

Affin Hwang World Series- Global Income Fund

Annual Report
31 August 2017

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



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad (429786-T)

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG WORLD SERIES – GLOBAL INCOME FUND (FORMERLY KNOWN AS AFFIN HWANG GLOBAL INCOME FUND)

Annual Report and Audited Financial Statements For the Financial Year Ended 31 August 2017

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FUND INFORMATION

Fund Name	Affin Hwang World Series – Global Income Fund
Fund Type	Income
Fund Category	Bond feeder (wholesale)
Investment Objective	The Fund aims to provide investors with regular income through investments in global fixed income instruments
Benchmark	Barclays U.S. Aggregate Index
Distribution Policy	Subject to the availability of income, the Fund endeavours to distribute income on a quarterly basis, after the end of its first financial year.

BREAKDOWN OF UNITHOLDERS BY SIZE USD CLASS AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	15	427
50,001 to 500,000	23	3,838
500,001 and above	5	53,277
Total	43	57,542

* Note : Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SIZE AUD HEDGED-CLASS AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	3	69
50,001 to 500,000	13	2,233
500,001 and above	4	26,540
Total	20	28,842

* Note : Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SIZE GBP HEDGED-CLASS AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	1	10
10,001 to 50,000	7	189
50,001 to 500,000	7	795
500,001 and above	3	35,505
Total	18	36,499

** Note : Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE MYR CLASS AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1	0
5,001 to 10,000	1	8
10,001 to 50,000	6	147
50,001 to 500,000	6	1,163
500,001 and above	1	896
Total	15	2,214

** Note : Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE MYR HEDGED-CLASS AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1	2
5,001 to 10,000	1	7
10,001 to 50,000	28	832
50,001 to 500,000	87	16,517
500,001 and above	50	423,540
Total	167	440,898

** Note : Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE SGD HEDGED-CLASS AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	8	189
50,001 to 500,000	11	1,883
500,001 and above	6	21,728
Total	25	23,800

** Note : Excluding Manager's stock*

FUND PERFORMANCE DATA

Category	As at 31 Aug 2017 (%)
Portfolio composition	
Collective investment scheme	
- local	1.49
- foreign	96.73
Total collective investment scheme	98.22
Cash & cash equivalent	1.78
Total	100.00

Currency class	<u>USD</u> <u>Class</u>	<u>AUD</u> <u>Hedged</u> <u>Class</u>	<u>GBP</u> <u>Hedged</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR</u> <u>Hedged</u> <u>Class</u>	<u>SGD</u> <u>Hedged</u> <u>Class</u>
Total NAV (RM' million)	31.188	15.560	19.024	1.229	243.044	12.587
NAV per unit (RM)	0.5420	0.5394	0.5212	0.5543	0.5512	0.5288
Unit in Circulation (million)	57.544	28.845	36.502	2.217	440.901	23.802
Highest NAV	0.5420	0.5394	0.5212	0.5618	0.5512	0.5288
Lowest NAV	0.4993	0.4977	0.4901	0.4946	0.4994	0.4876
Return of the Fund (%) ⁱⁱⁱ	8.60	8.08	4.44	11.06	10.24	5.96
- Capital Return (%) ⁱ	8.40	7.88	4.24	10.86	10.24	5.76
- Income Return (%) ⁱⁱ	0.19	0.19	0.19	0.18	Nil	0.19
Gross Distribution per Unit (sen)	0.10	0.10	0.10	0.10	Nil	0.10
Net Distribution per Unit (sen)	0.10	0.10	0.10	0.10	Nil	0.10
Management Expenses Ratio (%)				1.39		
Portfolio Turnover Ratio (times)				1.22		

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

USD Class

$$\begin{aligned} \text{Capital Return}^i &= \{ \text{NAV per Unit @ 31/08/17} \div \text{NAV per Unit @ 12/06/16}^* - 1 \} \times 100 \\ &= (0.5420 \div 0.5000 - 1) \times 100 \\ &= \mathbf{8.40\%} \end{aligned}$$

$$\begin{aligned} \text{Income Return @ ex-date} &= \{ \text{Income distribution per Unit} \div \text{NAV per Unit on ex- date} \} + 1 \\ &= \{ 0.0010 \div 0.5357 @ 13/06/17 \} + 1 = 1.0019 \end{aligned}$$

$$\begin{aligned} \text{Total Income Return}^{ii} &= \{ \text{Income distribution per Unit} \div \text{NAV per Unit on ex-date} \} \times 100 \\ &= \{ 1.0019 \} - 1 \times 100 \\ &= \mathbf{0.19\%} \end{aligned}$$

$$\begin{aligned} \text{Return of the Fund}^{iii} &= \{ (1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1 \} \times 100 \\ &= \{ (1 + 5.90\%) \times (1 + 0.19\%) \} - 1 \} \times 100 \end{aligned}$$

$$= \underline{\mathbf{8.60\%}}$$

AUD Hedged – class

$$\begin{aligned}\text{Capital Return}^i &= \{\text{NAV per Unit @ 31/08/17} \div \text{NAV per Unit @ 12/06/16}^* - 1\} \times 100 \\ &= (0.5394 \div 0.5000 - 1) \times 100 \\ &= \underline{\mathbf{7.88\%}}\end{aligned}$$

$$\begin{aligned}\text{Income Return @ ex-date} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} + 1 \\ &= \{0.0010 \div 0.5333 @ 13/06/17\} + 1 = 1.0019\end{aligned}$$

$$\begin{aligned}\text{Total Income Return}^{ii} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} \times 100 \\ &= \{1.0019\} - 1 \times 100 \\ &= \underline{\mathbf{0.19\%}}\end{aligned}$$

$$\begin{aligned}\text{Return of the Fund}^{iii} &= \{(1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1\} \times 100 \\ &= \{(1 + 7.88\%) \times (1 + 0.19\%)\} - 1\} \times 100 \\ &= \underline{\mathbf{8.08\%}}\end{aligned}$$

GBP Hedged – class

$$\begin{aligned}\text{Capital Return}^i &= \{\text{NAV per Unit @ 31/08/17} \div \text{NAV per Unit @ 01/09/16}^* - 1\} \times 100 \\ &= (0.5212 \div 0.5000 - 1) \times 100 \\ &= \underline{\mathbf{4.24\%}}\end{aligned}$$

$$\begin{aligned}\text{Income Return @ ex-date} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} + 1 \\ &= \{0.0010 \div 0.5178 @ 13/06/17\} + 1 = 1.0019\end{aligned}$$

$$\begin{aligned}\text{Total Income Return}^{ii} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} \times 100 \\ &= \{1.0019\} - 1 \times 100 \\ &= \underline{\mathbf{0.19\%}}\end{aligned}$$

$$\begin{aligned}\text{Return of the Fund}^{iii} &= \{(1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1\} \times 100 \\ &= \{(1 + 4.24\%) \times (1 + 0.19\%)\} - 1\} \times 100 \\ &= \underline{\mathbf{4.44\%}}\end{aligned}$$

