

Affin Hwang World Series - European Unconstrained Fund

Annual Report
31 March 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG WORLD SERIES – EUROPEAN UNCONSTRAINED FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 31 March 2022

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FUND INFORMATION

Fund Name	Affin Hwang World Series – European Unconstrained Fund
Fund Type	Growth
Fund Category	Equity feeder (wholesale)
Investment Objective	The Fund seeks to achieve capital appreciation over medium to long-term period through investments in European equities
Benchmark	MSCI Europe Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate.

FUND PERFORMANCE DATA

Category	As at 31 Mar 2022 (%)					As at 31 Mar 2021 (%)					As at 31 Mar 2020 (%)				
Portfolio composition															
Collective investment scheme	93.67					94.21					93.83				
Cash and cash equivalent	6.33					5.79					6.17				
Total	100.00					100.00					100.00				
Currency class	EUR Class	USD Hedged -class	AUD Hedged -class	MYR Hedged -class	SGD Hedged -class	EUR Class	USD Hedged -class	AUD Hedged -class	MYR Hedged -class	SGD Hedged -class	EUR Class	USD Hedged -class	AUD Hedged -class	MYR Hedged -class	SGD Hedged -class
Total NAV (million)	0.718	0.635	2.137	18.879	0.838	0.411	0.491	1.038	10.639	0.572	0.352	0.212	0.896	7.028	0.254
NAV per Unit (in respective currencies)	0.6231	0.7613	0.6864	0.7597	0.7086	0.5912	0.7165	0.6473	0.7041	0.6694	0.4524	0.5468	0.4971	0.5289	0.5096
Unit in Circulation (million)	1.153	0.834	3.114	24.850	1.183	0.696	0.685	1.604	15.110	0.854	0.777	0.387	1.802	13.287	0.499
Highest NAV	0.6987	0.8495	0.7678	0.8437	0.7930	0.5957	0.7214	0.6527	0.7080	0.6745	0.5719	0.6864	0.6370	0.6672	0.6441
Lowest NAV	0.5603	0.6845	0.6177	0.6818	0.6367	0.4436	0.5361	0.4875	0.5101	0.4997	0.3817	0.4589	0.4195	0.4444	0.4296
Return of the Fund (%) ⁱⁱⁱ	5.40	6.25	6.04	7.90	5.86	30.68	31.04	30.22	33.13	31.36	-5.71	-2.13	-6.21	-3.19	-4.25
- Capital Growth (%) ⁱ	5.40	6.25	6.04	7.90	5.86	30.68	31.04	30.22	33.13	31.36	-5.71	-2.13	-6.21	-3.19	-4.25
- Income Distribution (%) ⁱⁱ	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management Expense Ratio (%) ¹			1.98					2.07					2.15		
Portfolio Turnover Ratio (times) ²			0.52					0.45					0.41		

¹The lower MER of the Fund during the financial year was due a higher average NAV of the Fund during the financial year.

²The Fund's PTR was higher than previous year due higher trading activities during 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

Income Distribution / Unit Split

No income distribution or unit splits were declared for the financial year ended 31 March 2022.

MANAGER'S REPORT

Performance Review

EUR Class

For the period 1 April 2021 to 31 March 2022, the Fund registered a 5.40% return compared to the benchmark return of 6.87%. The Fund thus underperformed the Benchmark by 1.47%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2022 was EUR0.6231 while the NAV as at 31 March 2021 was EUR0.5912.

Since commencement, the Fund has registered a return of 24.62% compared to the benchmark return of 17.23%, outperforming by 7.39%.

Table 1: Performance of the Fund

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	5.40%	29.87%	42.36%	24.62%
Benchmark	6.87%	18.94%	18.00%	17.23%
Outperformance	(1.47%)	10.93%	24.36%	7.39%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	5.40%	9.09%	7.31%	3.53%
Benchmark	6.87%	5.95%	3.36%	2.54%
Outperformance	(1.47%)	3.14%	3.95%	0.99%

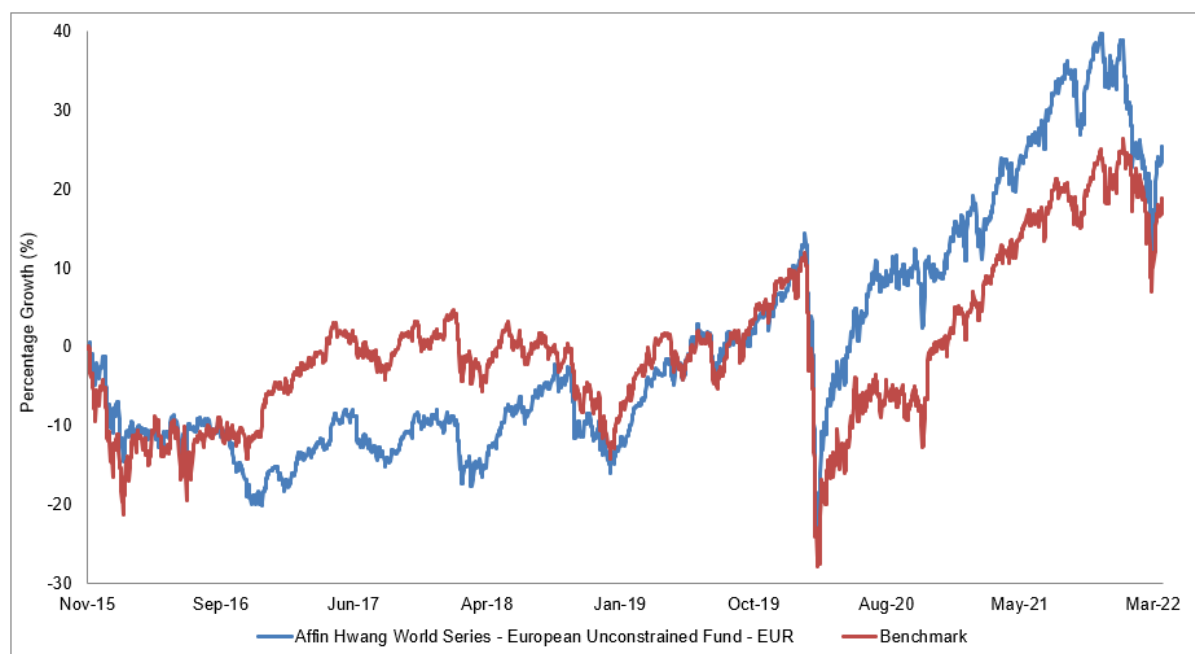
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	5.40%	30.68%	(5.71%)	12.84%	(2.86%)
Benchmark	6.87%	32.58%	(16.05%)	2.32%	(3.04%)
Outperformance	(1.47%)	(1.90%)	10.34%	10.52%	0.18%

