile throughout the year but ended the month of July positive as upbeat Goldilocks data bolstered the case for a soft landing in the U.S., with the S&P 500 soaring 3.11% in July, benefitting from a wave of positive economic indicators that pointed to easing inflation, robust economic growth and a resilient labour market. The fervour and enthusiasm over new developments in Artificial Intelligence (“AI”) also played a role in driving returns over the financial year. The core personal consumption expenditure (“PCE”) price index, the Fed’s preferred gauge of inflation reached 4.10% on a yearly basis, down from 4.60% in May and below the market forecast of 4.20%.

In Asia, the broader MSCI Asia ex-Japan index was up over the 1-year period. Despite starting off 2023 strong, Chinese equity trended downwards following the country’s reopening after the pandemic started to cool before lifting in July, driven by stimulus optimism in China, evident as the MSCI China Index vaulted 9.30% in July as top party leaders unveiled measures at its Politburo meeting to reinvigorate growth in the country. Among the measures include a pledge by Beijing to provide stimulus support for its beleaguered property sector. Top party leaders also emphasised the need for measures to tackle youth unemployment as well as accelerate the issuance of local government special bonds to spur government investment. While there were no explicit announcements of blockbuster stimulus, the overall policy tone from the Politburo meeting did exceed expectations. There was an acknowledgement of pressing issues on-the-ground that could result in targeted easing measures to bolster growth and lift sentiment.

Major macro events over the financial year under review had an effect on the domestic market over the year but managed to gain some ground ending the financial year up by 2%, mainly driven by positive sentiments, lifting foreign investors’ confidence as they pour into local equities. Several policy announcements by the government in June last month caught the attention of investors. These include the Ekonomi Madani Plan which outlined several key economic targets as well as Part 1 of the National Energy Transition Roadmap which intends to achieve 70% renewable energy capacity mix by 2050. All eyes will be on election in 6 outstanding states which is due to be held on the 12 August that would provide clarity on the stability of the unity government. On economic data, Malaysia’s core inflation eased to 3.10% year-on-year (“y-o-y”) in June, a decrease from 3.50% in May. The downward trend in inflation is anticipated to persist as the laggard effects of Bank Negara Malaysia’s rate hikes filter through the economy, coupled with a high-base effect.

U.S. Treasury (“UST”) was seen rebounding post- the Federal Open Market Committee (“FOMC”) meeting, but the advance U.S. second quarter gross domestic product (“GDP”) print surprised on the upside while news on discussion on a potential tweak to Bank of Japan’s yield curve control unnerved the markets. The 2-year, 5-year and 10-year yields ended the month at 4.88%, 4.18% and 3.96% respectively. The 30-year UST closed at 4.01%. As a result, the inversion between the 2-year and 10-year U.S. Treasury narrowed to -92 basis points (“bps”) (June 2023: -106bps). Locally, Malaysia’s headline inflation continues its downward trend, easing to 2.4% y-o-y in June 2023. This brings the year-to-date inflation to 3.2%, which is within Bank Negara Malaysia’s official forecast of 2.7% - 3.8%.

Investment Outlook

The past U.S. economic data has been sending mixed signals, leading to increased market conviction that the U.S. may avoid a recession and move towards a soft landing. There is a risk that the Fed will hike rates by another 25bps in 2023; however, we believe that the Fed's hiking cycle is either at or very near its end.

The recent FOMC meeting in July that resulted in another 25bps hike brought the rate to 5.50%. However, the possibility of softer consumer price index ("CPI") in the upcoming months raises the bar for a September hike. Chair Powell reiterated the data-dependency path on rate direction, meeting by meeting. As of end July 2023, the futures market was pricing for the Fed to hold rate until end-2023. We believe that the cumulative effect of tighter monetary policy and stricter lending conditions will increasingly restrain economic activity and growth. As borrowing costs rise, it will eventually become more challenging for consumers to fund their spending with debt.

We remain cautious as economic indicators are mixed. A divergence in manufacturing versus services industries is observed as the Global Manufacturing Purchasing Managers' Index ("PMI") has been tracking below the critical threshold for the past 3 quarters as of June 2023, while the Global Services PMI has risen steadily year to date. On earnings revision, although the longer term 3-months ratio remains below historical average, Asia and global 1-month earnings revision ratio improved from 0.53 to 0.76 and 0.77 and 0.85 respectively.

