

Affin Hwang World Series - Global Balanced Fund

Annual Report
31 May 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG WORLD SERIES – GLOBAL BALANCED FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 31 May 2021

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FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Balanced Fund
Fund Type	Growth
Fund Category	Balanced (Fund-of Funds)
Investment Objective	The Fund aims to provide investors with capital growth opportunities through a portfolio of collective investment schemes
Benchmark	50% MSCI All Country World Index + 50% Barclays Global Aggregate Index
Distribution Policy	The Fund is not expected to make any income distribution. However, incidental income distribution may be declared whenever appropriate.

BREAKDOWN OF UNITHOLDERS BY SIZE USD CLASS AS AT 31 MAY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	2	18
10,001 to 50,000	7	175
50,001 to 500,000	4	1,061
500,001 and above	3	9,011
Total	16	10,265

* Note: Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SIZE AUD HEDGED-CLASS AS AT 31 MAY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	2	17
10,001 to 50,000	5	98
50,001 to 500,000	6	1,082
500,001 and above	5	23,237
Total	18	24,434

* Note: Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SIZE MYR HEDGED-CLASS AS AT 31 MAY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	31	70
5,001 to 10,000	9	71
10,001 to 50,000	44	1,047
50,001 to 500,000	26	4,758
500,001 and above	12	351,146
Total	122	357,092

** Note: Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE SGD HEDGED-CLASS AS AT 31 MAY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	1	9
10,001 to 50,000	13	355
50,001 to 500,000	11	1,783
500,001 and above	3	11,795
Total	28	13,942

** Note: Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE GBP HEDGED-CLASS AS AT 31 MAY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1	0
5,001 to 10,000	-	-
10,001 to 50,000	2	45
50,001 to 500,000	2	288
500,001 and above	3	13,728
Total	7	14,061

** Note: Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE EUR HEDGED-CLASS AS AT 31 MAY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	2	69
50,001 to 500,000	1	183
500,001 and above	-	-
Total	3	252

** Note: Excluding Manager's stock*

FUND PERFORMANCE DATA

Category	As At 31 May 2021 (%)						As At 31 May 2020 (%)						As At 31 May 2019 (%)					
Portfolio composition																		
Collective Investment Scheme – local	0.16						-						-					
Collective Investment Scheme – foreign	76.01						63.12						62.79					
Exchange-traded fund – local	1.54						1.11						0.93					
Exchanged-traded-fund – foreign	20.87						33.28						34.88					
Cash & cash equivalent	1.42						2.49						1.40					
Total	100.00						100.00						100.00					
Currency class	<u>USD</u> <u>Class</u>	<u>AUD</u> <u>Hedged-</u> <u>class</u>	<u>MYR</u> <u>Hedged-</u> <u>class</u>	<u>SGD</u> <u>Hedged-</u> <u>class</u>	<u>GBP</u> <u>Hedged-</u> <u>class</u>	<u>EUR</u> <u>Hedged-</u> <u>class</u>	<u>USD</u> <u>Class</u>	<u>AUD</u> <u>Hedged-</u> <u>class</u>	<u>MYR</u> <u>Hedged-</u> <u>class</u>	<u>SGD</u> <u>Hedged-</u> <u>class</u>	<u>GBP</u> <u>Hedged-</u> <u>class</u>	<u>EUR</u> <u>Hedged-</u> <u>class</u>	<u>USD</u> <u>Class</u>	<u>AUD</u> <u>Hedged-</u> <u>class</u>	<u>MYR</u> <u>Hedged-</u> <u>class</u>	<u>SGD</u> <u>Hedged-</u> <u>class</u>	<u>GBP</u> <u>Hedged-</u> <u>class</u>	<u>EUR</u> <u>Hedged-</u> <u>class</u>
Total NAV (million)	7.110	16.142	260.350	9.385	8.567	0.146	9.954	27.816	354.129	11.290	9.122	0.468	16.182	32.790	554.281	15.863	14.173	0.395
NAV per unit (in respective currencies)	0.6925	0.6606	0.7291	0.6730	0.6091	0.5744	0.5666	0.5436	0.5919	0.5533	0.5026	0.4857	0.5485	0.5389	0.5729	0.5405	0.5005	0.4849
Unit in Circulation (million)	10.267	24.437	357.095	13.944	14.064	0.254	17.569	51.171	598.320	20.404	18.151	0.964	29.502	60.849	967.480	29.350	28.320	0.814
Highest NAV	0.6925	0.6606	0.7291	0.6730	0.6091	0.5846	0.6122	0.5967	0.6424	0.6012	0.5526	0.5321	0.5643	0.5547	0.5891	0.5566	0.5189	0.5053
Lowest NAV	0.5685	0.5452	0.5938	0.5552	0.5042	0.4873	0.4751	0.4575	0.4985	0.4650	0.4233	0.4093	0.5106	0.5014	0.5331	0.5043	0.4684	0.4566
Return of the Fund (%)	22.22	21.52	23.18	21.63	21.19	18.26	3.48	0.87	3.40	2.37	0.42	0.16	-0.26	-0.92	-0.02	-1.46	-2.32	-3.02
- Capital Return (%)	22.22	21.52	23.18	21.63	21.19	18.26	3.30	0.87	3.40	2.37	0.42	0.16	-0.72	-0.92	-0.47	-1.64	-2.51	-3.02
- Income Return (%)	Nil	Nil	Nil	Nil	Nil	Nil	0.17	Nil	0.08	Nil	Nil	Nil	0.46	Nil	0.45	0.18	0.20	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	0.10	Nil	0.05	Nil	Nil	Nil	0.25	Nil	0.25	0.10	0.10	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	0.10	Nil	0.05	Nil	Nil	Nil	0.25	Nil	0.25	0.10	0.10	Nil
Management Expenses Ratio (%) ¹				1.39						1.38						1.38		
Portfolio Turnover Ratio (times) ²				0.62						0.60						0.74		

¹ The Fund's MER was slightly higher than previous year due to lower average NAV of the Fund for the financial year.

² The Fund's PTR was slightly higher than previous year due to lower average NAV of the Fund for the financial year.

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

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

An illustration of the above would be as follow:-

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

MANAGER'S REPORT**Income Distribution / Unit Split**

No income distribution or unit splits were declared for the financial year ended 31 May 2021.

Performance Review**USD Class**

For the period 1 June 2020 to 31 May 2021, the Fund registered a 22.22% return compared to the benchmark return of 21.07%. The Fund thus outperformed the Benchmark by 1.15%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was USD0.6925 while the NAV as at 31 May 2020 was USD0.5666.