Source of Benchmark: Bloomberg

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



AUD Hedged-Class

For the period 1 April 2021 to 31 March 2022, the Fund registered a 6.04% return compared to the benchmark return of 2.42%. The Fund thus outperformed the Benchmark by 3.62%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 March 2022 was AUD0.6864 while the NAV as at 31 March 2021 was AUD0.6473.

Since commencement, the Fund has registered a return of 37.28% compared to the benchmark return of 18.15%, outperforming by 19.13%.

Table 1: Performance of the Fund

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	6.04%	29.51%	47.30%	37.28%
Benchmark	2.42%	11.22%	24.69%	18.15%
Outperformance	3.62%	18.29%	22.61%	19.13%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	6.04%	8.99%	8.05%	5.12%
Benchmark	2.42%	3.60%	4.51%	2.66%
Outperformance	3.62%	5.39%	3.54%	2.46%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	6.04%	30.22%	(6.21%)	15.34%	(1.39%)
Benchmark	2.42%	13.75%	(4.53%)	0.86%	11.15%
Outperformance	3.62%	16.47%	(1.68%)	14.48%	(12.54%)

Source of Benchmark: Bloomberg

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



MYR Hedged-Class

For the period 1 April 2021 to 31 March 2022, the Fund registered a 7.90% return compared to the benchmark return of 2.39%. The Fund thus outperformed the Benchmark by 5.51%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 March 2022 was MYR0.7597 while the NAV as at 31 March 2021 was MYR0.7041.

Since commencement, the Fund has registered a return of 51.94% compared to the benchmark return of 22.18%, outperforming by 29.76%.

Table 1: Performance of the Fund

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	7.90%	39.06%	61.84%	51.94%
Benchmark	2.39%	21.22%	16.33%	22.18%
Outperformance	5.51%	17.84%	45.51%	29.76%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	7.90%	11.61%	10.10%	6.81%
Benchmark	2.39%	6.62%	3.07%	3.21%
Outperformance	5.51%	4.99%	7.03%	3.60%

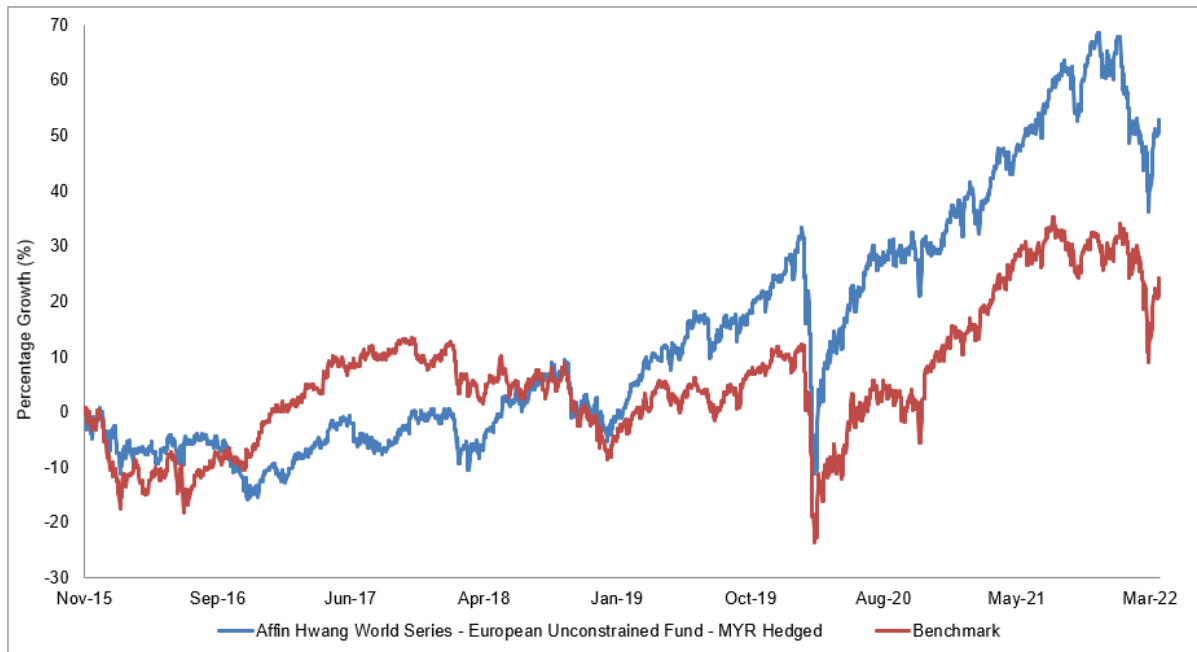
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	7.90%	33.13%	(3.19%)	16.18%	0.17%
Benchmark	2.39%	36.41%	(13.21%)	(1.55%)	(2.52%)
Outperformance	5.51%	(3.28%)	10.02%	17.73%	2.69%