MYR Class

$$\begin{aligned}\text{Capital Return}^i &= \{\text{NAV per Unit @ 31/08/17} \div \text{NAV per Unit @ 01/09/16}^* - 1\} \times 100 \\ &= (0.5543 \div 0.5000 - 1) \times 100 \\ &= \underline{\mathbf{10.86\%}}\end{aligned}$$

$$\begin{aligned}\text{Income Return @ ex-date} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} + 1 \\ &= \{0.0010 \div 0.5466 @ 13/06/17\} + 1 = 1.0018\end{aligned}$$

$$\begin{aligned}\text{Total Income Return}^{ii} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} \times 100 \\ &= \{1.0018\} - 1 \times 100 \\ &= \underline{\mathbf{0.18\%}}\end{aligned}$$

$$\begin{aligned}\text{Return of the Fund}^{iii} &= \{(1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1\} \times 100 \\ &= \{(1 + 10.86\%) \times (1 + 0.18\%)\} - 1\} \times 100 \\ &= \underline{\mathbf{11.06\%}}\end{aligned}$$

MYR Hedged – class

Capital Returnⁱ = {NAV per Unit @ 31/08/17 ÷ NAV per Unit @ 12/06/16* – 1} x 100
= (0.5512 ÷ 0.5000 – 1) x 100
= **10.24%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = {(1 + Capital Return x (1 + Income Return)) – 1} x 100
= {(1 + (10.24%) x (1 + 0.00%)) – 1} x 100
= **10.24%**

SGD Hedged – class

Capital Returnⁱ = {NAV per Unit @ 31/08/17 ÷ NAV per Unit @ 12/06/16* – 1} x 100
= (0.5288 ÷ 0.5000 – 1) x 100
= **5.76%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex- date} + 1
= {0.0010 ÷ 0.5235 @ 13/06/17} + 1 = 1.0019

Total Income Returnⁱⁱ = {Income distribution per Unit ÷ NAV per Unit on ex-date} x 100
= {1.0019} – 1 x 100
= **0.19%**

Return of the Fundⁱⁱⁱ = {(1 + Capital Return x (1 + Income Return)) – 1} x 100
= {(1 + 5.76%) x (1 + 0.19%)} – 1} x 100
= **5.96%**

* Source – TMF Trustees Malaysia Berhad

Table 1: Performance of the Fund

USD Class

	Since Commencement (13/6/16 - 31/8/17)
Fund	8.60%
Benchmark	1.82%
Outperformance / (Underperformance)	6.78%

Source of Benchmark: Bloomberg

AUD Hedged-class

	Since Commencement (13/6/16 - 31/8/17)
Fund	8.08%
Benchmark	(5.15%)
Outperformance / (Underperformance)	13.23%

Source of Benchmark: Bloomberg

GBP Hedged-class

	Since Commencement (2/9/16 - 31/8/17)
Fund	4.44%
Benchmark	3.48%
Outperformance / (Underperformance)	0.96%

Source of Benchmark: Bloomberg

MYR Class

	Since Commencement (2/9/16 - 31/8/17)
Fund	11.06%
Benchmark	4.98%
Outperformance / (Underperformance)	6.08%

Source of Benchmark: Bloomberg

MYR Hedged-class

	Since Commencement (13/6/16 - 31/8/17)
Fund	10.24%
Benchmark	6.64%
Outperformance / (Underperformance)	3.60%

Source of Benchmark: Bloomberg

SGD Hedged-class

	Since Commencement (13/6/16 - 31/8/17)
Fund	5.96%
Benchmark	1.76%
Outperformance / (Underperformance)	4.20%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

USD Class

	Since Commencement (13/6/16 - 31/8/17)
Fund	7.00%
Benchmark	1.49%
Outperformance / (Underperformance)	5.51%

Source of Benchmark: Bloomberg

AUD Hedged-class

	Since Commencement (13/6/16 - 31/8/17)
Fund	6.58%
Benchmark	(4.24%)
Outperformance / (Underperformance)	10.82%

Source of Benchmark: Bloomberg

GBP Hedged-class

	Since Commencement (2/9/16 - 31/8/17)
Fund	4.45%
Benchmark	3.49%
Outperformance / (Underperformance)	0.96%

Source of Benchmark: Bloomberg

MYR Class

	Since Commencement (2/9/16 - 31/8/17)
Fund	11.09%
Benchmark	4.99%
Outperformance / (Underperformance)	6.10%

Source of Benchmark: Bloomberg

MYR Hedged-class

	Since Commencement (13/6/16 - 31/8/17)
Fund	8.32%
Benchmark	5.41%
Outperformance / (Underperformance)	2.91%

Source of Benchmark: Bloomberg

SGD Hedged-class

	Since Commencement (13/6/16 - 31/8/17)
Fund	4.86%
Benchmark	1.44%
Outperformance / (Underperformance)	3.42%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

USD Class

	FYE 2017 (13/6/16 - 31/8/17)
Fund	8.60%
Benchmark	1.82%
Outperformance / (Underperformance)	6.78%

Source of Benchmark: Bloomberg

AUD Hedged-class

	FYE 2017 (13/6/16 - 31/8/17)
Fund	8.08%
Benchmark	(5.15%)
Outperformance / (Underperformance)	13.23%

Source of Benchmark: Bloomberg

GBP Hedged-class

	FYE 2017 (02/9/16 - 31/8/17)
Fund	4.44%
Benchmark	3.48%
Outperformance / (Underperformance)	0.96%

Source of Benchmark: Bloomberg

MYR Class

	FYE 2017 (02/9/16 - 31/8/17)
Fund	11.06%
Benchmark	4.98%
Outperformance / (Underperformance)	6.08%

Source of Benchmark: Bloomberg

MYR Hedged-class

	FYE 2017 (13/6/16 - 31/8/17)
Fund	10.24%
Benchmark	6.64%
Outperformance / (Underperformance)	3.60%

Source of Benchmark: Bloomberg

SGD Hedged-class

	FYE 2017 (13/6/16 - 31/8/17)
Fund	5.96%
Benchmark	1.76%
Outperformance / (Underperformance)	4.20%

Source of Benchmark: Bloomberg

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

MANAGER'S REPORT

Performance Review

USD Class

For the period under review from 13 June 2016 (date of commencement) to 31 August 2017, the Fund – USD Class registered a return of 8.60%. Compared to the Benchmark return of 1.82%, the Fund thus outperformed the Benchmark by 6.78%. The NAV per Unit of the Fund as at 31 August 2017 was USD0.5420 while the NAV per Unit as at 12 June 2016 was USD0.5000. (See Figure 1 for movement of the Fund versus the Benchmark respectively).