Moving over to the fixed income space, we see opportunities to add duration in government bonds in the third quarter of 2023 as central banks approach the end of its rate hike cycle. Investment Grade bonds could be defensive and provide positive returns as global growth slows, while approaching High Yields with caution as a slowdown in growth could lead to more liquidity and credit rating downgrade pressures.

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 financial year under review.

Soft Commissions received from Brokers

Soft commissions received from brokers/dealers may be retained by the management company only if the :-

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

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

Cross Trade

No cross trade transactions have been carried out during the financial year under review.

Securities Financing Transactions

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

Changes Made To the Fund's Information Memorandum

No changes were made to the Fund's Information Memorandum over the financial year under review.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 July 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

- a) Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
- b) Valuation and pricing is carried out in accordance with the deed; and
- c) Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
22 September 2023

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1 - 2
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	5
STATEMENT OF CASH FLOWS	6
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7 - 14
NOTES TO THE FINANCIAL STATEMENTS	15 - 38
STATEMENT BY THE MANAGER	39
INDEPENDENT AUDITORS' REPORT	40 – 43

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

	<u>Note</u>	Financial year ended 31.7.2023 USD	Financial period from 16.2.2021 (date of launch) to 31.7.2022 USD
INVESTMENT LOSS			
Interest income from financial assets at amortised cost		-	212
Net loss on foreign currency exchange		(4)	(1,552)
Net loss on forward foreign currency contracts at fair value through profit or loss	9	(4,389)	(11,624)
Net loss on financial assets at fair value through profit or loss	8	(18,866)	(25,410)
		<u>(23,259)</u>	<u>(38,374)</u>
EXPENSES			
Management fee	4	(1,137)	(3,061)
Trustee fee	5	(43)	(121)
Other expenses		(892)	(1,492)
		<u>(2,072)</u>	<u>(4,674)</u>
NET LOSS BEFORE TAXATION		(25,331)	(43,048)
Taxation	7	-	-
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(25,331)</u>	<u>(43,048)</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2023 (CONTINUED)

	<u>Note</u>	Financial year ended 31.7.2023 USD	Financial period from 16.2.2021 (date of launch) to 31.7.2022 USD
Decrease in net assets attributable to unitholders is made up of the following:			
Realised amount		(17,786)	(24,765)
Unrealised amount		(7,545)	(18,283)
		<u>(25,331)</u>	<u>(43,048)</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 – STRATEGIC BOND FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
ASSETS			
Cash and cash equivalents		907	5,513
Amount due from Manager			
- management fee rebate receivable		72	112
Financial assets at fair value through profit or loss	8	94,830	134,815
Forward foreign currency contracts at fair value through profit or loss	9	2,687	1
TOTAL ASSETS		<u>98,496</u>	<u>140,441</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	9	30	1,430
Amount due to Manager			
- management fee		83	127
Amount due to Trustee		3	5
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>116</u>	<u>1,562</u>
NET ASSET VALUE OF THE FUND		<u>98,380</u>	<u>138,879</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>98,380</u>	<u>138,879</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023 (CONTINUED)

REPRESENTED BY:	<u>Note</u>	<u>2023</u> USD	<u>2022</u> USD
FAIR VALUE OF OUTSTANDING UNITS			
- AUD Hedged-class		2,296	2,935
- MYR Hedged-class		89,895	128,520
- SGD Hedged-class		2,636	3,108
- USD Class		3,553	4,316
		<u>98,380</u>	<u>138,879</u>
NUMBER OF UNITS IN CIRCULATION			
- AUD Hedged-class	10(a)	10,000	10,000
- MYR Hedged-class	10(b)	1,096,000	1,268,000
- SGD Hedged-class	10(c)	10,000	10,000
- USD Class	10(d)	10,000	10,000
		<u>1,126,000</u>	<u>1,298,000</u>
NET ASSET VALUE PER UNIT (USD)			
- AUD Hedged-class		0.2296	0.2935
- MYR Hedged-class		0.0820	0.1014
- SGD Hedged-class		0.2636	0.3108
- USD Class		0.3553	0.4316
		<u>0.2296</u>	<u>0.2935</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- AUD Hedged-class		AUD0.3427	AUD0.4205
- MYR Hedged-class		RM0.3695	RM0.4510
- SGD Hedged-class		SGD0.3505	SGD0.4286
- USD Class		USD0.3553	USD0.4316
		<u>AUD0.3427</u>	<u>AUD0.4205</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 – STRATEGIC BOND FUND