Source of Benchmark: Bloomberg

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



SGD Hedged-Class

For the period 1 April 2021 to 31 March 2022, the Fund registered a 5.86% return compared to the benchmark return of 1.57%. The Fund thus outperformed the Benchmark by 4.29%. The Net Asset Value per unit (“NAV”) of the Fund as at 31 March 2022 was SGD0.7086 while the NAV as at 31 March 2021 was SGD0.6694.

Since commencement, the Fund has registered a return of 41.72% compared to the benchmark return of 17.78%, outperforming by 23.94%.

Table 1: Performance of the Fund

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	5.86%	33.15%	50.22%	41.72%
Benchmark	1.57%	17.40%	18.55%	17.78%
Outperformance	4.29%	15.75%	31.67%	23.94%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (27/11/15 - 31/3/22)
Fund	5.86%	10.00%	8.47%	5.65%
Benchmark	1.57%	5.49%	3.46%	2.61%
Outperformance	4.29%	4.51%	5.01%	3.04%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	5.86%	31.36%	(4.25%)	14.60%	(1.55%)
Benchmark	1.57%	34.01%	(13.75%)	(3.69%)	4.85%
Outperformance	4.29%	(2.65%)	9.50%	18.29%	(6.40%)

Source of Benchmark: Bloomberg

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



USD Hedged-Class

For the period 1 April 2021 to 31 March 2022, the Fund registered a 6.25% return compared to the benchmark return of 0.79%. The Fund thus outperformed the Benchmark by 5.46%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2022 was USD0.7613 while the NAV as at 31 March 2021 was USD0.7165.

Since commencement, the Fund has registered a return of 52.26% compared to the benchmark return of 37.19%, outperforming by 15.07%.

Table 1: Performance of the Fund

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (3/2/16 - 31/3/22)
Fund	6.25%	36.26%	53.55%	52.26%
Benchmark	0.79%	17.47%	22.25%	37.19%
Outperformance	5.46%	18.79%	31.30%	15.07%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (3/2/16 - 31/3/22)
Fund	6.25%	10.85%	8.95%	7.06%
Benchmark	0.79%	5.51%	4.10%	5.27%
Outperformance	5.46%	5.34%	4.85%	1.79%

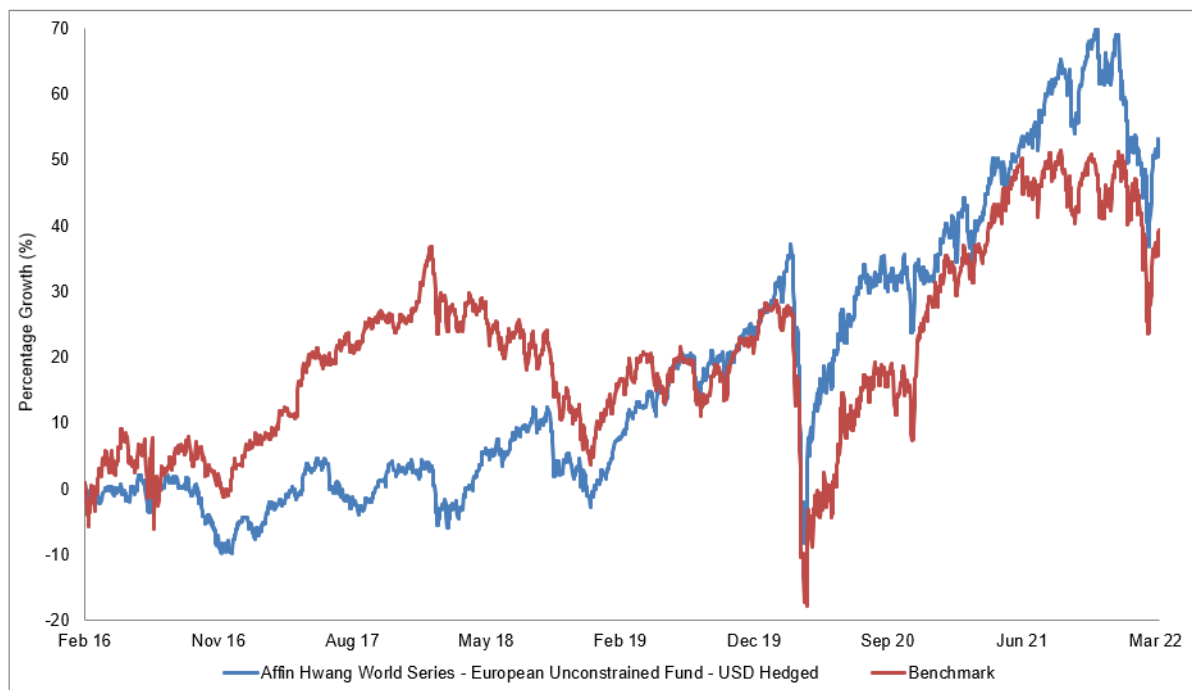
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	6.25%	31.04%	(2.13%)	14.89%	(1.92%)
Benchmark	0.79%	41.99%	(17.92%)	(6.87%)	11.73%
Outperformance	5.46%	(10.95%)	15.79%	21.76%	(13.65%)

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: MSCI Europe 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 March 2022, the asset allocation of the Fund's exposure to the collective investment scheme stood at 93.67% of the Fund's NAV, while the balance was held in cash.