Since commencement, the Fund has registered a return of 39.39% compared to the benchmark return of 41.40%, underperforming by 2.01%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	22.22%	26.14%	39.39%
Benchmark	21.07%	27.81%	41.40%
Outperformance	1.15%	(1.67%)	(2.01%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	22.22%	8.04%	7.33%
Benchmark	21.07%	8.51%	7.66%
Outperformance	1.15%	(0.47%)	(0.33%)

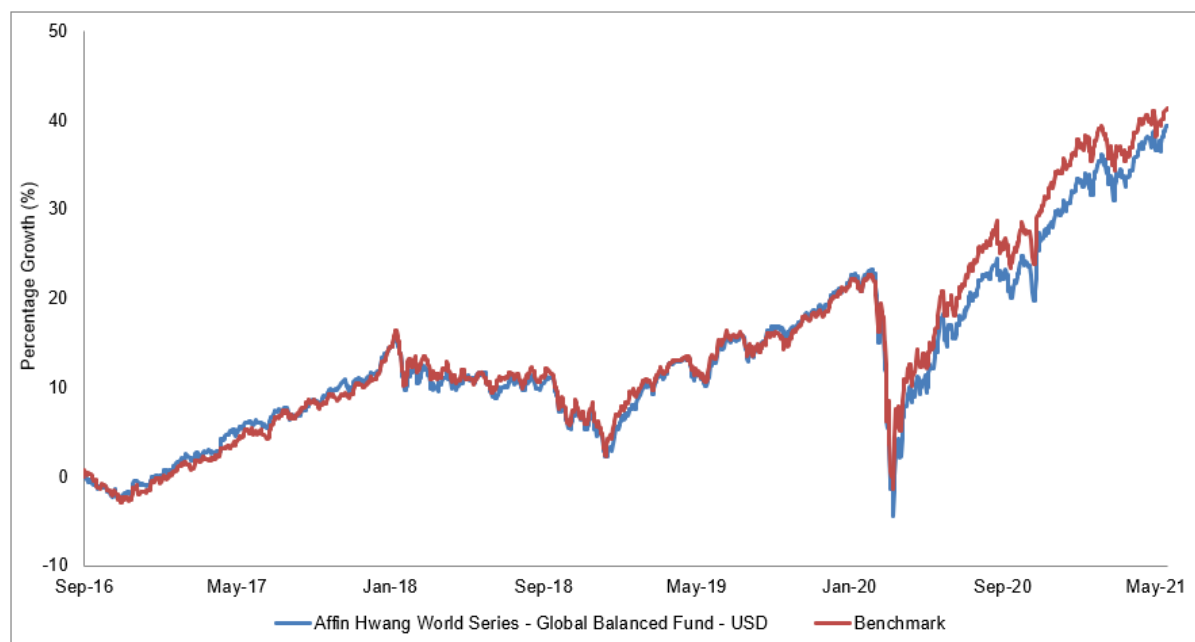
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (1/6/17 - 31/5/18)	FYE 2017 (22/9/16 - 31/5/17)
Fund	22.22%	3.48%	(0.26%)	4.88%	5.36%
Benchmark	21.07%	5.51%	0.05%	5.73%	4.63%
Outperformance	1.15%	(2.03%)	(0.31%)	(0.85%)	0.73%

Source of Benchmark: Bloomberg

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



AUD Hedged-Class

For the period 1 June 2020 to 31 May 2021, the Fund registered a 21.52% return compared to the benchmark return of 21.07%. The Fund thus outperformed the Benchmark by 0.45%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was AUD0.6606 while the NAV as at 31 May 2020 was AUD0.5436.

Since commencement, the Fund has registered a return of 32.12% compared to the benchmark return of 43.25%, underperforming by 11.13%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	21.52%	21.46%	32.12%
Benchmark	21.07%	27.81%	43.25%
Outperformance	0.45%	(6.35%)	(11.13%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	21.52%	6.69%	6.11%
Benchmark	21.07%	8.51%	7.96%
Outperformance	0.45%	(1.82%)	(1.85%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (1/6/17 - 31/5/18)	FYE 2017 (22/9/16 - 31/5/17)
Fund	21.52%	0.87%	(0.92%)	4.38%	4.22%
Benchmark	21.07%	5.51%	0.05%	5.04%	6.70%
Outperformance	0.45%	(4.64%)	(0.97%)	(0.66%)	(2.48%)

Source of Benchmark: Bloomberg

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



MYR Hedged-Class

For the period 1 June 2020 to 31 May 2021, the Fund registered a 23.18% return compared to the benchmark return of 21.07%. The Fund thus outperformed the Benchmark by 2.11%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was MYR0.7291 while the NAV as at 31 May 2020 was MYR0.5919.

Since commencement, the Fund has registered a return of 46.59% compared to the benchmark return of 45.95%, outperforming by 0.64%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	23.18%	27.34%	46.59%
Benchmark	21.07%	27.81%	45.95%
Outperformance	2.11%	(0.47%)	0.64%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	23.18%	8.38%	8.49%
Benchmark	21.07%	8.51%	8.39%
Outperformance	2.11%	(0.13%)	0.10%

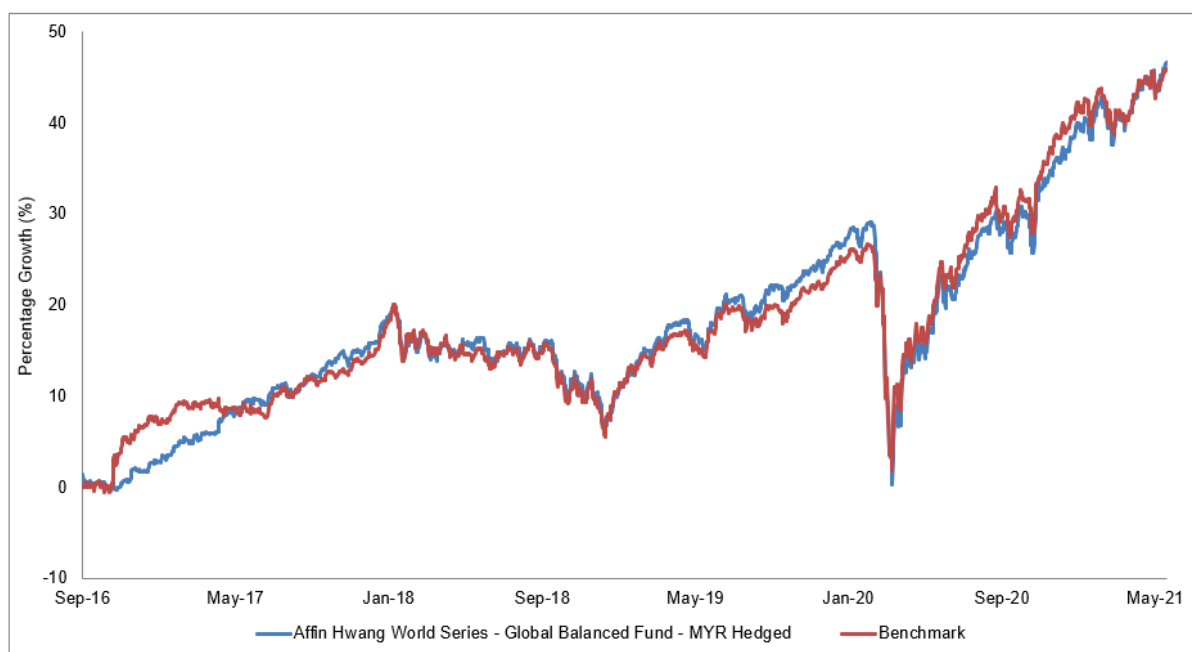
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (1/6/17 - 31/5/18)	FYE 2017 (22/9/16 - 31/5/17)
Fund	23.18%	3.40%	(0.02%)	5.96%	8.64%
Benchmark	21.07%	5.51%	0.05%	5.10%	8.65%
Outperformance	2.11%	(2.11%)	(0.07%)	0.86%	(0.01%)

Source of Benchmark: Bloomberg

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



SGD Hedged-Class

For the period 1 June 2020 to 31 May 2021, the Fund registered a 21.63% return compared to the benchmark return of 21.07%. The Fund thus outperformed the Benchmark by 0.56%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was SGD0.6730 while the NAV as at 31 May 2020 was SGD0.5533.