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

	Financial year ended <u>31.7.2023</u> USD	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DATE OF BEGINNING OF FINANCIAL YEAR/LAUNCH	138,879	-
Movement due to units created and cancelled during the financial year/period		
Creation of units arising from applications	-	381,091
- AUD Hedged-class	-	3,897
- MYR Hedged-class	-	338,568
- SGD Hedged-class	-	18,626
- USD Class	-	20,000
Cancellation of units	(15,168)	(199,164)
- AUD Hedged-class	-	-
- MYR Hedged-class	(15,168)	(169,247)
- SGD Hedged-class	-	(14,917)
- USD Class	-	(15,000)
Net decrease in net assets attributable to unitholders during the financial year/period	(25,331)	(43,048)
- AUD Hedged-class	(639)	(962)
- MYR Hedged-class	(23,458)	(40,801)
- SGD Hedged-class	(472)	(601)
- USD Class	(762)	(684)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u>98,380</u>	<u>138,879</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 – STRATEGIC BOND FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

	Financial year ended 31.7.2023 USD	Financial period from 16.2.2021 (date of launch) to 31.7.2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	37,917	176,316
Purchase of investments	(17,800)	(339,000)
Interest received	-	212
Management fee rebate paid	1,042	2,347
Management fee paid	(1,181)	(2,934)
Trustee fee paid	(45)	(116)
Payment for other fees and expenses	(892)	(1,492)
Realised loss on forward foreign currency contracts	(8,475)	(10,195)
Net realised loss on foreign currency exchange	298	(1,845)
Net cash flows generated from/(used in) operating activities	<u>10,864</u>	<u>(176,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	-	381,091
Payments for cancellation of units	(15,168)	(199,164)
Net cash flows (used in)/generated from financing activities	<u>(15,168)</u>	<u>181,927</u>
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	(4,304)	5,220
EFFECTS OF FOREIGN CURRENCY EXCHANGE	(302)	293
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD (DATE OF LAUNCH)	<u>5,513</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u><u>907</u></u>	<u><u>5,513</u></u>

Cash and cash equivalents as at 31 July 2023 and 31 July 2022 comprise of bank balances.

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial 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 M.

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

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

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

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

B INCOME RECOGNITION

Interest income

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

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

Realised gains and losses on sale of investments

For collective investment scheme ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

D TAXATION

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/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.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The contractual cash flows of the Fund's debt securities are solely payments of principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

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

The Fund classifies amount due to Manager and amount due to Trustee as financial liabilities measured at amortised cost.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of foreign 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.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Write-off

The Fund write 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.

H 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.

J CREATION AND CANCELLATION OF UNITS

The unitholders' capital to the Fund meets 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 unitholders' option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholders 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.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

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

L DERIVATIVE FINANCIAL INSTRUMENTS

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

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a positive fair value and negative fair value are presented as financial assets measured at fair value through profit or loss and financial liabilities measured 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 the statements of financial position, with the resulting value discounted back to present value.