Stock selection was the strongest in Consumer Discretionary and Energy, while stock selection in Health Care and Industrials detracted the most. In general, our positioning in Consumer Discretionary and Utilities added the most value while Industrials, Health Care and Information Technology were the bottom contributing sectors.

Strategies Employed

Our portfolios are constructed from the bottom-up utilising a differentiated "3-circle approach" based on fundamental, quantitative and qualitative sources of information that have proven their value since inception of the team in 2004. The combination of these mutually independent and uncorrelated information sources provides us with a complete picture of the anomalies and opportunities in the market, allowing us to make balanced investment decisions that limit the potential downside risk of the portfolio. The portfolio manager selects a stock and its weighting in the portfolio according to the attractiveness of the stock. In doing so, he utilises the investment philosophy of three mutually exclusive information sources – the three circle approach - to gain levels of conviction and a good understanding of the potential downside (and upside) of any stock. The weighting of a stock in the portfolio tends to be relatively benchmark-agnostic.

We buy stocks that look attractive on the “three circle” approach and short stocks that are unattractive. The ability to short stocks increases our opportunity to underweight the security beyond its benchmark weight. Alpha is obtained through the shorts from both the underperformance relative to the benchmark and the ability to overweight attractive long names more, potentially generating more alpha on the long portfolio.

Market Review

The Eurozone economy fared better than initially thought during the omicron wave, so momentum before war broke out in Ukraine was strong. However, the surge in energy prices, additional supply chain disruptions, and higher costs of raw materials including food will come as a negative shock to company profit margins and household incomes.

The European Union announced that it plans to reduce reliance on Russian gas by two-thirds by the end of the year. The Eurozone composite PMI fell to 54.5 in March (from 55.5), and the manufacturing PMI to 57 (from 58.2), both still in positive territory but with underlying signs of growing inflationary pressures.

Eurozone inflation rose to 5.9% in February. The European Central Bank is keen to ensure that inflation expectations do not overshoot. Tighter monetary policy, in the form of a quicker wind down of bond buying, is the result. However, given the weaker growth outlook, rate rises are likely to be delayed until December, with a zero deposit rate reached by the end of the first quarter of 2023.

On the political front, French presidential elections will take place in April, with the latest polling putting President Emmanuel Macron on course to remain in office.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy. Market environment is challenging given rising rates, slowing growth and uncertain earnings.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs.

Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this seems much less likely this time as battling inflation is seen as a more pressing matter.

Back home, we believe that it will be a stock picker’s market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

In terms of sector opportunities, we see banks as positive, benefit from a rising interest rate cycle as well as improvement in asset quality. Valuations of the sector is also attractive with banking stocks trading at a discount to its book value. Though seeing a lot of pressure now due to ESG headwinds especially pertaining to the welfare of foreign workers, technology and exporters are another key segment that could see potential upside underpinned by strong earnings visibility driven by secular growth trends such as 5G, electric vehicles (EV) and solar energy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

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 – EUROPEAN UNCONSTRAINED FUND

We have acted as Trustee for Affin Hwang World Series – European Unconstrained Fund (the “Fund”) for the financial year ended 31 March 2022. To the best of our knowledge, for the financial period under review, Affin Hwang Asset Management Berhad (“the Manager”), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Gerald Ang
Chief Executive Officer

Kuala Lumpur
17 May 2022

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>Note</u>	<u>2022</u> EUR	<u>2021</u> EUR
INVESTMENT INCOME			
Interest income from financial assets at amortised cost		129	116
Net loss on foreign currency exchange		(3,931)	(2,418)
Net gain on forward foreign currency contracts at fair value through profit or loss	8	423,589	96,933
Net gain on financial assets at fair value through profit or loss	7	210,924	981,696
		<u>630,711</u>	<u>1,076,327</u>
EXPENSES			
Management fee	4	(110,185)	(68,143)
Trustee fee	5	(3,676)	(2,282)
Auditors' remuneration		-	(1,676)
Tax agent's fee		-	(734)
Other expenses		(7,054)	(5,520)
		<u>(120,915)</u>	<u>(78,355)</u>
NET PROFIT BEFORE TAXATION		509,796	997,972
Taxation	6	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>509,796</u>	<u>997,972</u>
Increase in net assets attributable to unitholders comprise the following:			
Realised amount		687,280	219,482
Unrealised amount		(177,484)	778,490
		<u>509,796</u>	<u>997,972</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 - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>Note</u>	<u>2022</u> EUR	<u>2021</u> EUR
ASSETS			
Cash and cash equivalents		270,111	302,115
Amount due from brokers		141,950	-
Amount due from Manager			
- creation of units		14,937	-
- management fee rebate receivable		9,067	5,137
Financial assets at fair value through profit or loss	7	6,867,186	3,816,166
Forward foreign currency contracts at fair value through profit or loss	8	92,643	36,497
TOTAL ASSETS		7,395,894	4,159,915
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	8	26,173	2,188
Amount due to brokers		-	90,000
Amount due to Manager			
- management fee		10,855	6,084
- cancellation of units		20,568	2,159
Amount due to Trustee		362	203
Auditors' remuneration		1,968	3,702
Tax agent's fee		2,430	2,430
Other payable and accruals		2,420	2,316
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		64,776	109,082
NET ASSET VALUE OF THE FUND		7,331,118	4,050,833
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		7,331,118	4,050,833