AUD Hedged-class

For the period under review from 13 June 2016 (date of commencement) to 31 August 2017, the Fund – AUD Hedged – class registered a return of 8.08%. Compared to the Benchmark return of -5.15%, the Fund thus outperformed the Benchmark by 13.23%. The NAV per Unit of the Fund as at 31 August 2017 was AUD0.5394 while the NAV per Unit as at 12 June 2016 was AUD0.5000. (See Figure 1 for movement of the Fund versus the Benchmark respectively).

GBP Hedged-class

For the period under review from 2 September 2016 (date of commencement) to 31 August 2017, the Fund – GBP Hedged – class registered a return of 4.44%. Compared to the Benchmark return of 3.48%, the Fund thus outperformed the Benchmark by 0.96%. The NAV per Unit of the Fund as at 31 August 2017 was GBP0.5212 while the NAV per Unit as at 1 September 2016 was GBP0.5000. (See Figure 1 for movement of the Fund versus the Benchmark respectively).

MYR Class

For the period under review from 2 September 2016 (date of commencement) to 31 August 2017, the Fund – MYR Class registered a return of 11.06%. Compared to the Benchmark return of 4.98%, the Fund thus outperformed the Benchmark by 6.08%. The NAV per Unit of the Fund as at 31 August 2017 was RM0.5543 while the NAV per Unit as at 1 September 2016 was RM0.5000. (See Figure 1 for movement of the Fund versus the Benchmark respectively).

MYR Hedged-class

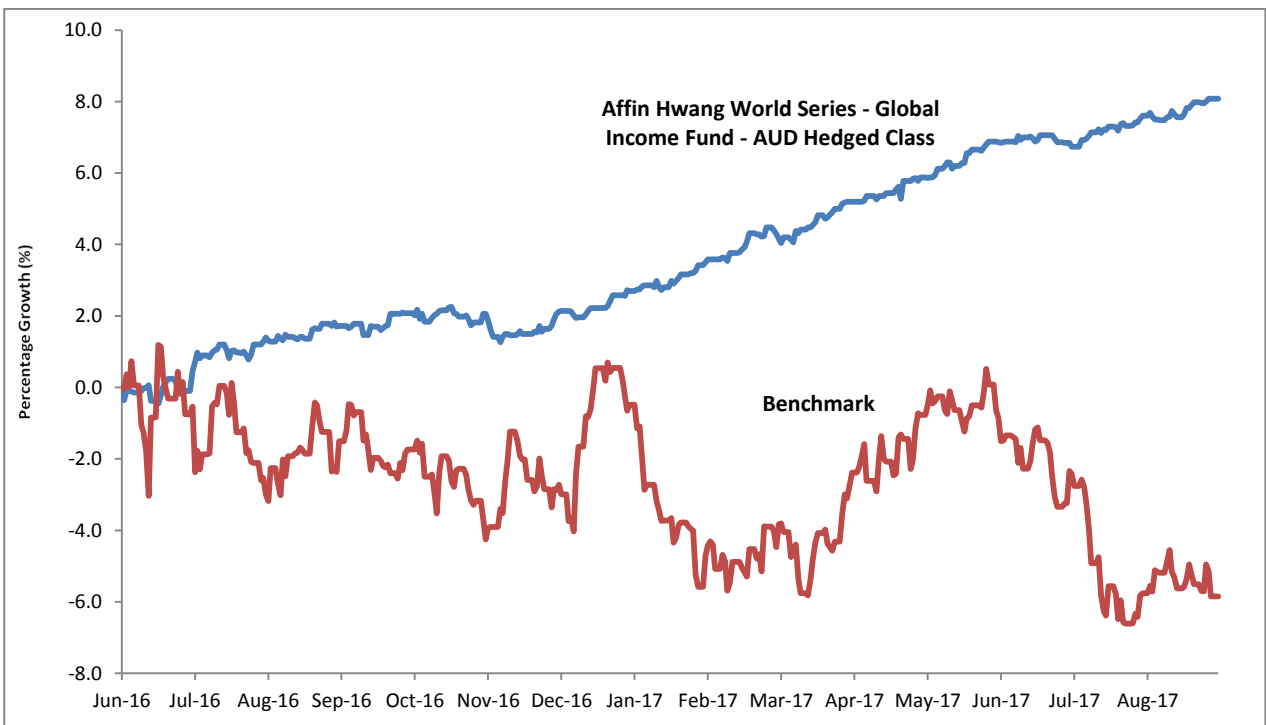
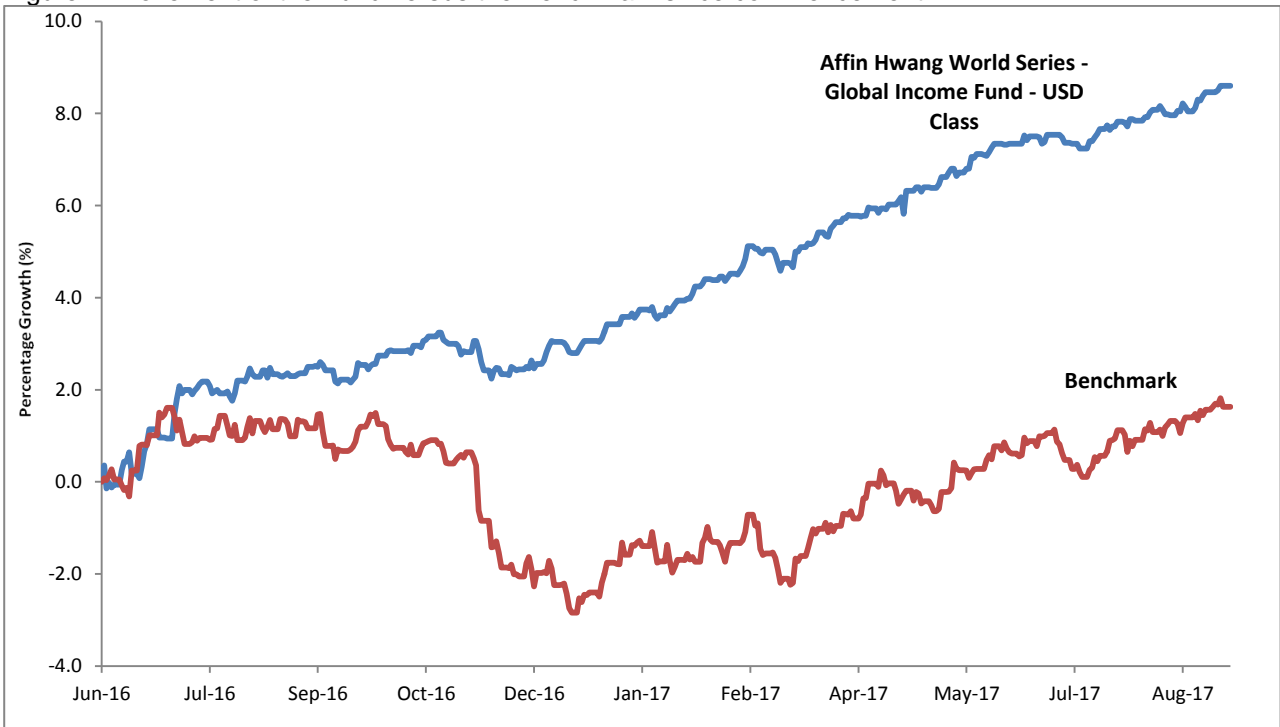
For the period under review from 13 June 2016 (date of commencement) to 31 August 2017, the Fund – MYR Hedged – class registered a return of 10.24%. Compared to the Benchmark return of 6.64%, the Fund thus outperformed the Benchmark by 3.60%. The NAV per Unit of the Fund as at 31 August 2017 was RM0.5512 while the NAV per Unit as at 12 June 2016 was RM0.5000. (See Figure 1 for movement of the Fund versus the Benchmark respectively).