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

M CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

M CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

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 ("SC") as per the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

Functional currency

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

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

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

The analysis of realised and unrealised amounts 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 – STRATEGIC BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2023

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang World Series – Strategic Bond Fund (the “Fund”) pursuant to the execution of a Deed dated 3 February 2021 (the “Deed”) entered into between AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the “Manager”) and CIMB Commerce Trustee Berhad

The Fund commenced operations on 16 February 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 scheme;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives; and
- (e) Any other form of investments permitted by 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 provide capital appreciation over long term period.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 22 September 2023.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents		907	-	907
Amount due from Manager - management fee rebate receivable		72	-	72
Collective investment scheme	8	-	94,830	94,830
Forward foreign currency contracts	9	-	2,687	2,687
Total		<u>979</u>	<u>97,517</u>	<u>98,496</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	30	30
Amount due to Manager - management fee		83	-	83
Amount due to Trustee		3	-	3
Total		<u>86</u>	<u>30</u>	<u>116</u>
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		5,513	-	5,513
Amount due from Manager - management fee rebate receivable		112	-	112
Collective investment scheme	8	-	134,815	134,815
Forward foreign currency contracts	9	-	1	1
Total		<u>5,625</u>	<u>134,816</u>	<u>140,441</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2022</u> (continued)				
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	1,430	1,430
Amount due to Manager - management fee		127	-	127
Amount due to Trustee		5	-	5
Total		<u>132</u>	<u>1,430</u>	<u>1,562</u>

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

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2023</u> USD	<u>2022</u> USD
Quoted investment		
Collective investment scheme	94,830	134,815

The following table summarises the sensitivity of the Fund's loss after taxation and NAV to price risk movements. The analysis is based on the assumptions that the market price increased by 15% (2022: 1%) and decreased by 15% (2022: 1%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> USD	Impact on loss <u>after tax/NAV</u> USD
<u>2023</u>		
-5%	90,088	(4,742)
0%	94,830	-
+5%	99,572	4,742
<u>2022</u>		
-1%	133,467	(1,348)
0%	134,815	-
+1%	136,163	1,348

(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 31 July 2023 and 31 July 2022, the Fund was not exposed to any interest rate risk.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Market risk (continued)

(b) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against United States Dollar, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of a foreign currency versus United States Dollar based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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

	<u>Forward foreign currency contracts</u> USD	<u>Cash and cash equivalents</u> USD	<u>Total</u> USD
<u>2023</u>			
<u>Financial assets</u>			
Malaysian Ringgit	2,662	142	2,804
Singapore Dollar	25	268	293
	2,687	410	3,097
	2,687	410	3,097
	<u>Forward foreign currency contracts</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>			
Australian Dollar	30	2,296	2,326
Malaysian Ringgit	-	89,894	89,894
Singapore Dollar	-	2,636	2,636
	29	94,826	94,856
	29	94,826	94,856

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contracts</u> USD	<u>Cash and cash equivalents</u> USD	<u>Total</u> USD
<u>2022</u>			
<u>Financial assets</u>			
Malaysian Ringgit	-	390	390
Singapore Dollar	1	520	521
	<u>1</u>	<u>910</u>	<u>911</u>
	<u>Forward foreign currency contracts</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>			
Australian Dollar	50	2,935	2,985
Malaysian Ringgit	1,380	128,520	129,900
Singapore Dollar	-	3,108	3,108
	<u>1,430</u>	<u>134,563</u>	<u>135,993</u>

The table below summarises the sensitivity of the Fund's loss after tax and NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables 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.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

	<u>Change in price</u> %	Impact on loss after <u>tax/NAV</u> USD
<u>2023</u>		
Australian Dollar	+/-14.06	-/+327
Malaysian Ringgit	+/-6.38	-/+5,556
Singapore Dollar	+/-5.92	-/+139
<u>2022</u>		
Australian Dollar	+/-12.22	-/+365
Malaysian Ringgit	+/-3.84	-/+100
Singapore Dollar	+/-4.95	-/+128

Credit risk

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

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Credit risk (continued)

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

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

The following table sets out the credit risk 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>2023</u>				
Financial Services				
- AAA	-	907	-	907
- AA3	2,687	-	-	2,687
Others				
- NR	-	-	72	72
	<u>2,687</u>	<u>907</u>	<u>72</u>	<u>3,666</u>
<u>2022</u>				
Financial Services				
- AAA	-	5,513	-	5,513
- AA3	1	-	-	1
Others				
- NR	-	-	112	112
	<u>1</u>	<u>5,513</u>	<u>112</u>	<u>5,626</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash and bank balances.