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 (CONTINUED)

	<u>Note</u>	<u>2022</u> EUR	<u>2021</u> EUR
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- AUD Hedged-class		1,439,935	673,491
- EUR class		718,441	411,477
- MYR Hedged-class		4,043,756	2,185,951
- SGD Hedged-class		557,464	362,101
- USD Hedged-class		571,522	417,813
		<u>7,331,118</u>	<u>4,050,833</u>
NUMBER OF UNITS IN CIRCULATION			
- AUD Hedged-class	9 (a)	3,114,000	1,604,000
- EUR class	9 (b)	1,153,000	696,000
- MYR Hedged-class	9 (c)	24,850,000	15,110,000
- SGD Hedged-class	9 (d)	1,183,000	854,000
- USD Hedged-class	9 (e)	834,000	685,000
		<u>31,134,000</u>	<u>18,949,000</u>
NET ASSET VALUE PER UNIT (EUR)			
- AUD Hedged-class		0.4624	0.4199
- EUR class		0.6231	0.5912
- MYR Hedged-class		0.1627	0.1447
- SGD Hedged-class		0.4712	0.4240
- USD Hedged-class		0.6853	0.6099
		<u>0.4624</u>	<u>0.4199</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- AUD Hedged-class		AUD0.6864	AUD0.6473
- EUR class		EUR0.6231	EUR0.5912
- MYR Hedged-class		RM0.7597	RM0.7041
- SGD Hedged-class		SGD0.7086	SGD0.6694
- USD Hedged-class		USD0.7613	USD0.7165
		<u>AUD0.6864</u>	<u>AUD0.6473</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 - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>2022</u> EUR	<u>2021</u> EUR
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	4,050,833	2,693,337
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	6,091,076	2,349,982
- AUD Hedged-class	1,531,726	631,487
- EUR class	295,504	51,763
- MYR Hedged-class	2,955,124	1,029,695
- SGD Hedged-class	832,643	231,138
- USD Hedged-class	476,079	405,899
Cancellation of units	(3,320,587)	(1,990,458)
- AUD Hedged-class	(850,904)	(745,952)
- EUR class	-	(97,590)
- MYR Hedged-class	(1,385,973)	(799,989)
- SGD Hedged-class	(673,558)	(98,895)
- USD Hedged-class	(410,152)	(248,032)
Increase in net asset attributable to unitholders during the financial year	509,796	997,972
- AUD Hedged-class	85,622	286,699
- EUR class	11,461	105,764
- MYR Hedged-class	288,653	471,195
- SGD Hedged-class	36,279	67,410
- USD Hedged-class	87,781	66,904
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>7,331,118</u>	<u>4,050,833</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 - EUROPEAN UNCONSTRAINED FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>2022</u> EUR	<u>2021</u> EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investment	1,745,726	1,634,396
Purchase of investments	(4,910,000)	(1,910,000)
Interest received	129	116
Management fee rebate received	88,297	56,708
Management fee paid	(105,414)	(66,047)
Trustee fee paid	(3,517)	(2,212)
Payment for other fees and expenses	(8,684)	(7,651)
Net realised gain on forward foreign currency contracts	391,428	13,239
Net realised loss on foreign currency exchange	(4,080)	(2,292)
	<hr/>	<hr/>
Net cash flows used in operating activities	(2,806,115)	(283,743)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	6,076,139	2,357,333
Payments for cancellation of units	(3,302,180)	(1,988,299)
	<hr/>	<hr/>
Net cash flows generated from financing activities	2,773,959	369,034
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(32,156)	85,291
EFFECTS OF FOREIGN CURRENCY EXCHANGE	152	(128)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	<hr/>	<hr/>
	302,115	216,952
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<hr/> <hr/>	<hr/> <hr/>
	270,111	302,115

Cash and cash equivalents as at 31 March 2022 and 31 March 2021 comprise of bank balances.

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 L.

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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.

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- 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.

B INCOME RECOGNITION

Interest income

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

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

Realised gains and losses on sale of investments

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

C TAXATION

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

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

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 - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

D FUNCTIONAL AND PRESENTATION CURRENCY

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

E FOREIGN CURRENCY TRANSLATIONS

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

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

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 - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

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

Investment in collective investment scheme is valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

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

(iii) Impairment

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

G CASH AND CASH EQUIVALENTS

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

H 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 F for accounting policy on recognition and measurement.

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

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

I CREATION AND CANCELLATION OF UNITS

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

The Fund issues cancellable units, in five classes of units, known respectively as the AUD Hedged - class, MYR Hedged - class, EUR class, SGD Hedged - class and USD Hedged - class, which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Information Memorandum and Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to put back the unit to the Fund.

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

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

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

K DERIVATIVE FINANCIAL INSTRUMENTS

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

The Fund's derivative financial instruments comprise forward foreign currency. Derivatives are initially recognised at fair value on the date a derivative contracts 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.

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

K DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the statement 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.

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

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 EUR primarily due to the following factors:

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

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

The analysis of realised and unrealised increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang European Unconstrained Fund (the "Fund") pursuant to the execution of a Deed dated 21 October 2015, Supplemental Deed dated 18 January 2016 and Second Supplemental Deed dated 3 August 2016 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee"). The Fund has changed its name from Affin Hwang European Unconstrained Fund to Affin Hwang World Series - European Unconstrained Fund as amended by Second Supplemental Deed dated 3 August 2016.

The Fund commenced operations on 30 November 2015 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

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

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

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

The main objective of the Fund is to achieve capital appreciation over medium to long term period through investment in European countries.