Since commencement, the Fund has registered a return of 34.85% compared to the benchmark return of 43.82%, underperforming by 8.97%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	21.63%	22.70%	34.85%
Benchmark	21.07%	27.81%	43.82%
Outperformance	0.56%	(5.11%)	(8.97%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (22/9/16 - 31/5/21)
Fund	21.63%	7.05%	6.58%
Benchmark	21.07%	8.51%	8.05%
Outperformance	0.56%	(1.46%)	(1.47%)

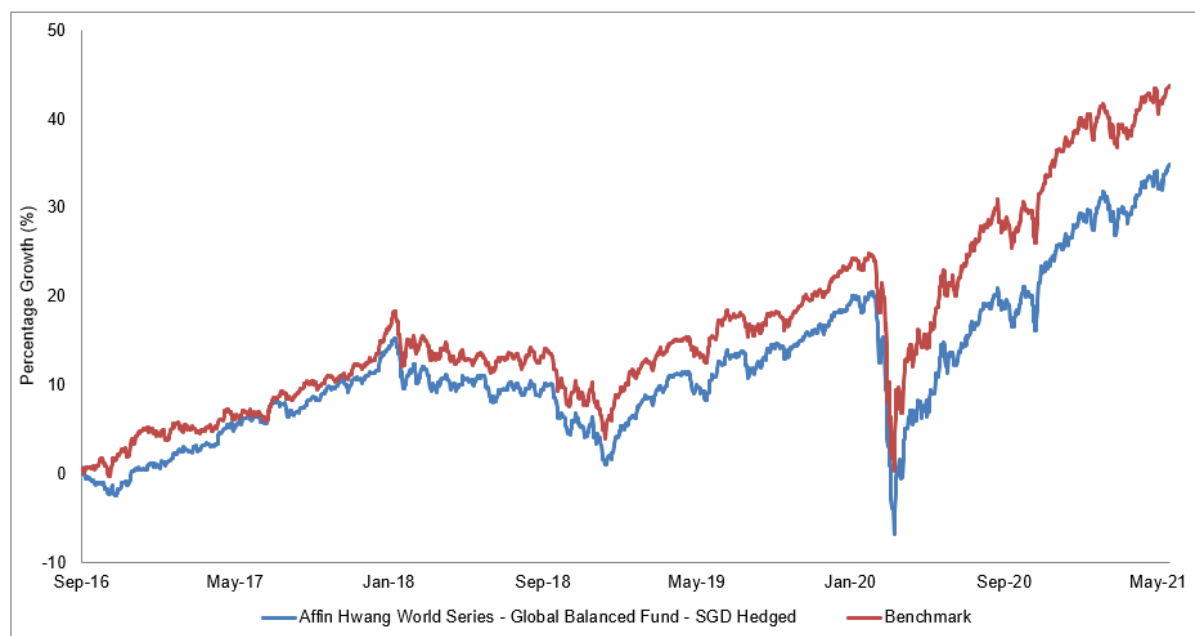
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (1/6/17 - 31/5/18)	FYE 2017 (22/9/16 - 31/5/17)
Fund	21.63%	2.37%	(1.46%)	4.09%	5.58%
Benchmark	21.07%	5.51%	0.05%	5.62%	6.54%
Outperformance	0.56%	(3.14%)	(1.51%)	(1.53%)	(0.96%)

Source of Benchmark: Bloomberg

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



GBP Hedged-Class

For the period 1 June 2020 to 31 May 2021, the Fund registered a 21.19% return compared to the benchmark return of 21.07%. The Fund thus outperformed the Benchmark by 0.12%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was GBP0.6091 while the NAV as at 31 May 2020 was GBP0.5026.

Since commencement, the Fund has registered a return of 22.06% compared to the benchmark return of 34.33%, underperforming by 12.27%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (7/6/17 - 31/5/21)
Fund	21.19%	18.87%	22.06%
Benchmark	21.07%	27.81%	34.33%
Outperformance	0.12%	(8.94%)	(12.27%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (7/6/17 - 31/5/21)
Fund	21.19%	5.93%	5.13%
Benchmark	21.07%	8.51%	7.69%
Outperformance	0.12%	(2.58%)	(2.56%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (1/6/18 - 31/5/19)	FYE 2018 (7/6/17 - 31/5/18)
Fund	21.19%	0.42%	(2.32%)	2.68%
Benchmark	21.07%	5.51%	0.05%	5.10%
Outperformance	0.12%	(5.09%)	(2.37%)	(2.42%)

Source of Benchmark: Bloomberg

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



EUR Hedged-Class

For the period 1 June 2020 to 31 May 2021, the Fund registered a 18.26% return compared to the benchmark return of 21.07%. The Fund thus underperformed the Benchmark by 2.81%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was EUR0.5744 while the NAV as at 31 May 2020 was EUR0.4857.

Since commencement, the Fund has registered a return of 14.88% compared to the benchmark return of 27.37%, underperforming by 12.49%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (17/5/18 - 31/5/21)
Fund	18.26%	14.83%	14.88%
Benchmark	21.07%	27.81%	27.37%
Outperformance	(2.81%)	(12.98%)	(12.49%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/20 - 31/5/21)	3 Years (1/6/18 - 31/5/21)	Since Commencement (17/5/18 - 31/5/21)
Fund	18.26%	4.71%	4.66%
Benchmark	21.07%	8.51%	8.27%
Outperformance	(2.81%)	(3.80%)	(3.61%)

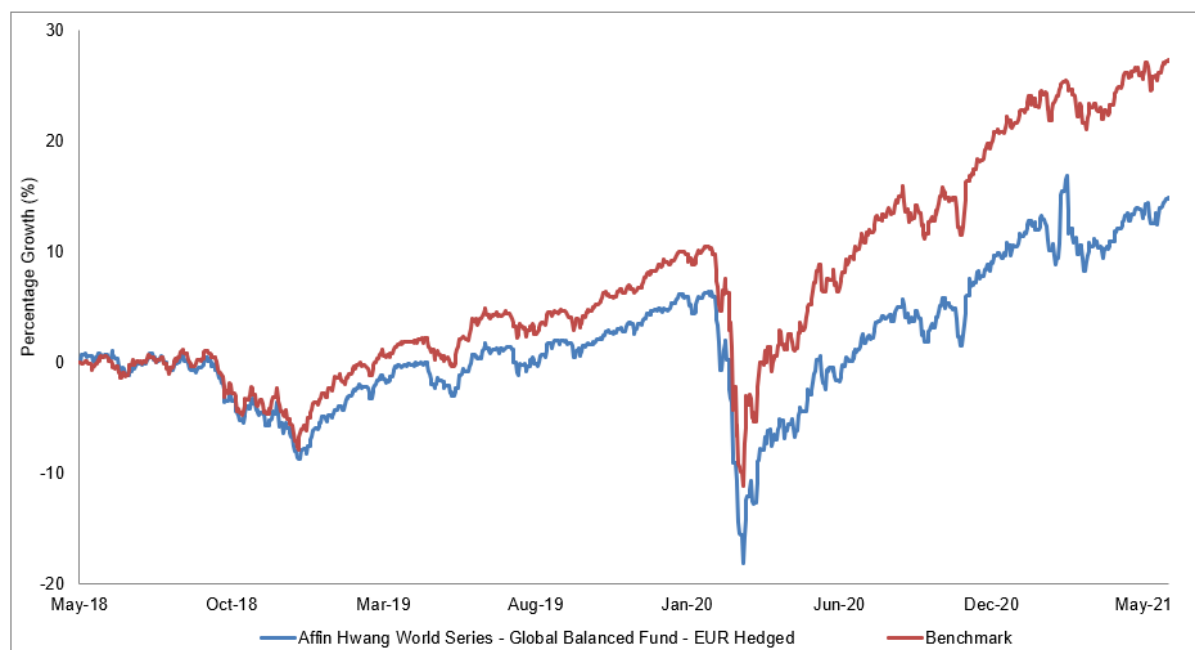
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/6/20 - 31/5/21)	FYE 2020 (1/6/19 - 31/5/20)	FYE 2019 (17/5/18 - 31/5/19)
Fund	18.26%	0.16%	(3.02%)
Benchmark	21.07%	5.51%	(0.29%)
Outperformance	(2.81%)	(5.35%)	(2.73%)

Source of Benchmark: Bloomberg

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



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

Benchmark: 50% MSCI All Country World Index + 50% Barclays Global Aggregate Index

Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Fund Performance Data.