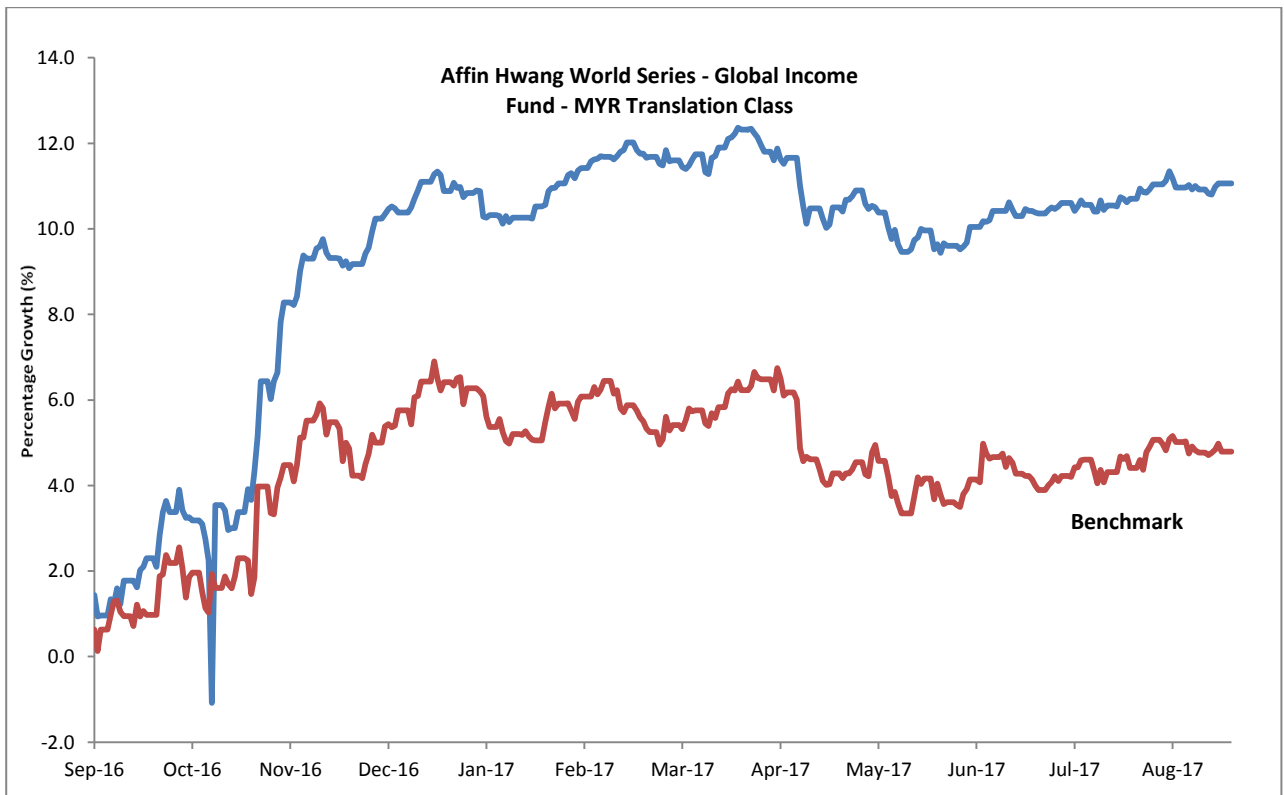
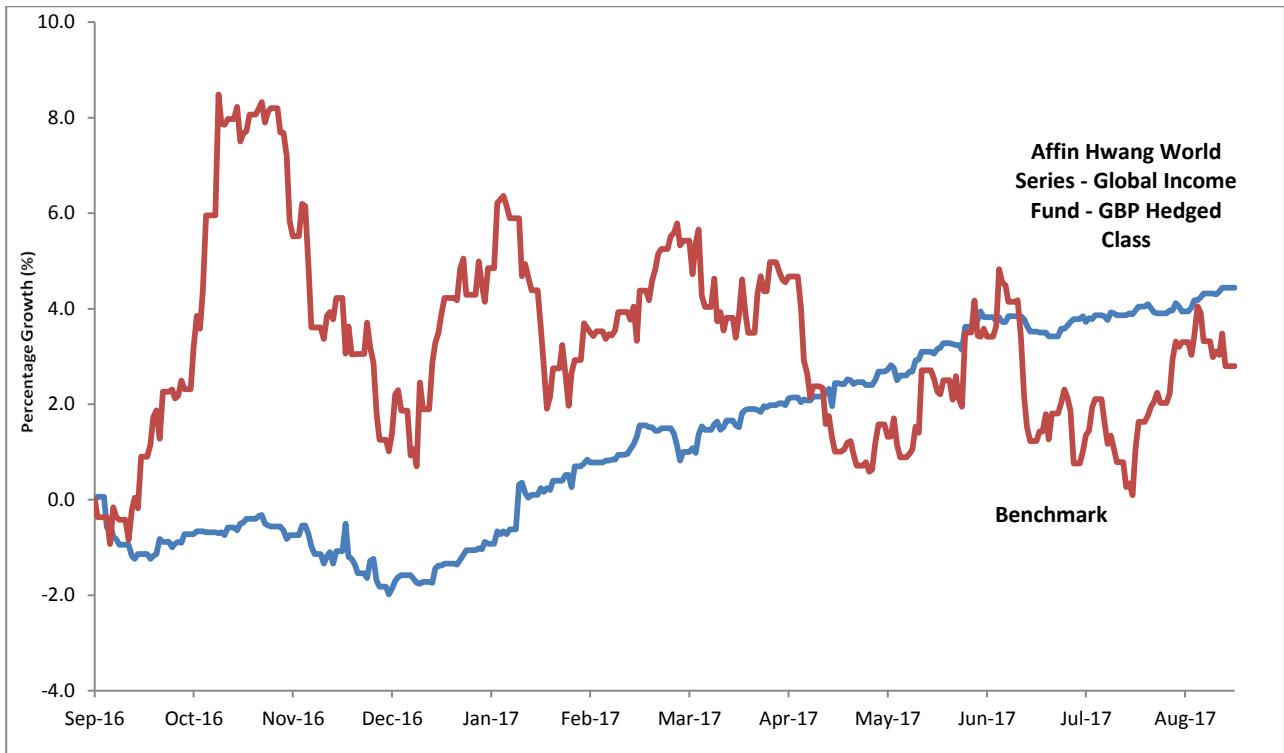
SGD Hedged-class

For the period under review from 13 June 2016 (date of commencement) to 31 August 2017, the Fund – SGD Hedged – class registered a return of 5.96%. Compared to the Benchmark return of 1.76%, the Fund thus outperformed the Benchmark by 4.20%. The NAV per Unit of the Fund as at 31 August 2017 was SGD0.5288 while the NAV per Unit as at 12 June 2016 was SGD0.5000. (See Figure 1 for movement of the Fund versus the Benchmark respectively).