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

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

	<u>Within one month USD</u>	<u>Between one month to one year USD</u>	<u>Total USD</u>
<u>2023</u>			
Forward foreign currency contracts at fair value through profit or loss	-	30	30
Amount due to Manager			
- management fee	83	-	83
Amount due to Trustee	3	-	3
Net assets attributable to unitholders*	98,380	-	98,380
	<u>98,466</u>	<u>30</u>	<u>98,496</u>
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	-	1,430	1,430
Amount due to Manager			
- management fee	127	-	127
Amount due to Trustee	5	-	5
Net assets attributable to unitholders*	138,879	-	138,879
	<u>139,011</u>	<u>1,430</u>	<u>140,441</u>

*Units are redeemed on demand at the unitholders' option (Note J). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of the instruments typically retain them for the medium to long term return.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the financial year/period end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2023</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	94,830	-	-	94,830
- forward foreign currency contracts	-	2,687	-	2,687
	<u>94,830</u>	<u>2,687</u>	<u>-</u>	<u>97,517</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	30	-	30
	<u>-</u>	<u>30</u>	<u>-</u>	<u>30</u>
<u>2022</u>				
Financial assets at fair value through profit or loss:				
- collective investment scheme	134,815	-	-	134,815
- forward foreign currency contracts	-	1	-	1
	<u>134,815</u>	<u>1</u>	<u>-</u>	<u>134,816</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	1,430	-	1,430
	<u>-</u>	<u>1,430</u>	<u>-</u>	<u>1,430</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These 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.

- (6) 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 year ended 31 July 2023, the management fee is recognised at a rate of 1.00% per annum on the NAV of the Fund, calculated on a daily basis, as stated in the Fund's Information Memorandum.

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

5 TRUSTEE FEE

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

For the financial year ended 31 July 2023, the Trustee fee is recognised at a rate of 0.04% per annum on the NAV of the Fund, calculated on a daily basis, as stated in the Fund's Information Memorandum.

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

6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial year ended 31 July 2023, auditors' remuneration of RM8,000 (equivalent to USD1,776) (2022: RM8,000 (equivalent to USD1,798)) and tax agent's fee of RM3,500 (equivalent to USD777) (2022: RM3,500 (equivalent to USD786)) is borne by the Manager.

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

7 TAXATION

	Financial year ended <u>31.7.2023</u> USD	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</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 year ended <u>31.7.2023</u> USD	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> USD
Net loss before taxation	(25,331)	(43,048)
Tax at Malaysian statutory tax rate of 24%	(6,079)	(10,332)
Tax effects of:		
Investment loss not brought to tax	5,823	9,800
Expenses not deductible for tax purposes	223	352
Restrictions on tax deductible expenses for Wholesale Funds	33	180
Tax expense	-	-

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss: - collective investment scheme	94,830	134,815

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

	<u>2023</u> USD	<u>2022</u> USD
Net loss on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(8,539)	(10,722)
- unrealised loss on changes in fair value	(11,329)	(17,147)
- management fee rebate on collective investment scheme #	1,002	2,459
	<u>(18,866)</u>	<u>(25,410)</u>

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

(a) Collective investment scheme

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

	<u>Quantity</u>	Aggregate cost USD	Fair value USD	Percentage of NAV %
Allianz Strategic Bond - AT - USD	12,124	123,306	94,830	96.39
Total collective investment scheme	<u>12,124</u>	<u>123,306</u>	<u>94,830</u>	<u>96.39</u>
Accumulated unrealised loss on collective investment scheme		<u>(28,476)</u>		
Total collective investment scheme		<u>94,830</u>		

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

	<u>Quantity</u>	Aggregate cost USD	Fair value USD	Percentage of NAV %
Allianz Strategic Bond - AT - USD	14,527	151,962	134,815	97.07
Total collective investment scheme	<u>14,527</u>	<u>151,962</u>	<u>134,815</u>	<u>97.07</u>
Accumulated unrealised loss on collective investment scheme		<u>(17,147)</u>		
Total collective investment scheme		<u>134,815</u>		