As at 31 May 2021, the Fund remained highly invested with 76.17% of the Fund's NAV invested in collective investment scheme, 22.41% in exchanged-traded fund while the balance was held in cash and cash equivalent.

Strategies Employed

We maintain a pro-risk view with regards to the global economic recovery in 2021, which should provide supports to risk assets. However, given the uncertainty around inflation outlook and potential for taper sell-off we would like to reduce the overweight in equities in order to protect the portfolio against any potential volatility should the Fed starts discussing tapering and raising interest rate sooner than market expects. Equities should remain supported as the market is still expecting higher growth and inflation in the coming quarters. We therefore remain overweight risk relative to the Portfolio's 50/50 benchmark, favouring equities over fixed income. We liquidate our gold position as we expect real rates to rise given strong economic fundamentals. We prefer owning growth or cash flow generating assets. Given the current environment, we maintain relatively high exposure to cash equivalents as we believe it to be a more efficient mean to hedge equity risk compared to short-and-intermediate-term fixed income. As bond yields nowadays are still extremely low, holding cash does not necessarily reduce the upside.

Within equities, with US and Europe being our largest active exposures, we bring the weights closer to benchmark, while maintaining our directional view, to reduce the equity risk and protect the portfolio from any downside. We have also added to BFG Global Allocation to provide more flexibility for the portfolio to adjust

intra-quarter. In the last quarter, we added the BGF Global Long Horizon Fund as a source of active management alpha to the portfolio. Sector exposures in consumer discretionary and information technology increased slightly over the month.

Within fixed income, we continue to value the importance of flexibility, especially under the current market environment when things can change rapidly during a quarter. Therefore, allocating to more active, unconstrained strategies such as BGF Fixed Income Global Opportunities Fund with flexibility to manage across wide ranges of risks (e.g. interest rate, credit, asset class) is beneficial. We also add exposures to BGF Asia Tiger Bond Fund, which offers diversification potential with attractive yield pick-up over DM fixed income. As we believe that strong economic recovery is going to provide upside to real rates in the second half of the year, we remain underweighting duration. High yield remains a large active position given the potential yield benefit and spread compression available relative to investment grade bonds.

Market Review

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

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

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Earnings season continues with technology and banking stocks leading way in terms of results. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed's dovish testimony. The S&P 500 index closed 2.4% higher reaching an all-time high of 4,280.70 points in the last week of the month. The Nasdaq index rose 5.6% buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress.

US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank's view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled from 1.60% to close at 1.46% in June as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker down 1.1% in June as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The Group of Seven (“G7”) nations and North Atlantic Treaty Organisation (“NATO”) held its annual summit in June with political leaders from US and Europe vowing to toughen its stance on China.

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

The commodity market saw multiple consecutive periods of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets in January. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter. Overall, the commodities saw strong return in 1H2021, buoyed by vaccination programs and normalization of the economy.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

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

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

Benchmark KLCI fell 3.2% in June as daily new COVID-19 cases remain stubbornly high. Phase One of the movement control under the National Recovery Plan ("NRP"), which was initially scheduled to end on 28 June 2021 has been extended as cases has not fallen below the 4,000 threshold.

To provide aid to affected communities and businesses, the government unveiled the PEMULIH stimulus package worth RM150 billion. However, the direct fiscal injection of the stimulus package amounts to RM10 billion which includes cash handouts targeted at lower income groups as well as salary subsidies. The Prime Minister also announced an opt-in blanket loan moratorium for individual borrowers as well as the i-Citra initiative to allow contributors to withdraw up to RM5,000 from their EPF as a lifeline for households.

The local bond market was similarly in a cautious mood ahead of the Fed's meeting and persistently high cases in the country. The 10-year MGS benchmark yield edged 7bps higher in the month to close at 3.28%. Malaysia's GDP forecast was slashed from 6.0% to 4.0% given the extension in lockdown.

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

On the monetary policy side, Bank Negara Malaysia (BNM) may see more pressure to further slash the Overnight Policy Rate ("OPR") to cushion the economic impact of COVID-19. Malaysia's inflation figure came in at 4.4% in May 2021 as compared to the 4.7% in the preceding month.

Investment Outlook

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

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand.

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

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

We have acted as Trustee Affin Hwang World Series - Global Balanced Fund ("the Fund") for the financial year ended 31 May 2021. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has managed the Fund in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Unit Trust Funds and other applicable laws during the financial period then ended.

We have also ensured the following:

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

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

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
15 July 2021

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

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AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
INVESTMENT INCOME			
Dividend income		1,551,066	3,884,782
Interest income from financial assets at amortised cost		3,373	13,839
Net gain on foreign currency exchange		9,421	38,378
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		9,913,589	(4,946,751)
Net gain on financial assets at fair value through profit or loss	8	23,919,956	5,230,782
		<u>35,397,405</u>	<u>4,221,030</u>
EXPENSES			
Management fee	4	(1,511,382)	(2,109,132)
Trustee fee	5	(70,045)	(98,373)
Auditors' remuneration		(2,085)	(2,138)
Tax agent's fee		(811)	(838)
Transaction cost		(30,236)	(131,008)
Other expenses		(29,828)	(30,823)
		<u>(1,644,387)</u>	<u>(2,372,312)</u>
NET PROFIT BEFORE FINANCE COST AND TAXATION		33,753,018	1,848,718
FINANCE COST			
Distributions	6	-	(133,192)
NET PROFIT AFTER FINANCE COST BEFORE TAXATION		33,753,018	1,715,526
Taxation	7	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>33,753,018</u>	<u>1,715,526</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
Increase in net assets attributable to unitholders is made up of the following:			
Realised amount		16,316,849	(2,245,955)
Unrealised amount		17,436,169	3,961,481
		<u>33,753,018</u>	<u>1,715,526</u>

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2021

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
ASSETS			
Cash and cash equivalents	9	1,524,911	6,344,383
Amount due from brokers		309,135	-
Amount due from Manager			
- creation of units		438,743	718
- management fee rebate receivable		524	366
Dividends receivable		65,704	203,900
Other receivables		1,433	1,414
Financial assets at fair value through profit or loss	8	100,741,123	126,475,285
Forward foreign currency contracts at fair value through profit or loss	10	1,251,509	379,174
TOTAL ASSETS		<u>104,333,082</u>	<u>133,405,240</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	10	169,598	3,177,933
Amount due to brokers		300,000	102,479
Amount due to Manager			
- management fee		112,462	140,070
- cancellation of units		1,550,387	264,960
Amount due to Trustee		5,191	6,465
Auditors' remuneration		1,909	2,142
Tax agent's fee		1,789	1,859
Other payable and accruals		24	-
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>2,141,360</u>	<u>3,695,908</u>
NET ASSET VALUE OF THE FUND		<u>102,191,722</u>	<u>129,709,332</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>102,191,722</u>	<u>129,709,332</u>

AFFIN HWANG WORLD SERIES – GLOBAL BALANCED FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2021 (CONTINUED)