Given the performance during the period under review, we believe that the Fund's objective to provide investors with regular income is being met.

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."
 Benchmark: Barclays U.S. Aggregate Index

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of USD0.0010 per Unit (for USD Class), AUD0.0010 per Unit (for AUD Hedged-class), GBP0.0010 per Unit (for GBP Hedged-class), RM0.0010 per Unit (for MYR Class) and SGD0.0010 per Unit (for SGD Hedged-class) to investors of the Affin Hwang World Series – Global Income Fund over the period under review.

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

USD Class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
09 Jun 2017	13 Jun 2017	0.5367	0.0010	0.5357

AUD Hedged-class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
09 Jun 2017	13 Jun 2017	0.5344	0.0010	0.5333

GBP Hedged-class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
09 Jun 2017	13 Jun 2017	0.5181	0.0010	0.5178

MYR Class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
09 Jun 2017	13 Jun 2017	0.5480	0.0010	0.5466

SGD Hedged-class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
09 Jun 2017	13 Jun 2017	0.5246	0.0010	0.5235

No unit split were declared for the financial year ended 31 August 2017.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Figure 2.

Figure 2: Asset allocation of the Fund

	<u>31 Aug 2017</u> (%)
Collective investment scheme	98.22
Cash & Cash equivalent	1.78
Total	100.00

As at 31 August 2017, the asset allocation of the Fund stood at 98.22% in collective investment scheme while the balance was held in cash and cash equivalent.

Strategies Employed

The target fund ("PIMCO GIS Income Fund – Institutional USD Class") is divided into two general sections: higher yielding assets that are expected to benefit when economic growth is robust and higher quality assets that are expected to benefit if economic growth is weak.

Within the higher quality section, the target fund manager ("we") focus duration exposure in developed countries, primarily in the US and Australia. We believe Australian rates have room to fall if the country's growth remains sluggish. We allocate to investment grade corporate credits and other high quality "safe spread" sectors, such as Agency MBS and highly rated CMBS.

The higher yielding section is weighted toward senior positions in the capital structure. We hold non-Agency MBS, which provide a potential source of income and capital appreciation. We are reducing risk in high yield corporates and are mindful of liquidity in the sector. In emerging markets, we focus on large, quasi-sovereign entities as well as exposures to local interest rate duration in select countries such as Mexico. We also hold a short to Japanese duration as a hedge to global rates rising.

We remain tactical in our currency position, holding a long U.S. dollar position versus DM currencies as a way of expressing our views on relative growth and the path of rates. We are also tactically long a basket of EM currencies for additional diversification.

Market Review

The Fund is divided into two general sections: higher yielding assets that are expected to benefit when economic growth is robust and higher quality assets that are expected to benefit if economic growth is weak. Within the higher quality section, we focus duration exposure in developed countries, primarily in the US and Australia. We believe Australian rates have room to fall if the country's growth remains sluggish. We allocate to investment grade corporate credits and other high quality "safe spread" sectors, such as Agency MBS and highly rated CMBS.

The higher yielding segment of the portfolio was the primary driver of positive performance over the month. The Fund's holdings of securitized debt, primarily in non-Agency MBS, contributed to performance as US housing fundamentals remained strong. Exposure to high yield corporate credit offset some of the gains as the positions modestly detracted over the month. Currency positioning also contributed over the month, mainly from long exposure to a basket of emerging market currencies.

The higher quality segment of the portfolio contributed to performance as well. U.S. interest rate positioning was the primary driver of performance in the higher quality portion as intermediate rates fell. Lastly, holdings of investment grade corporate credit detracted from performance.

Investment Outlook

PIMCO expects global growth to remain positive in 2017, especially in the U.S. However, there will be differences in growth dynamics among countries. The European Central Bank and Bank of Japan have been implementing and revisiting their large quantitative easing measures, while the Federal Reserve continues on its path towards policy normalization. Therefore our forecast continues to call for different interest rate environments among regional economies.

The target fund manager (“we”) remain focused on diversification and staying senior in the capital structure as the U.S. economic expansion continues. In this environment, the Fund will seek to pay a consistent distribution while potentially generating capital appreciation and principal protection by focusing on the best opportunities around the globe. The Fund will seek to balance higher yielding exposures with high quality duration to protect against downside risk over the cyclical horizon. Australian duration remains an attractive hedge to risk assets. With the potential for interest rates to recalibrate higher, we are focused on allocating to securities with floating interest rates in an effort to reduce sensitivity to interest rate volatility and seek to protect principal.

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.

**TRUSTEE’S REPORT TO THE UNITHOLDERS OF
AFFIN HWANG WORLD SERIES – GLOBAL INCOME FUND
(FORMERLY KNOWN AS AFFIN HWANG GLOBAL INCOME FUND)**

We have acted as Trustee of Affin Hwang World Series – Global Income Fund (formerly known as Affin Hwang Global Income Fund) (“the Fund”) for the financial year ended 31 August 2017. To the best of our knowledge, **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 Management Company and the Trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission’s Guidelines on Unlisted Capital Market Product under the Lodge Framework and other applicable laws during the financial period then ended;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, the total distributions of 0.10 sen per unit for MYR class and 0.10 cent per unit for USD Class, AUD Hedged-class, GBP Hedged-class, and SGD Hedged-class have been distributed to the Unitholders of the Fund. We are of the view that the distributions are not inconsistent with the objective of the Fund.