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 17 May 2022.

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost EUR	At fair value through profit or loss EUR	<u>Total EUR</u>
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		270,111	-	270,111
Amount due from Manager				
- creation of units		14,937	-	14,937
- management fee rebate receivable		9,067	-	9,067
Amount due from brokers		141,950	-	141,950
Collective investment scheme	7	-	6,867,186	6,867,186
Forward foreign currency contracts	8	-	92,643	92,643
Total		<u>436,065</u>	<u>6,959,829</u>	<u>7,395,894</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	8	-	26,173	26,173
Amount due to Manager				
- management fee		10,855	-	10,855
- cancellation of units		20,568	-	20,568
Amount due to Trustee		362	-	362
Auditors' remuneration		1,968	-	1,968
Tax agent's fee		2,430	-	2,430
Other payables and accruals		2,420	-	2,420
Total		<u>38,603</u>	<u>26,173</u>	<u>64,776</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Financial instruments are as follows (continued):

	<u>Note</u>	At amortised cost EUR	At fair value through profit or loss EUR	<u>Total EUR</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		302,115	-	302,115
Amount due from Manager				
- management fee rebate receivable		5,137	-	5,137
Collective investment scheme	7	-	3,816,166	3,816,166
Forward foreign currency contracts	8	-	36,497	36,497
Total		<u>307,252</u>	<u>3,852,663</u>	<u>4,159,915</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	8	-	2,188	2,188
Amount due to brokers		90,000	-	90,000
Amount due to Manager				
- management fee		6,084	-	6,084
- cancellation of units		2,159	-	2,159
Amount due to Trustee		203	-	203
Auditors' remuneration		3,702	-	3,702
Tax agent's fee		2,430	-	2,430
Other payables and accruals		2,316	-	2,316
Total		<u>106,894</u>	<u>2,188</u>	<u>109,082</u>

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

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(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>2022</u> EUR	<u>2021</u> EUR
Quoted investment		
Collective investment scheme	6,867,186	3,816,166

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 4% (2021: 10%) and decreased by 4% (2021: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> EUR	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> EUR
<u>2022</u>		
-4%	6,592,499	(274,687)
0%	6,867,186	-
+4%	7,141,873	274,687
<u>2021</u>		
-10%	3,434,549	(381,617)
0%	3,816,166	-
+10%	4,197,783	381,617

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against the Euro, 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 the Euro based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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

	<u>Forward foreign currency contracts</u> EUR	<u>Cash and cash equivalents</u> EUR	<u>Amount due from Manager</u> EUR	<u>Total</u> EUR
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	17,744	3,483	-	21,227
Malaysian Ringgit	59,511	905	-	60,416
Singapore Dollar	9,733	1,208	14,937	25,878
United States Dollar	5,655	4,857	-	10,512
	<u>92,643</u>	<u>10,453</u>	<u>14,937</u>	<u>118,033</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contracts</u> EUR	<u>Other liabilities**</u> EUR	<u>Net assets attributable to unitholders</u> EUR	<u>Total</u> EUR
<u>2022</u> (continued)				
<u>Financial liabilities</u>				
Australian Dollar	14,189	-	1,439,935	1,454,124
Malaysian Ringgit	7,626	27,386	4,043,756	4,078,768
Singapore Dollar	897	-	557,464	558,361
United States Dollar	3,461	-	571,522	574,983
	<u>26,173</u>	<u>27,386</u>	<u>6,612,677</u>	<u>6,666,236</u>

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

	<u>Forward foreign currency contracts</u> EUR	<u>Cash and cash equivalents</u> EUR	<u>Total</u> EUR
<u>2021</u>			
<u>Financial assets</u>			
Australian Dollar	5,108	1,770	6,878
Malaysian Ringgit	17,839	3,838	21,677
Singapore Dollar	6,159	3,467	9,626
United States Dollar	7,391	1,675	9,066
	<u>36,497</u>	<u>10,750</u>	<u>47,247</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contracts</u> EUR	<u>Other liabilities**</u> EUR	<u>Net assets attributable to unitholders</u> EUR	<u>Total</u> EUR
<u>2021</u> (continued)				
<u>Financial liabilities</u>				
Australian Dollar	2,188	-	673,491	675,679
Malaysian Ringgit	-	10,607	2,185,951	2,196,558
Singapore Dollar	-	-	362,101	362,101
United States Dollar	-	-	417,813	417,813
	<u>2,188</u>	<u>10,607</u>	<u>3,639,356</u>	<u>3,652,151</u>

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (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 NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding increase/(decrease) in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/NAV EUR
<u>2022</u>		
Australian Dollar	+/- 7.53	+/- 107,897
Malaysian Ringgit	+/- 5.30	+/- 212,973
Singapore Dollar	+/- 4.22	+/- 22,471
United States Dollar	+/- 6.12	+/- 34,546
<u>2021</u>		
Australian Dollar	+/- 10.79	+/- 72,164
Malaysian Ringgit	+/- 7.91	+/- 172,033
Singapore Dollar	+/- 5.98	+/- 21,078
United States Dollar	+/- 8.08	+/- 33,027

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.

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.