	Note	2021 USD	2020 USD
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS			
- AUD Hedged-class		12,504,487	18,461,715
- EUR Hedged-class		178,237	520,826
- GBP Hedged-class		12,152,574	11,280,310
- MYR Hedged-class		63,138,204	81,502,692
- SGD Hedged-class		7,108,347	7,989,823
- USD class		7,109,873	9,953,966
		<u>102,191,722</u>	<u>129,709,332</u>
NUMBER OF UNITS IN CIRCULATION			
- AUD Hedged-class	11(a)	24,437,000	51,171,000
- EUR Hedged-class	11(b)	254,000	964,000
- GBP Hedged-class	11(c)	14,064,000	18,151,000
- MYR Hedged-class	11(d)	357,095,000	598,320,000
- SGD Hedged-class	11(e)	13,944,000	20,404,000
- USD class	11(f)	10,267,000	17,569,000
		<u>420,061,000</u>	<u>706,579,000</u>
NET ASSET VALUE PER UNIT (USD)			
- AUD Hedged-class		0.5117	0.3608
- EUR Hedged-class		0.7017	0.5403
- GBP Hedged-class		0.8641	0.6215
- MYR Hedged-class		0.1768	0.1362
- SGD Hedged-class		0.5098	0.3916
- USD class		<u>0.6925</u>	<u>0.5666</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- AUD Hedged-class		AUD0.6606	AUD0.5436
- EUR Hedged-class		EUR0.5744	EUR0.4857
- GBP Hedged-class		GBP0.6091	GBP0.5026
- MYR Hedged-class		RM0.7291	RM0.5919
- SGD Hedged-class		SGD0.6730	SGD0.5533
- USD class		<u>USD0.6925</u>	<u>USD0.5666</u>

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

AFFIN HWANG WORLD SERIES – GLOBAL BALANCED FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	<u>2021</u> USD	<u>2020</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	129,709,332	201,030,967
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	19,279,061	14,577,462
- AUD Hedged-class	1,883,927	4,109,060
- EUR Hedged-class	626,404	121,126
- GBP Hedged-class	3,832,210	2,767,747
- MYR Hedged-class	5,041,512	4,767,241
- SGD Hedged-class	2,498,611	943,368
- USD class	5,396,397	1,868,920
Creation of units arising from distributions	-	131,150
- MYR Hedged-class	-	104,691
- USD class	-	26,459
Cancellation of units	(80,549,689)	(87,745,773)
- AUD Hedged-class	(14,038,799)	(7,766,882)
- EUR Hedged-class	(1,162,440)	(39,198)
- GBP Hedged-class	(6,872,596)	(9,450,511)
- MYR Hedged-class	(43,052,509)	(57,093,772)
- SGD Hedged-class	(5,482,501)	(4,573,838)
- USD class	(9,940,844)	(8,821,572)

AFFIN HWANG WORLD SERIES – GLOBAL BALANCED FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

	<u>2021</u> USD	<u>2020</u> USD
Increase in net assets attributable to unitholders during the financial year	33,753,018	1,715,526
- AUD Hedged-class	6,197,644	(569,199)
- EUR Hedged-class	193,447	(1,257)
- GBP Hedged-class	3,912,650	78,653
- MYR Hedged-class	19,646,509	1,406,269
- SGD Hedged-class	2,102,414	102,601
- USD class	1,700,354	698,459
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>102,191,722</u>	<u>129,709,332</u>

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	<u>Note</u>	<u>2021</u> USD	<u>2020</u> USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		101,835,262	138,015,717
Purchase of investments		(52,297,605)	(60,277,303)
Dividends received		1,689,262	3,958,769
Interest received		3,373	13,839
Management fee rebate received		4,323	5,502
Management fee paid		(1,538,624)	(2,198,860)
Trustee fee paid		(71,319)	(102,536)
Payment for other fees and expenses		(63,258)	(163,934)
Net realised foreign currency exchange gain/(loss)		52,565	(1,927)
Realised gain/(loss) on forward foreign currency contracts		6,032,919	(4,745,558)
Net cash flows generated from operating activities		<u>55,646,898</u>	<u>74,503,709</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		18,841,036	14,627,679
Payments for cancellation of units		(79,264,262)	(88,537,476)
Payments for distributions		-	(2,042)
Net cash flows used in financing activities		<u>(60,423,226)</u>	<u>(73,911,839)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,776,328)	591,870
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(43,144)	40,305
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>6,344,383</u>	<u>5,712,208</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>1,524,911</u></u>	<u><u>6,344,383</u></u>

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

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

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

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

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

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

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend income

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

Interest income

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

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

Realised gains and losses on sale of investments

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

C DISTRIBUTIONS

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

D TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

E 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.

Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

F 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.

G FOREIGN CURRENCY TRANSLATION

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

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

The Fund classifies amount due to brokers, amount due to Manager, amount due to Trustee, auditors’ remuneration, tax agent’s fee and other payables and accruals as financial liabilities measured at amortised cost.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

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

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

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

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of currency transactions are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the year which they arise.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

Investment in CIS and exchange-traded funds are valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

I CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

J AMOUNT DUE FROM/(TO) BROKERS

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

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

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

K CREATION AND CANCELLATION OF UNITS

The unitholders' contribution 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 six classes of units, known respectively as the AUD Hedged-class, EUR Hedged-class, GBP Hedged-class, MYR Hedged-class, SGD Hedged-class and USD class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

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

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

M DERIVATIVE FINANCIAL INSTRUMENTS

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

M DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

N CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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) Significant portion of the Fund's NAV are in investments denominated in USD.
- ii) Significant portion of the Fund's cash is denominated in USD for the purpose of making settlement of foreign trades and expenses.
- iii) Significant portion of the Fund's expenses are denominated in USD.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

The analysis of realised and unrealised amounts in increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Fund.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang Global Balanced Fund (the "Fund") pursuant to the execution of a Deed dated 29 March 2016, Supplemental Deed dated 1 November 2016 and Second Supplemental Deed dated 26 January 2018 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and TMF Trustees Malaysia Berhad (the "Trustee"). The Fund has changed its name from Affin Hwang Global Balanced Fund to Affin Hwang World Series – Global Balanced Fund as amended by the Supplemental Deed dated 1 November 2016.

The Fund commenced operations on 22 September 2016 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest any of in the following assets, subject to the Deeds, the Fund's objective, the Guidelines, the requirements of the Securities Commission and all relevant laws:

- (a) Units/shares in collective investment schemes;
- (b) Money market instruments;
- (c) Fixed deposits;
- (d) Derivatives;
- (e) Any other form of investments as may be permitted by the SC from time to time is in line with the objective of the Fund.

All investments will be subjected to the SC's Guidelines on Unit Trust Funds.

The main objective of the Fund is to provide investors with capital growth opportunities through a portfolio of collective investment schemes.