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

NORHAYATI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
13 October 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017**

	<u>Note</u>	Financial period from 23.5.2016 (date of launch) to <u>31.8.2017</u> USD
INVESTMENT INCOME		
Dividend income		2,595,298
Interest income from deposits with licensed financial institutions		9,343
Net loss on foreign currency exchange		(111,139)
Net gain on forward foreign currency contracts at fair value through profit or loss		1,538,897
Net gain on financial assets at fair value through profit or loss	8	2,614,675
Rebates of management fee	4	360,428
		<hr/> 7,007,502 <hr/>
EXPENSES		
Management fee	4	(984,459)
Trustee fee	5	(40,736)
Auditors' remuneration		(1,747)
Tax agent's fee		(1,985)
Other expenses		(71,747)
		<hr/> (1,100,675) <hr/>
PROFIT BEFORE FINANCE COST AND TAXATION		5,906,827
FINANCE COST		
Distributions	6	(93,500)
PROFIT BEFORE TAXATION		5,813,328
Taxation	7	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<hr/> <hr/> 5,813,328 <hr/> <hr/>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

Financial
period from
23.5.2016
(date of
launch) to
31.8.2017
USD

Increase of net asset attributable to unitholders
is made up of the following:

Realised amount	2,883,478
Unrealised amount	2,929,850
	<hr/>
	5,813,328
	<hr/> <hr/>

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

**STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017**

	<u>Note</u>	<u>2017</u> USD
ASSETS		
Financial assets at fair value through profit or loss	8	132,194,675
Cash and cash equivalents		4,654,363
Amount due from Manager - creation of units		1,195,487
Amount due from brokers		23,637
Forward foreign currency contracts at fair value through profit or loss	9	530,113
Rebate of management fee receivable		58,096
TOTAL ASSETS		<u>138,656,371</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	9	216,385
Amount due to Manager - management fee		159,516
- cancellation of units		162,432
Amount due to Trustee		6,600
Amount due to brokers		3,500,000
Auditors' remuneration		1,747
Tax agent's fee		1,985
Other payable and accruals		11,439
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)		<u>4,060,104</u>
NET ASSET VALUE OF THE FUND		<u><u>134,596,267</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>134,596,267</u></u>

**STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

	<u>Note</u>	<u>2017</u> <u>USD</u>
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- AUD HEDGED-CLASS		12,377,389
- GBP HEDGED-CLASS		24,569,071
- MYR CLASS		287,713
- MYR HEDGED-CLASS		56,899,002
- SGD HEDGED-CLASS		9,275,547
- USD CLASS		31,187,545
		<u>134,596,267</u>
NUMBER OF UNITS IN CIRCULATION		
- AUD HEDGED-CLASS	10 (a)	28,845,000
- GBP HEDGED-CLASS	10 (b)	36,502,000
- MYR CLASS	10 (c)	2,217,000
- MYR HEDGED-CLASS	10 (d)	440,901,000
- SGD HEDGED-CLASS	10 (e)	23,802,000
- USD CLASS	10 (f)	<u>57,544,000</u>
NET ASSET VALUE PER UNIT (USD)		
- AUD HEDGED-CLASS		0.4291
- GBP HEDGED-CLASS		0.6731
- MYR CLASS		0.1298
- MYR HEDGED-CLASS		0.1291
- SGD HEDGED-CLASS		0.3897
- USD CLASS		<u>0.5420</u>

**STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

2017

REPRESENTED BY: (CONTINUED)

**NET ASSET VALUE PER UNIT IN
RESPECTIVE CURRENCIES**

- AUD HEDGED-CLASS	AUD 0.5409
- GBP HEDGED-CLASS	GBP 0.5223
- MYR CLASS	RM 0.5543
- MYR HEDGED-CLASS	RM 0.5512
- SGD HEDGED-CLASS	SGD 0.5287
- USD CLASS	<u>USD 0.5420</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017**

	Financial period from 23.5.2016 (date of launch) to <u>31.8.2017</u> USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH	-
Movement due to units created and cancelled during the financial period:	
Creation of units arising from applications	
- AUD HEDGED-CLASS	15,512,738
- GBP HEDGED CLASS	24,402,689
- MYR CLASS	1,697,666
- MYR HEDGED-CLASS	57,314,435
- SGD HEDGED-CLASS	10,663,225
- USD CLASS	32,193,376
Cancellation of units	
- AUD HEDGED-CLASS	(4,097,680)
- GBP HEDGED CLASS	(345,968)
- MYR CLASS	(1,433,146)
- MYR HEDGED-CLASS	(3,191,893)
- SGD HEDGED-CLASS	(1,925,819)
- USD CLASS	(2,006,684)
Increase of net asset attributable to unitholders during the financial period	<u>5,813,328</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>134,596,267</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017**

	Financial period from 23.5.2016 (date of launch) to <u>31.8.2017</u> USD
	<u>Note</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Purchase of investments	(126,080,000)
Dividend income	2,595,298
Interest income	9,343
Rebate management fee received	302,332
Management fee paid	(824,943)
Trustee fee paid	(34,136)
Payment for other fees and expenses	(60,308)
Realised gain on forward foreign currency contracts	1,201,532
Net realised loss on foreign currency exchange	(112,586)
	<hr/>
Net cash used in operating activities	(123,003,468)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	140,588,641
Payments for cancellation of units	(12,838,758)
Payment for distribution	(93,500)
	<hr/>
Net cash generated from financing activities	127,656,383
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,652,915
EFFECTS OF FOREIGN CURRENCY EXCHANGE	1,448
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH	-
	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	4,654,363
	<hr/> <hr/>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

The Fund has applied the following amendments for the first time for the financial period beginning on 23 May 2016:

- Amendments to MFRS 101 'Presentation of financial statements' - Disclosure initiative
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of these amendments did not have any impact on the current period and is not likely to affect future periods.

(b) The new standards and amendments to the published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

- (i) Financial year beginning on/after 1 September 2017**
 - Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.
- (ii) Financial year beginning on/after 1 September 2018**
 - MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) The new standards and amendments to published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(ii) Financial year beginning on/after 1 September 2018 (continued)

Revenue is recognised when a customer obtains control of goods or services, and thus has the ability to direct the use of and obtain the benefits from the goods or services. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading).

A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund will apply these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

B INCOME RECOGNITION

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

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

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

C DISTRIBUTION

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

D TAXATION

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FOREIGN CURRENCY 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund designates its investment in collective investments scheme as financial assets at fair value through profit or loss.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Derivatives are financial assets/ liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges (Note M).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loan and receivables comprise cash and cash equivalents, and amount due from Manager and amount due from brokers.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

(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 139, 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.

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 when the Fund's right to receive payments is established.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Investment in collective investment schemes is valued at the last published NAV per unit at the date of the statement of financial position.

Derivative investment consists of forward foreign currency contracts. Financial derivative position 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.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposit.

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

(iii) Impairment

For assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate.

The asset’s carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If ‘loans and receivables’ has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

H 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 changes in value.

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 six classes of units, known respectively as the AUD hedged-class, GBP hedged class, MYR 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 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 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.

J AMOUNTS 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.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amount due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial re-organisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

K INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

L SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic asset allocation committee of the Manager that makes strategic decisions.

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.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

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.

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note G.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

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 SC's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework.