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

(b) Target Fund's top 10 holdings

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

	<u>Percentage of Target Fund's NAV</u> %
Australian Government 165 Fix 1.750% 21.11.2032	3.20
Australian Government 158 Fix 1.250% 21.05.2032	3.00
US Treasury N/B Fix 1.125% 15.05.2040	3.00
Swedish Government 1065 Fix 1.750% 11.11.2033	2.40
Bundesrepub Deutschland Fix 0.000% 15.05.2035	2.40
US Treasury N/B Fix 0.625% 15.05.2030	2.20
Bundesrepub. Deutschland Fix 2.300% 15.02.2033	2.20
Bundesrepub. Deutschland Fix 2.100% 15.11.2029	2.20
United Kingdom GILT Fix 3.750% 29.01.2038	2.10
Mex Bonos Desarr Fix RT M Fix 7.750% 29.05.2031	2.00
Total	<u>24.70</u>

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

	<u>Percentage of Target Fund's NAV</u> %
Canadian Government Fix 1.500% 01.12.2031	3.03
Canadian Government 0.250% 01.03.2026	2.82
Nota Do Tesouro Nacional NTN F Fix 10.000% 01.01.2025	2.61
Republic of South Africa 2030 Fix 8.000% 31.01.2030	2.57
Mex Bonos Desarr Fix Rt M Fix 7.750% 29.05.2031	2.50
US Treasury N/b Fix 1.125% 15.05.2024	2.45
Bonos Tesoreria Pesos Fix 4.700% 01.09.2030	2.35
Indonesia Government Fr87 Fix 6.500% 15.02.2031	2.20
Bundesrepub Deutschland Fix 0.000% 15.05.2035	2.18
Titulos De Tesoreria B Fix 7.250% 26.10.2050	2.07
Total	<u>24.78</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the statement of financial position, there are 3 (2022: 3) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD96,390 (2022: USD139,547). The forward foreign currency contracts entered into during the financial year/period were for hedging against the currency exposure arising from the different 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.

	<u>2023</u> USD	<u>2022</u> USD
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	2,687	1
	<u>2,687</u>	<u>1</u>
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	30	1,430
	<u>30</u>	<u>1,430</u>
Net loss on forward foreign currency contracts at fair value through profit or loss:		
- realised loss on forward foreign currency contracts	(8,476)	(10,195)
- unrealised gain/(loss) on changes in fair value	4,087	(1,429)
	<u>(4,389)</u>	<u>(11,624)</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

9 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

(a) Forward foreign currency contracts

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

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd #	99,048	96,390	2,658	2.70

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

	<u>Receivables</u> USD	<u>Payables</u> USD	<u>Fair value</u> USD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd #	138,118	139,547	(1,429)	(1.03)

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

10 NUMBER OF UNITS IN CIRCULATION

(a) AUD Hedged-class units in circulation	Financial year ended <u>31.7.2023</u> No. of units	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> No. of units
At the beginning of the financial year/date of launch	10,000	-
Creation of units arising from applications	-	10,000
At the end of the financial year/period	<u>10,000</u>	<u>10,000</u>
(b) MYR Hedged-class units in circulation		
	Financial year ended <u>31.7.2023</u> No. of units	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> No. of units
At the beginning of the financial year/date of launch	1,268,000	-
Creation of units arising from applications	-	2,776,000
Cancellation of units	(172,000)	(1,508,000)
At the end of the financial year/period	<u>1,096,000</u>	<u>1,268,000</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(c) SGD Hedged-class units in circulation		
	Financial year ended <u>31.7.2023</u> No. of units	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> No. of units
At the beginning of the financial year/date of launch	10,000	-
Creation of units arising from applications	-	50,000
Cancellation of units	-	(40,000)
At the end of the financial year/period	<u>10,000</u>	<u>10,000</u>
(d) USD Class units in circulation		
	Financial year ended <u>31.7.2023</u> No. of units	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> No. of units
At the beginning of the financial year/date of launch	10,000	-
Creation of units arising from applications	-	40,000
Cancellation of units	-	(30,000)
At the end of the financial year/period	<u>10,000</u>	<u>10,000</u>

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

11 TRANSACTIONS WITH BROKER

(i) Detail of transactions with the broker for the financial year ended 31 July 2023 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Allianz Global Investors Singapore Ltd	55,717	100.00
	<u>55,717</u>	<u>100.00</u>