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

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	At amortised cost USD	At fair value through profit or loss USD	Total USD
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,524,911	-	1,524,911
Amount due from brokers		309,135	-	309,135
Amount due from Manager				
- creation of units		438,743	-	438,743
- management fee rebate receivable		524	-	524
Dividends receivable		65,704	-	65,704
Other receivables		1,433	-	1,433
Collective investment schemes – local	8	-	160,052	160,052
Collective investment schemes – foreign	8	-	77,685,918	77,685,918
Exchange-traded funds – local	8	-	1,577,330	1,577,330
Exchange-traded funds – foreign	8	-	21,317,823	21,317,823
Forward foreign currency contracts	10	-	1,251,509	1,251,509
Total		<u>2,340,450</u>	<u>101,992,632</u>	<u>104,333,082</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	10	-	169,598	169,598
Amount due to brokers		300,000	-	300,000
Amount due to Manager				
- management fee		112,462	-	112,462
- cancellation of units		1,550,387	-	1,550,387
Amount due to Trustee		5,191	-	5,191
Auditors' remuneration		1,909	-	1,909
Tax agent's fee		1,789	-	1,789
Other payables and accruals		24	-	24
Total		<u>1,971,762</u>	<u>169,598</u>	<u>2,141,360</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

Financial instruments are as follows: (continued)

	Note	At amortised cost USD	At fair value through profit or loss USD	Total USD
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	6,344,383	-	6,344,383
Amount due from Manager				
- creation of units		718	-	718
- management fee rebate receivable		366	-	366
Dividends receivable		203,900	-	203,900
Other receivables		1,414	-	1,414
Collective investment schemes – foreign	8	-	81,868,679	81,868,679
Exchange-traded funds – local	8	-	1,437,519	1,437,519
Exchange-traded funds – foreign	8	-	43,169,087	43,169,087
Forward foreign currency contracts	10	-	379,174	379,174
Total		<u>6,550,781</u>	<u>126,854,459</u>	<u>133,405,240</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	10	-	3,177,933	3,177,933
Amount due to brokers		102,479	-	102,479
Amount due to Manager				
- management fee		140,070	-	140,070
- cancellation of units		264,960	-	264,960
Amount due to Trustee		6,465	-	6,465
Auditors' remuneration		2,142	-	2,142
Tax agent's fee		1,859	-	1,859
Total		<u>517,975</u>	<u>3,177,933</u>	<u>3,695,908</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 Unit Trust Fund.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

Market risk

(a) Price risk

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

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

	<u>2021</u> USD	<u>2020</u> USD
Quoted investments		
Collective investment schemes	77,845,970	81,868,679
Exchange-traded funds	22,895,153	44,606,606
	<u>100,741,123</u>	<u>126,475,285</u>

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2020: 10%) and decreased by 10% (2020: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in quoted investments, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> USD	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> USD
<u>2021</u>		
-10%	90,667,010	(10,074,112)
0%	100,741,123	-
+10%	<u>110,815,235</u>	<u>10,074,112</u>
<u>2020</u>		
-10%	113,827,756	(12,647,529)
0%	126,475,285	-
+10%	<u>139,122,814</u>	<u>12,647,529</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Interest rate risk

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

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

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

(c) Currency risk

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(c) Currency risk

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

	Collective investment schemes USD	Exchange- traded funds USD	Forward foreign currency contracts USD	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
<u>2021</u>						
<u>Financial assets</u>						
Australian Dollar	-	-	241,879	1,135	25,509	268,523
Euro	-	-	1,338	10,261	-	11,599
British Pound Sterling	-	-	343,737	32,941	25,814	402,492
Malaysian Ringgit	-	1,577,330	505,407	142,297	310,967	2,536,001
Singapore Dollar	160,052	-	159,148	82,168	-	401,368
	<u>160,052</u>	<u>1,577,330</u>	<u>1,251,509</u>	<u>268,802</u>	<u>362,290</u>	<u>3,619,983</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(c) Currency risk (continued)

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

	Forward foreign currency contracts USD	Other liabilities* USD	Net assets attributable to unitholders USD	Total USD
<u>2021</u> (continued)				
<u>Financial liabilities</u>				
Australian Dollar	31,426	212,275	12,504,487	12,748,188
Euro	-	-	178,237	178,237
British Pound Sterling	-	537,882	12,152,574	12,690,456
Malaysian Ringgit	138,172	59,911	63,138,204	63,336,287
Singapore Dollar	-	744,040	7,108,347	7,852,387
	<u>169,598</u>	<u>1,554,108</u>	<u>95,081,849</u>	<u>96,805,555</u>

	Exchange- traded funds USD	Forward foreign currency contracts USD	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
<u>2020</u>					
<u>Financial assets</u>					
Australian Dollar	-	289,921	43,308	718	333,947
Euro	-	4,843	12,378	-	17,221
British Pound Sterling	-	31,296	5,755	-	37,051
Malaysian Ringgit	1,437,519	38,795	47,591	-	1,523,905
Singapore Dollar	-	14,319	45,134	-	59,453
	<u>1,437,519</u>	<u>379,174</u>	<u>154,166</u>	<u>718</u>	<u>1,971,577</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(c) Currency risk (continued)

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

	Forward foreign currency contracts USD	Other liabilities* USD	Net assets attributable to unitholders USD	Total USD
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Australian Dollar	284,014	39,388	18,461,715	18,785,117
Euro	-	-	520,826	520,826
British Pound Sterling	197,197	-	11,280,310	11,477,507
Malaysian Ringgit	2,535,631	272,542	81,502,692	84,310,865
Singapore Dollar	161,091	52,526	7,989,823	8,203,440
	<u>3,177,933</u>	<u>364,456</u>	<u>119,755,366</u>	<u>123,297,755</u>

*Other liabilities consist of amount due to Manager, amount due to brokers, auditor's remuneration and tax agent's fee.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/NAV USD
<u>2021</u>		
Australian Dollar	+/- 9.44	-/+ 1,177,765
Euro	+/- 6.33	-/+ 10,540
British Pound Sterling	+/- 7.99	-/+ 981,326
Malaysian Ringgit	+/- 3.72	-/+ 2,263,851
Singapore Dollar	+/- 3.90	-/+ 290,665
<u>2020</u>		
Australian Dollar	+/- 12.97	-/+ 2,393,117
Euro	+/- 8.27	-/+ 41,648
British Pound Sterling	+/- 12.95	-/+ 1,481,539
Malaysian Ringgit	+/- 6.25	-/+ 5,174,185
Singapore Dollar	+/- 5.33	-/+ 434,075

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 investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

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

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unit Trust Fund.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

	Forward foreign currency contracts USD	Cash and cash equivalents USD	Other assets* USD	Total USD
<u>2021</u>				
Financial services				
- AAA	828,445	135,814	-	964,259
- AA1	-	1,389,097	-	1,389,097
- AA2	176,153	-	-	176,153
- AA3	15,285	-	-	15,285
- NR	231,626	-	-	231,626
Others				
- NR	-	-	815,539	815,539
	<u>1,251,509</u>	<u>1,524,911</u>	<u>815,539</u>	<u>3,591,959</u>
<u>2020</u>				
Financial services				
- AAA	138,080	41,508	-	179,588
- AA1	-	6,302,875	-	6,302,875
- AA2	132,033	-	-	132,033
- AA3	88,011	-	-	88,011
- NR	21,050	-	-	21,050
Others				
- NR	-	-	206,398	206,398
	<u>379,174</u>	<u>6,344,383</u>	<u>206,398</u>	<u>6,929,955</u>

*Other assets consist of dividends receivable, amount due from brokers, amount due from Manager and other receivables.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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

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

	Within <u>one month</u> USD	Between <u>one month</u> <u>to one year</u> USD	<u>Total</u> USD
<u>2021</u>			
Forward foreign currency contracts at fair value through profit or loss	-	169,598	169,598
Amount due to brokers	300,000	-	300,000
Amount due to Manager			
- management fees	112,462	-	112,462
- cancellation of units	1,550,387	-	1,550,387
Amount due to Trustee	5,191	-	5,191
Auditors' remuneration	-	1,909	1,909
Tax agent fee	-	1,789	1,789
Other payables and accruals	-	24	24
Net assets attributable to unitholders*	102,191,722	-	102,191,722
	<u>104,159,762</u>	<u>173,320</u>	<u>104,333,082</u>
<u>2020</u>			
Forward foreign currency contracts at fair value through profit or loss	629,395	2,548,538	3,177,933
Amount due to brokers	102,479	-	102,479
Amount due to Manager			
- management fees	140,070	-	140,070
- cancellation of units	264,960	-	264,960
Amount due to Trustee	6,465	-	6,465
Auditors' remuneration	-	2,142	2,142
Tax agent fee	-	1,859	1,859
Net assets attributable to unitholders*	129,709,332	-	129,709,332
	<u>130,852,701</u>	<u>2,552,539</u>	<u>133,405,240</u>