Functional currency

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang Global Income Fund (the "Fund") pursuant to the execution of a Deed dated 21 April 2016. The Fund has changed its name from Affin Hwang Global Income Fund to Affin Hwang World Series - Global Income Fund as modified by the Supplemental Deed dated 10 August 2016 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and TMF Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 13 June 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 Deed, the Fund's objective, the Guidelines, the requirements of the Securities Commission ("SC") and all relevant laws:

- (a) Collective investment scheme;
- (b) Money market instruments;
- (c) Fixed deposits and;
- (d) Derivatives;
- (e) Any other form of investments as may be determined by the Manager from time to time that is in line with the Funds 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 provide investors with regular income through investments in global fixed income instruments.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust 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 13 October 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	<u>Loans and receivables</u> USD	<u>Financial assets at at fair value through profit or loss</u> USD	<u>Total</u> USD
<u>2017</u>				
Collective investment scheme	8	-	132,194,675	132,194,675
Cash and cash equivalents		4,654,363	-	4,654,363
Amount due from Manager				
- creation of units		1,195,487	-	1,195,487
Amount due from brokers		23,637	-	23,637
Forward foreign currency contracts	9	-	530,113	530,113
Rebate of management fee receivable		58,096	-	58,096
Total		<u>5,931,583</u>	<u>132,724,788</u>	<u>138,656,371</u>

All current liabilities except for forward foreign currency contracts are financial liabilities which are carried at amortised cost.

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

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2017</u> USD
Collective investment schemes	
Collective investment schemes designated at fair value through profit or loss	132,194,675

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 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted and unquoted securities, having regard to the historical volatility of the prices.

<u>% change in price</u>	<u>Market value</u> USD	Impact on profit after <u>tax/NAV</u> USD
<u>2017</u>		
-5%	125,584,941	(6,609,734)
0%	132,194,675	-
+5%	<u>138,804,409</u>	<u>6,609,734</u>

(b) Interest rate risk

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

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 carrying value of the deposit is a reasonable estimate of fair value as the deposits are held on a short term basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk

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

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

	Forward foreign currency contracts USD	Cash and cash equivalents USD	Other assets*/ (liabilities)** USD	Net assets attributable to unitholders USD	Total USD
<u>2017</u>					
Australian Dollar	162,080	281,972	273,920	(12,377,389)	(11,659,417)
British Pound Sterling	(146,962)	3,208	53,084	(24,569,071)	(24,659,741)
Malaysian Ringgit	265,351	35,179	(42,383)	(57,186,715)	(56,928,568)
Singapore Dollar	33,259	3,919	133,093	(9,275,547)	(9,105,276)
	<u>313,728</u>	<u>324,278</u>	<u>417,714</u>	<u>(103,408,722)</u>	<u>(102,353,002)</u>

*Other assets consist of amount due from Manager and rebate of management fee receivable

**Other liabilities consist of amount due to Manager and amount due to brokers.

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 by 5%, 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 approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

	Change in <u>price</u> %	Impact on profit after tax/ <u>NAV</u> USD
<u>2017</u>		
Australian Dollar	+/- 5	+/- 582,971
British Pound Sterling	+/- 5	+/- 1,232,987
Malaysian Ringgit	+/- 5	+/- 2,846,428
Singapore Dollar	+/- 5	+/- 455,264

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.

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

	<u>Within one month</u> USD	<u>Between one month to one year</u> USD	<u>Total</u> USD
<u>2017</u>			
Amount due to Manager			
- management fees	159,516	-	159,516
- cancellation of units	162,432	-	162,432
Amount due to Trustee	6,600	-	6,600
Amount due to brokers	3,500,000	-	3,500,000
Auditors' remuneration	-	1,747	1,747
Tax agent fee	-	1,985	1,985
Other payables and accruals	9,967	1,472	11,439
Forward foreign currency contracts	46,314	170,071	216,385
Net asset attributable to unitholders*	134,596,267	-	134,596,267
	<u>138,481,096</u>	<u>175,275</u>	<u>138,656,371</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

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

Liquidity risk (continued)

*Outstanding units are redeemed in demand of 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.

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 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 Securities Commission's (SC) 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> USD	<u>Cash and cash equivalents</u> USD	<u>Other assets*</u> USD	<u>Total</u> USD
<u>2017</u>				
Finance				
- AAA	115,863	-	-	115,862
- AA1	61,514	4,654,363	-	4,715,876
- AA2	145,600	-	-	145,601
- AA3	81,279	-	-	81,278
- NR	125,858	-	23,637	149,496
Others				
- NR	-	-	1,253,583	1,253,583
	<u>530,113</u>	<u>4,654,363</u>	<u>1,277,220</u>	<u>6,461,696</u>

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

The Fund's financial assets are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH) TO 31 AUGUST 2017 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by the 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

Financial instruments comprise financial assets and financial liabilities. Fair value is 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.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

<u>2017</u>	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
Financial assets at fair value through profit or loss				
- collective investment schemes	132,194,675	-	-	132,194,675
- forward foreign currency contracts	-	313,728	-	313,728
	<u>132,194,675</u>	<u>313,728</u>	<u>-</u>	<u>132,508,403</u>

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

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from brokers 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 AND REBATES OF MANAGEMENT FEE

In accordance with the Prospectus, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the net asset value (NAV) of the Fund calculated on a daily basis.

For the financial period from 23 May 2016 (date of launch) to 31 August 2017, the management fee is recognised at a rate of 1.45% per annum on the NAV of the Fund, calculated on a daily basis. A portion of this fee is paid to PIMCO Global Advisors (Ireland) Limited, the Fund Manager of PIMCO GIS Income Fund.

As this Fund invests in units of PIMCO GIS Income Fund and Affin Hwang USD Cash Fund, any management fee charged to CIS are fully refunded to this Fund. Accordingly, there is no double charging of management fee.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

5 TRUSTEE FEE

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

For the financial period from 23 May 2016 (date of launch) to 31 August 2017, the Trustee's fee is recognised at a rate of 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.