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Liquidity risk (continued)

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

	<u>Within one month</u> EUR	<u>Between one month to one year</u> EUR	<u>Total</u> EUR
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	-	26,173	26,173
Amount due to Manager			
- management fees	10,855	-	10,855
- cancellation of units	20,568	-	20,568
Amount due to Trustee	362	-	362
Auditors' remuneration	-	1,968	1,968
Tax agent fee	-	2,430	2,430
Other payables and accruals	-	2,420	2,420
Net assets attributable to unitholders#	7,331,118	-	7,331,118
	<u>7,362,903</u>	<u>32,991</u>	<u>7,395,894</u>
<u>2021</u>			
Forward foreign currency contracts at fair value through profit or loss	-	2,188	2,188
Amount due to brokers	90,000	-	90,000
Amount due to Manager			
- management fees	6,084	-	6,084
- cancellation of units	2,159	-	2,159
Amount due to Trustee	203	-	203
Auditors' remuneration	-	3,702	3,702
Tax agent fee	-	2,430	2,430
Other payables and accruals	-	2,316	2,316
Net assets attributable to unitholders#	4,050,833	-	4,050,833
	<u>4,149,279</u>	<u>10,636</u>	<u>4,159,915</u>

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Credit risk

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

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

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

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

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

	<u>Forward foreign currency contracts</u> EUR	<u>Cash and cash equivalents</u> EUR	<u>Other assets*</u> EUR	<u>Total</u> EUR
<u>2022</u>				
Financial services				
- AAA	23,436	-	-	23,436
- AA1	-	270,111	-	270,111
- AA3	15,811	-	-	15,811
- NR	53,396	-	-	53,396
Others				
- NR	-	-	165,954	165,954
	<u>92,643</u>	<u>270,111</u>	<u>165,954</u>	<u>528,708</u>
<u>2021</u>				
Financial services				
- AAA	9,768	-	-	9,768
- AA1	-	302,115	-	302,115
- AA2	6,764	-	-	6,764
- AA3	5,946	-	-	5,946
- NR	14,019	-	-	14,019
Others				
- NR	-	-	5,137	5,137
	<u>36,497</u>	<u>302,115</u>	<u>5,137</u>	<u>343,749</u>

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (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> EUR	<u>Level 2</u> EUR	<u>Level 3</u> EUR	<u>Total</u> EUR
<u>2022</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	6,867,186	-	-	6,867,186
- forward foreign currency contracts	-	92,643	-	92,643
	<u>6,867,186</u>	<u>92,643</u>	<u>-</u>	<u>6,959,829</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	26,173	-	26,173
	<u>-</u>	<u>26,173</u>	<u>-</u>	<u>26,173</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- collective investment scheme	3,816,166	-	-	3,816,166
- forward foreign currency contracts	-	36,497	-	36,497
	<u>3,816,166</u>	<u>36,497</u>	<u>-</u>	<u>3,852,663</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	2,188	-	2,188
	<u>-</u>	<u>2,188</u>	<u>-</u>	<u>2,188</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (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 scheme. The Fund does not adjust the quoted prices for these instruments.

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

For the financial year ended 31 March 2022, the management fee is recognised at a rate of 1.80% (2021: 1.80%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

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

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate of 0.10% per annum of the NAV or its equivalent in the base currency (excluding of foreign custodian fees and charges).

For the financial year ended 31 March 2022, the Trustee's fee is recognised at a rate of 0.06% (2021: 0.06%) per annum on the NAV of the Fund, exclusive of foreign custodian fee, calculated on a daily basis as stated in the Fund's Information Memorandum.

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

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

6 TAXATION

	<u>2022</u> EUR	<u>2021</u> EUR
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>2022</u> EUR	<u>2021</u> EUR
Net profit before taxation	509,796	997,972
Tax at Malaysian statutory rate of 24% (2021: 24%)	122,351	239,513
Tax effects of:		
Investment income not subject to tax	(151,371)	(258,318)
Expenses not deductible for tax purposes	2,526	1,948
Restriction on tax deductible expenses for Wholesale Funds	26,494	16,857
Tax expense	-	-

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> EUR	<u>2021</u> EUR
Financial assets at fair value through profit or loss:		
- collective investment scheme	6,867,186	3,816,166
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	328,490	228,436
- unrealised (loss)/gain on changes in fair value	(209,793)	694,921
- management fee rebate on collective investment scheme#	92,227	58,339
	210,924	981,696

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

7 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 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

(i) Collective investment scheme as at 31 March 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> EUR	<u>Fair value</u> EUR	<u>Percentage of NAV</u> %
UBS Lux Equity SICAV European Opportunity Unconstrained Fund	25,327	6,419,443	6,867,186	93.67
Total collective investment scheme	<u>25,327</u>	<u>6,419,443</u>	<u>6,867,186</u>	<u>93.67</u>
Accumulated unrealised gain on collective investment scheme		447,743		
Total collective investment scheme		<u>6,867,186</u>		

(ii) Collective investment scheme as at 31 March 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> EUR	<u>Fair value</u> EUR	<u>Percentage of NAV</u> %
UBS Lux Equity SICAV European Opportunity Unconstrained Fund	14,937	3,158,630	3,816,166	94.21
Total collective investment scheme	<u>14,937</u>	<u>3,158,630</u>	<u>3,816,166</u>	<u>94.21</u>
Accumulated unrealised gain on collective investment scheme		657,536		
Total collective investment scheme		<u>3,816,166</u>		

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

8 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 14 (2021: 21) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to EUR6,510,238 (2021: EUR3,559,310). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the Hedged-classes denominated in Australian Dollar, Malaysian Ringgit, Singapore Dollar and 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 contracts is recognised immediately in the statement of comprehensive income.