(ii) Detail of transactions with the broker for the financial period from 16 February 2021 (date of launch) to 31 July 2022 are as follows:

<u>Name of broker</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Allianz Global Investors Singapore Ltd	515,316	100.00
	<u>515,316</u>	<u>100.00</u>

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>Relationships</u>
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Substantial shareholder of the Manager and former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former immediate holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

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

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

<u>Related parties</u>	<u>Relationships</u>
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management International Limited (“NAMI”)	Former substantial shareholder of the Manager
Nikko Asset Management Co. Ltd (“NAM”)	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	Directors of the Manager

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

	<u>2023</u>		<u>2022</u>	
	<u>No. of units</u>	<u>USD</u>	<u>No. of units</u>	<u>USD</u>
<u>The Manager:</u>				
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (The units are held legally for booking purposes)				
- AUD Hedged-class	10,000	2,296	10,000	2,935
- MYR Hedged-class	10,392	852	10,205	1,035
- SGD Hedged-class	10,000	2,636	10,000	3,108
- USD Class	10,000	3,553	10,000	4,316

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

13 TOTAL EXPENSE RATIO (“TER”)

	Financial year ended <u>31.7.2023</u> %	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u> %
TER	1.82	2.22

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year/period calculated on a daily basis is USD113,809 (2022: USD210,809).

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial year ended <u>31.7.2023</u>	Financial period from 16.2.2021 (date of launch) to <u>31.7.2022</u>
PTR (times)	0.28	1.25

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = USD17,800 (2022: USD339,000)
total disposal for the financial year/period = USD46,456 (2022: USD187,038)

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

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

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG WORLD SERIES – STRATEGIC BOND FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad (Formerly known as Affin Hwang Asset Management Berhad)**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 38 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 July 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the for the financial year ended 31 July 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
22 September 2023

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – STRATEGIC
BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series – Strategic Bond Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 July 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 July 2023, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 38.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – STRATEGIC
BOND 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 The Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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 – STRATEGIC
BOND FUND (CONTINUED)

REPORT ON 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.
- (f) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES – STRATEGIC
BOND 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
22 September 2023**

DIRECTORY OF SALES OFFICE

HEAD OFFICE

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
Ground Floor
Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Tel : 03 – 2116 6000
Fax : 03 – 2116 6100
Toll free no : 1-800-88-7080
Email: customercare@aham.com.my

PERAK

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
1, Persiaran Greentown 6
Greentown Business Centre
30450 Ipoh Perak

Tel : 05 – 241 0668
Fax : 05 – 255 9696

PETALING JAYA

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
C-31-1, Jaya One
72A Jalan Prof Diraja Ungku Aziz Section 13
46200 Petaling Jaya
Selangor

Tel : 03 – 7760 3062

MELAKA

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
Ground Floor, No. 584, Jalan Merdeka
Taman Melaka Raya
75000 Melaka

Tel : 06 – 281 2890
Fax : 06 – 281 2937

JOHOR

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
Unit 22-05, Level 22
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

Tel : 07 – 227 8999
Fax : 07 – 223 8998

SABAH

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
Unit 1.09(a), Level 1
Plaza Shell
29, Jalan Tunku Abdul Rahman
88000 Kota Kinabalu
Sabah

Tel : 088 – 252 881
Fax : 088 – 288 803

SARAWAK

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
Ground Floor, No. 69
Block 10, Jalan Laksamana Cheng Ho
93200 Kuching
Sarawak

Tel : 082 – 233 320
Fax : 082 – 233 663

AHAM Asset Management Berhad
(FKA Affin Hwang Asset Management Berhad)
1st Floor, Lot 1291
Jalan Melayu, MCLD
98000 Miri
Sarawak

Tel : 085 – 418 403
Fax : 085 – 418 372

AHAM Asset Management Berhad

(Formerly known as Affin Hwang Asset Management Berhad)
Registration No: 199701014290 (429786-T)

Ground Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.
Toll Free Number: 1800 88 7080 T: +603 2116 6000 F: +603 2116 6100
www.aham.com.my