6 DISTRIBUTION

Financial
period from
23.5.2016
(date of
launch) to
31.8.2017
USD

Distribution to unitholders is from the following sources:

Dividend income	134,292
Interest income	1,284
	<hr/>
Gross realised income	135,576
Less: Expenses	(42,076)
	<hr/>
Net distribution amount	<u>93,500</u>

Gross/net distribution per unit (sen)

<u>AUD</u>	<u>GBP</u>		<u>SGD</u>	<u>USD</u>
<u>Hedged-Class</u>	<u>Hedged-Class</u>	<u>MYR Class</u>	<u>Hedged Class</u>	<u>Hedged-Class</u>
AUD	GBP	RM	SGD	USD

2017

Ex-date	0.10	0.10	0.10	0.10	0.10
13.6.2017					

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 for the respective classes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

7 TAXATION

Financial
period from
23.5.2016
(date of
launch) to
31.8.2017
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:

Financial
period from
23.5.2016
(date of
launch) to
31.8.2017
USD

Net profit before taxation	<u>5,906,827</u>
Tax at Malaysian statutory rate of 24%	1,417,639
Tax effects of:	
Investment gain exempted from tax	(1,595,298)
Expenses not deductible for tax purposes	27,119
Restriction on tax deductible expenses for Wholesale Fund	<u>150,540</u>
Tax expense	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

2017
USD

Designated at fair value through profit or loss	
- collective investment scheme - local	2,000,199
- collective investment scheme - foreign	130,194,476
	<u>132,194,675</u>
Net gain on financial assets at fair value through profit or loss	
- unrealised gain on changes in fair value	<u>2,614,675</u>

(a) Collective investment scheme - local

(i) Collective investment scheme - local as at 31 August 2017 are as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
Affin Hwang USD Cash Fund	<u>1,987,281</u>	<u>2,000,000</u>	<u>2,000,199</u>	<u>1.49</u>
Total collective investment scheme - local	<u>1,987,281</u>	<u>2,000,000</u>	<u>2,000,199</u>	<u>1.49</u>
Accumulated unrealised gain on collective investment scheme - local		<u>199</u>		
Total collective investment scheme - local		<u>2,000,199</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

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

(b) Collective investment scheme - foreign

(i) Collective investment scheme - foreign as at 31 August 2017 are as follows:

	<u>Quantity</u>	<u>Aggregate cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
PIMCO Funds GIS Income Fund	11,127,733	127,580,000	130,194,476	96.73
	<u>11,127,733</u>	<u>127,580,000</u>	<u>130,194,476</u>	<u>96.73</u>
Total collective investment scheme - foreign	<u>11,127,733</u>	<u>127,580,000</u>	<u>130,194,476</u>	<u>96.73</u>
Accumulated unrealised gain on collective investment scheme - foreign		<u>2,614,476</u>		
Total collective investment scheme - foreign		<u>130,194,476</u>		

9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 88 forward currency contracts outstanding. The notional principal amount of the outstanding forward currency contracts amounted to USD289,042,787. The forward currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Australian Dollar, British Pound Sterling, Malaysian Ringgit and Singapore Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

10 NUMBER OF UNITS IN CIRCULATION

(a) AUD HEDGED-CLASS UNITS IN CIRCULATION

<u>2017</u>
No. of units
-
39,268,000
(10,423,000)
<u>28,845,000</u>

At the date of launch

Creation of units arising from applications during the financial period

Cancellation of units during the financial period

At the end of the financial period

(b) GBP HEDGED-CLASS UNITS IN CIRCULATION

<u>2017</u>
No. of units
-
37,018,000
(516,000)
<u>36,502,000</u>

At the date of launch

Creation of units arising from applications during the financial period

Cancellation of units during the financial period

At the end of the financial period

(c) MYR CLASS UNITS IN CIRCULATION

<u>2017</u>
No. of units
-
13,674,000
(11,457,000)
<u>2,217,000</u>

At the date of launch

Creation of units arising from applications during the financial period

Cancellation of units during the financial period

At the end of the financial period

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(d) MYR HEDGED-CLASS UNITS IN CIRCULATION

2017
No. of units

At the date of launch	-
Creation of units arising from applications during the financial period	466,827,000
Cancellation of units during the financial period	<u>(25,926,000)</u>
At the end of the financial period	<u><u>440,901,000</u></u>

(e) SGD HEDGED-CLASS UNITS IN CIRCULATION

2017
No. of units

At the date of launch	-
Creation of units arising from applications during the financial period	28,841,884
Cancellation of units during the financial period	<u>(5,039,884)</u>
At the end of the financial period	<u><u>23,802,000</u></u>

(f) USD CLASS UNITS IN CIRCULATION

2017
No. of units

At the date of launch	-
Creation of units arising from applications during the financial period	61,345,000
Cancellation of units during the financial period	<u>(3,801,000)</u>
At the end of the financial period	<u><u>57,544,000</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

11 TRANSACTIONS WITH BROKERS

Details of transaction with the top 3 brokers for the financial period from 23 May 2016 (date of launch) to 31 August 2017 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> USD	Percentage of <u>total trade</u> %
Brown Brothers Harriman and Co.	126,680,000	97.76
Affin Hwang Investment Bank Berhad	2,000,000	1.54
Citibank,N.A	900,000	0.70
	<u>129,580,000</u>	<u>100.00</u>

Included in transactions with brokers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to USD2,000,000.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

13 MANAGEMENT EXPENSE RATIO (“MER”)

Financial
period from
23.5.2016
(date of
launch) to
31.8.2017
%

MER 1.39

MER is derived from the following calculation:

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

- A = Management fee
- 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 period from 23 May 2016 (date of launch) to 31 August 2017 calculated on a daily basis is USD53,154,635.

14 PORTFOLIO TURNOVER RATIO (“PTR”)

Financial
period from
23.5.2016
(date of
launch) to
31.8.2017

PTR (times) 1.22

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = USD129,580,000
total disposal for the financial period = USD Nil

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 23 MAY 2016 (DATE OF LAUNCH)
TO 31 AUGUST 2017 (CONTINUED)**

15 SEGMENT INFORMATION

The strategic asset allocation committee of the Investment Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Manager that are used to make strategic decisions.

The Committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The Committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest and gains on the appreciation in the value of investments in and is derived from collective investment schemes in the United States of America.

There were no changes in the reportable segments during the financial period.

The internal reporting provided to the committee for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

16 COMPARATIVES

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

**AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND
(FORMERLY KNOWN AS AFFIN HWANG GLOBAL INCOME FUND)**

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 19 to 51 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 August 2017 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period from 23 May 2016 (date of launch) to 31 August 2017 in accordance with the Malaysia Financial Reporting Standards and International Financial Reporting Standards.

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

**TENG CHEE WAI
EXECUTIVE DIRECTOR**

Kuala Lumpur
13 October 2017

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND (FORMERLY KNOWN AS AFFIN HWANG GLOBAL INCOME FUND)

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang World Series - Global Income Fund (formerly known as Affin Hwang Global Income Fund) ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2017, and of its financial performance and its cash flows for the period from 23 May 2016 (date of launch) to 31 August 2017 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 August 2017, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period from 23 May 2016 (date of launch) to 31 August 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 51.

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' Code of Ethics for Professional Accountants ("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 INCOME FUND (FORMERLY KNOWN AS AFFIN HWANG GLOBAL INCOME FUND) (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine 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 intend to liquidate the Fund or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND (FORMERLY KNOWN AS AFFIN HWANG GLOBAL INCOME FUND) (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG WORLD SERIES - GLOBAL INCOME FUND (FORMERLY KNOWN AS
AFFIN HWANG GLOBAL INCOME FUND) (CONTINUED)**

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
13 October 2017

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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