* Outstanding units are redeemed on demand at the unitholders' option. 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 these instruments typically retain them for the medium to long term.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

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

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (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 (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>2021</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	77,845,970	-	-	77,845,970
- exchange-traded funds	22,895,153	-	-	22,895,153
- forward foreign currency contracts	-	1,251,509	-	1,251,509
	<u>100,741,123</u>	<u>1,251,509</u>	<u>-</u>	<u>101,992,632</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	169,598	-	169,598
	<u>-</u>	<u>169,598</u>	<u>-</u>	<u>169,598</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	81,868,679	-	-	81,868,679
- exchange-traded funds	44,606,606	-	-	44,606,606
- forward foreign currency contracts	-	379,174	-	379,174
	<u>126,475,285</u>	<u>379,174</u>	<u>-</u>	<u>126,854,459</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	3,177,933	-	3,177,933
	<u>-</u>	<u>3,177,933</u>	<u>-</u>	<u>3,177,933</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment schemes and exchange-traded funds. The Fund does not adjust the quoted prices for these instruments.

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

- (ii) The carrying values of cash and cash equivalents, amount due from brokers, amount due from Manager, dividends receivable, other receivables 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 Deeds, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the NAV of the Fund calculated on a daily basis.

For the financial year ended 31 May 2021, the management fee is recognised at a rate of 1.30% (2020: 1.30%) per annum on the NAV of the Fund, calculated on a daily basis.

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

5 TRUSTEE FEE

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

For the financial year ended 31 May 2021, the Trustee's fee is recognised at a rate of 0.06% (2020: 0.06%) per annum on the NAV of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis.

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

6 DISTRIBUTIONS

	<u>2021</u> USD	<u>2020</u> USD
Distributions to unitholders are from the following sources:		
Prior years' realised income	-	133,192
Gross realised income	-	133,192
Less: Expenses	-	-
Net distribution amount	-	133,192

	<u>Gross/Net distribution per unit (sen)</u>				
	AUD Hedged- class AUD	GBP Hedged- class GBP	MYR Hedged- class RM	SGD Hedged- class SGD	USD class USD
<u>2020</u>					
17.07.2019	-	-	0.05	-	0.10

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

The distribution made for the financial year includes an amount of USD Nil (2020: USD133,192) from previous years' realised income.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

7 TAXATION

	<u>2021</u> USD	<u>2020</u> USD
Current taxation	-	-

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

	<u>2021</u> USD	<u>2020</u> USD
Net profit before taxation	33,753,018	1,848,718
Tax at Malaysian statutory rate of 24% (2020: 24%)	8,100,724	443,692
Tax effects of:		
Investment income not subject to tax	(8,495,377)	(1,011,639)
Expenses not deductible for tax purposes	32,473	62,076
Restriction on tax deductible expenses for Unit Trust Funds	362,180	505,871
Tax expense	-	-

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> USD	<u>2020</u> USD
Financial assets at fair value through profit or loss:		
- collective investment scheme – local	160,052	-
- collective investment schemes - foreign	77,685,918	81,868,679
- exchange-traded fund - local	1,577,330	1,437,519
- exchange-traded funds - foreign	21,317,823	43,169,087
	<u>100,741,123</u>	<u>126,475,285</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	10,316,466	1,102,544
- unrealised gain on changes in fair value	13,598,643	4,122,370
- management fee rebate on collective investment schemes #	4,847	5,868
	<u>23,919,956</u>	<u>5,230,782</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

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

(a) Collective investment scheme – local

(i) Collective investment scheme – local as at 31 May 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
Affin Hwang SGD Bond Fund – SGD Class	421,348	155,865	160,052	0.16
Total collective investment scheme	<u>421,348</u>	<u>155,865</u>	<u>160,052</u>	<u>0.16</u>
Accumulated unrealised gain on collective investment scheme		4,187		
Total collective investment scheme - local		<u>160,052</u>		

(ii) There was no investment in collective investment schemes – local as at 31 May 2020

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

(b) Collective investment schemes – foreign

(i) Collective investment schemes – foreign as at 31 May 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
BlackRock Global Funds				
-Fixed Income Global Opp Fund	1,364,695	14,106,878	15,216,353	14.89
BlackRock Global Funds				
- Euro Special Situation Fund	92,113	5,801,174	7,696,070	7.53
BlackRock Global Funds				
-Asian Tiger Bond Fund	660,054	7,842,562	7,867,843	7.70
BlackRock Global Funds				
-Global Multi-Asset Income Fd	802,177	8,053,399	8,358,680	8.18
BlackRock Global Funds				
-Asian Multi-Asset Income Fund	451,823	5,780,611	7,256,285	7.10
BlackRock Global Funds				
-Long Horizon Equity Fund	99,478	9,330,000	9,703,077	9.49
BlackRock Global Funds				
-Emerging Markets Fund	60,837	2,578,841	3,693,414	3.61
BlackRock Global Funds				
-Global Allocation Fund	208,436	14,941,196	17,894,196	17.51
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment schemes	3,739,613	68,434,661	77,685,918	76.01
	<hr/>		<hr/>	<hr/>
Accumulated unrealised gain on collective investment schemes		9,251,257		
		<hr/>		
Total collective investment schemes - foreign		77,685,918		
		<hr/>		

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

(b) Collective investment schemes – foreign (continued)

(ii) Collective investment schemes - foreign as at 31 May 2020 is as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
BlackRock Global Funds -Asian Multi-Asset Income Fund	692,074	8,837,926	9,066,168	6.99
BlackRock Global Funds -Asian Tiger Bond Fund	667,898	7,908,839	7,747,614	5.97
BlackRock Global Funds -Dynamic High Income Fund	654,729	6,317,259	5,650,315	4.36
BlackRock Global Funds -Emerging Markets Fund	122,816	5,000,000	4,767,722	3.68
BlackRock Global Funds European Special Situations Fund	285,365	4,306,197	4,942,520	3.81
BlackRock Global Funds -Fixed Income Global Opp Fund	1,361,548	13,600,000	14,391,563	11.10
BlackRock Global Funds -Global Corporate Bond Fund	264,170	3,726,750	4,192,372	3.23
BlackRock Global Funds -Global High Yield Bond Fund	722,402	5,840,103	5,576,940	4.30
BlackRock Global Funds -Global Multi -Asset Income Fund	2,713,439	27,329,726	25,533,465	19.68
Total collective investment schemes	<u>7,484,441</u>	<u>82,866,800</u>	<u>81,868,679</u>	<u>63.12</u>
Accumulated unrealised loss on collective investment schemes		<u>(998,121)</u>		
Total collective investment schemes - foreign		<u>81,868,679</u>		

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

(c) Exchange-traded fund – local

(i) Exchange-traded fund – local as at 31 May 2021 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	Aggregate cost USD	Fair value USD	Percentage of NAV %
TradePlus Shariah Gold Tracker	2,581,000	1,149,074	1,577,330	1.54
Total exchange-traded fund- local	<u>2,581,000</u>	<u>1,149,074</u>	<u>1,577,330</u>	<u>1.54</u>
Accumulated unrealised gain on exchange-traded fund - local		428,256		
Total exchange-traded fund - local		<u>1,577,330</u>		

(ii) Exchange-traded fund – local as at 31 May 2020 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	Aggregate cost USD	Fair value USD	Percentage of NAV %
TradePlus Shariah Gold Tracker	2,581,000	1,149,075	1,437,519	1.11
Total exchange-traded fund - local	<u>2,581,000</u>	<u>1,149,075</u>	<u>1,437,519</u>	<u>1.11</u>
Accumulated unrealised gain on exchange-traded fund - local		288,444		
Total exchange-traded fund - local		<u>1,437,519</u>		