	<u>2022</u> EUR	<u>2021</u> EUR
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	92,643	36,497
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	26,173	2,188
Net gain on forward foreign currency contracts at fair value through profit or loss:		
- realised gain on forward foreign currency contracts	391,429	13,238
- unrealised gain on changes in fair value	32,160	83,695
	<u>423,589</u>	<u>96,933</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 31 March 2022 is as follows:

	<u>Receivables</u> EUR	<u>Payables</u> EUR	<u>Fair value</u> EUR	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	504,388	489,474	14,914	0.20
BNP Paribas Malaysia Bhd	1,399,834	1,409,839	(10,005)	(0.14)
CIMB Bank Bhd	1,345,485	1,323,131	22,354	0.31
JP Morgan Chase Bank Bhd	2,199,979	2,146,583	53,396	0.73
Standard Chartered Bank Malaysia Bhd	1,060,552	1,074,741	(14,189)	(0.19)
Total forward foreign currency contracts	<u>6,510,238</u>	<u>6,443,768</u>	<u>66,470</u>	<u>0.91</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

8 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

(a) Forward foreign currency contracts (continued)

(ii) Forward foreign currency contracts as at 31 March 2021 is as follows:

	<u>Receivables</u> EUR	<u>Payables</u> EUR	<u>Fair value</u> EUR	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	271,599	265,653	5,946	0.14
BNP Paribas Malaysia Bhd	830,270	823,506	6,764	0.17
CIMB Bank Bhd	773,154	767,976	5,178	0.13
JP Morgan Chase Bank Bhd	205,525	199,983	5,542	0.14
Jp Morgan Securities (M) Sdn Bhd	1,271,951	1,263,474	8,477	0.21
Standard Chartered Bank Malaysia Bhd	206,811	204,409	2,402	0.06
	<hr/>	<hr/>	<hr/>	<hr/>
Total forward foreign currency contracts	3,559,310	3,525,001	34,309	0.85
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Manager is of the opinion that all transactions with the related company have been entered into agreed terms between the related parties.

9 NUMBER OF UNITS IN CIRCULATION

(a) AUD Hedged - class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	1,604,000	1,802,000
Creation of units arising from applications	3,371,000	1,719,000
Cancellation of units	(1,861,000)	(1,917,000)
	<hr/>	<hr/>
At the end of the financial year	3,114,000	1,604,000
	<hr/> <hr/>	<hr/> <hr/>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(b) EUR class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	696,000	777,000
Creation of units arising from applications	457,000	93,000
Cancellation of units	-	(174,000)
At the end of the financial year	<u>1,153,000</u>	<u>696,000</u>

(c) MYR Hedged - class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	15,110,000	13,287,000
Creation of units arising from applications	18,325,000	7,835,000
Cancellation of units	(8,585,000)	(6,012,000)
At the end of the financial year	<u>24,850,000</u>	<u>15,110,000</u>

(d) SGD Hedged - class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	854,000	499,000
Creation of units arising from applications	1,744,000	597,000
Cancellation of units	(1,415,000)	(242,000)
At the end of the financial year	<u>1,183,000</u>	<u>854,000</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(e) USD Hedged - class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	685,000	387,000
Creation of units arising from applications	727,000	729,000
Cancellation of units	(578,000)	(431,000)
At the end of the financial year	<u>834,000</u>	<u>685,000</u>

10 TRANSACTIONS WITH BROKERS

(i) Details of transaction with the top brokers and for the financial year ended 31 March 2022 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> EUR	Percentage of <u>total trade</u> %
UBS Securities Pte Ltd Singapore	<u>6,707,678</u>	<u>100.00</u>

(ii) Details of transaction with the top brokers and for the financial year ended 31 March 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> EUR	Percentage of <u>total trade</u> %
UBS Securities Pte Ltd Singapore	<u>3,634,395</u>	<u>100.00</u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

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

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

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

	<u>2022</u>		<u>2021</u>	
<u>The Manager:</u>	No. of units	EUR	No. of units	EUR
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)				
- AUD Hedged-class	2,808	1,298	3,392	1,424
- EUR class	2,296	1,431	3,419	2,021
- MYR Hedged-class	3,545	577	2,736	396
- SGD Hedged-class	2,468	1,163	3,028	1,284
- USD Hedged-class	2,481	1,700	3,205	1,955
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

12 TOTAL EXPENSE RATIO (“TER”)

	<u>2022</u> %	<u>2021</u> %
TER	1.98	2.07

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is EUR6,126,933 (2021: EUR3,798,518).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	0.52	0.45

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 = EUR4,820,000 (2021: EUR2,000,000)
total disposal for the financial year = EUR1,559,188 (2021: EUR1,405,960)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic environment 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 - EUROPEAN UNCONSTRAINED 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 33 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 March 2022 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 March 2022 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
17 May 2022

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - EUROPEAN UNCONSTRAINED FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series – European Unconstrained Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2022, 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 March 2022, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 33.

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 - EUROPEAN UNCONSTRAINED FUND
(CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

Information other than the financial statements and auditors' report thereon (continued)

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
17 May 2022

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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

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

PENANG

Affin Hwang Asset Management Berhad
No. 10-C-24 Precinct 10
Jalan Tanjung Tokong
10470 Penang

Tel : 04 – 899 8022
Fax : 04 – 899 1916

PERAK

Affin Hwang Asset Management Berhad
1, Persiaran Greentown 6
Greentown Business Centre
30450 Ipoh Perak

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

MELAKA

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

Tel : 06 – 281 2890 / 3269
Fax : 06 – 281 2937

JOHOR

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

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

SABAH

Affin Hwang Asset Management Berhad
Lot No. B-2-09, 2nd Floor
Block B, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu
Sabah

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

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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

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

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

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

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)