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

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

(d) Exchange-traded funds – foreign

(i) Exchange-traded funds – foreign as at 31 May 2021 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
IShares Physical Gold ETC	79,741	2,330,648	2,948,623	2.89
IShares Core S&P 500 UCITS ETF	42,989	11,241,653	18,369,200	17.98
Total exchange-traded funds - foreign	<u>122,730</u>	<u>13,572,301</u>	<u>21,317,823</u>	<u>20.87</u>
Accumulated unrealised gain on exchange-traded funds - foreign		<u>7,745,522</u>		
Total exchange-traded funds - foreign		<u>21,317,823</u>		

(ii) Exchange-traded funds – foreign as at 31 May 2020 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
IShares Core S&P 500 UCITS ETF	68,464	17,903,382	20,638,473	15.91
IShares Edge MSCI USA	1,097,100	6,811,833	8,233,736	6.35
IShares MSCI Japan USD Hedged UCITS ETF	116,820	4,111,249	4,079,354	3.14
IShares MSCI USA Quality Div	198,030	6,594,888	6,495,384	5.01
IShares Physical Gold ETC	109,741	3,207,480	3,722,140	2.87
Total exchange-traded funds - foreign	<u>1,590,155</u>	<u>38,628,832</u>	<u>43,169,087</u>	<u>33.28</u>
Accumulated unrealised gain on exchange-traded funds - foreign		<u>4,540,255</u>		
Total exchange-traded funds - foreign		<u>43,169,087</u>		

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2021</u> USD	<u>2020</u> USD
Cash and bank balance	1,389,097	6,302,875
Deposit with a licensed financial institution	135,814	41,508
	<u>1,524,911</u>	<u>6,344,383</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>2.00</u>

Deposit with a licensed financial institution has an average maturity of 1 day (2020: 1 day).

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 44 (2020: 81) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD94,373,196 (2020: USD119,863,143). The forward currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign securities denominated in United States Dollar. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

11 NUMBER OF UNITS IN CIRCULATION

(a) AUD Hedged - class units in circulation

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	51,171,000	60,849,000
Creation of units arising from applications during the financial year	4,312,000	10,534,000
Cancellation of units during the financial year	(31,046,000)	(20,212,000)
At the end of the financial year	<u>24,437,000</u>	<u>51,171,000</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(b) EUR Hedged - class units in circulation

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	964,000	814,000
Creation of units arising from applications during the financial year	1,039,000	220,000
Cancellation of units during the financial year	(1,749,000)	(70,000)
At the end of the financial year	<u>254,000</u>	<u>964,000</u>

(c) GBP Hedged - class units in circulation

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	18,151,000	28,320,000
Creation of units arising from applications during the financial year	5,000,000	4,116,000
Cancellation of units during the financial year	(9,087,000)	(14,285,000)
At the end of the financial year	<u>14,064,000</u>	<u>18,151,000</u>

(d) MYR Hedged - class units in circulation

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	598,320,000	967,480,000
Creation of units arising from applications during the financial year	30,734,000	31,805,000
Creation of units arising from distributions during the financial year	-	716,889
Cancellation of units during the financial year	(271,959,000)	(401,681,889)
At the end of the financial year	<u>357,095,000</u>	<u>598,320,000</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(e) SGD Hedged - class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	20,404,000	29,350,000
Creation of units arising from applications during the financial year	5,462,000	2,205,000
Cancellation of units during the financial year	(11,922,000)	(11,151,000)
At the end of the financial year	<u>13,944,000</u>	<u>20,404,000</u>

(f) USD - class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	17,569,000	29,502,000
Creation of units arising from applications during the financial year	8,350,000	3,176,000
Creation of units arising from distributions during the financial year	-	46,063
Cancellation of units during the financial year	(15,652,000)	(15,155,063)
At the end of the financial year	<u>10,267,000</u>	<u>17,569,000</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

12 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the brokers for the financial year ended 31 May 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> USD	<u>Percentage</u> <u>of total trade</u> %	<u>Brokerage</u> <u>fee</u> USD	<u>Percentage of</u> <u>brokerage fee</u> %
BlackRock Investment Management Company	112,476,124	76.96	-	-
Sanford C. Bernstein Ltd. London	12,004,779	8.21	9,762	32.28
Macquarie Capital (Europe) Ltd	11,404,620	7.80	5,702	18.86
Cantor Fitzgerald Europe	6,194,804	4.24	12,390	40.98
State Street Bank And Trust Company	1,605,942	1.10	1,606	5.31
Deutsche Bank (Malaysia) Bhd	1,350,000	0.92	-	-
Bank Of America Securities	508,776	0.35	509	1.68
Credit Lyonnais Sec. Usa Inc	411,637	0.28	247	0.82
Affin Hwang Investment Bank Berhad #	155,865	0.11	-	-
Credit Suisse Securities Singapore Pte. Ltd.	41,690	0.03	21	0.07
	<u>146,154,237</u>	<u>100.00</u>	<u>30,237</u>	<u>100.00</u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

12 TRANSACTIONS WITH BROKERS (CONTINUED)

- (ii) Details of transactions with the brokers for the financial year ended 31 May 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> USD	<u>Percentage</u> <u>of total trade</u> %	<u>Brokerage</u> <u>fee</u> USD	<u>Percentage of</u> <u>brokerage fee</u> %
BlackRock Investment Management Company	117,818,627	59.94	-	-
Cantor Fitzgerald Europe	32,639,440	16.61	65,279	49.83
Sanford C. Bernstein Ltd. London	27,627,506	14.06	46,920	35.81
Macquarie Capital (Europe) Ltd	16,092,063	8.19	16,092	12.28
Deutsche Bank (Malaysia) Bhd	1,182,382	0.60	-	-
Affin Hwang Investment Bank Bhd#	992,289	0.50	2,717	2.08
JP Morgan Chase	200,718	0.10	-	-
	<u>196,553,025</u>	<u>100.00</u>	<u>131,008</u>	<u>100.00</u>

Included in the transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to USD155,865 (2020: USD992,289). The Manager is of the opinion that all transactions with the related company have been entered into agreed terms between the related parties.

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

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

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

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>USD</u>	<u>No. of units</u>	<u>USD</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)				
- AUD Hedged-class	3,041	1,556	2,580	931
- EUR Hedged-class	2,621	1,839	3,112	1,681
- GBP Hedged-class	3,293	2,845	3,481	2,163
- MYR Hedged-class	3,438	608	2,385	325
- SGD Hedged-class	2,572	1,311	3,618	1,417
- USD class	2,099	1,454	2,947	1,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

14 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2021</u> %	<u>2020</u> %
MER	1.39	1.38

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sales and service tax on transaction costs
F	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD116,761,887 (2020: USD163,942,915).

15 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2021</u>	<u>2020</u>
PTR (times)	0.62	0.60

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = USD52,495,127 (2020: USD60,040,373)
total disposal for the financial year = USD91,827,932 (2020: USD135,910,086)

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, Affin Hwang Asset Management Berhad, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 43 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2021 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 May 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 July 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series- Global Balanced Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 May 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 May 2021, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 43.

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 - GLOBAL BALANCED FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements so as to 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 that are free from material misstatement whether due to fraud or error.

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

Auditors' Responsibilities for the audit of financial statements

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG WORLD SERIES - GLOBAL BALANCED FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' Responsibilities for the audit of 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 judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG WORLD SERIES - GLOBAL BALANCED 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
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
15 July 2021

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