

Affin Hwang

Smart Invest Portfolio - Growth

Annual Report
28 February 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

Annual Report and Audited Financial Statements For The Financial Year Ended 28 February 2021

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FUND INFORMATION

Fund Name	Affin Hwang Smart Invest Portfolio - Growth
Fund Type	Income & Growth
Fund Category	Mixed assets (Fund-of-Funds)
Investment Objective	The Fund aims to provide investors with regular income and capital growth over medium to long-term period through a portfolio of collective investment schemes
Benchmark	Absolute return of 8% per annum
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis, after the end of its first financial year

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	2,482	4,735
5,001 to 10,000	940	6,790
10,001 to 50,000	1,968	46,515
50,001 to 500,000	1,282	188,190
500,001 and above	145	177,028
Total	6,817	423,258

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 28 Feb 2021 (%)	As at 29 Feb 2020 (%)
Portfolio composition		
Collective investment scheme – local	28.12	32.05
Collective investment scheme – foreign	69.57	52.79
Total collective investment scheme	97.69	84.84
Exchange-traded fund – foreign	1.06	14.72
Cash & cash equivalent	1.25	0.44
Total	100.00	100.00
Total NAV (RM'million)	310.413	49.534
NAV per Unit (RM)	0.7334	0.5126
Unit in Circulation (million)	423.260	96.638
Highest NAV	0.7838	0.5408
Lowest NAV	0.4462	0.4970
Return of the Fund (%) ⁱⁱⁱ	43.07	2.52
- Capital Growth (%) ⁱ	43.07	2.52
- Income Distribution (%) ⁱⁱ	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil
Management Expense Ratio (%) ¹	1.62	1.56
Portfolio Turnover Ratio (times) ²	1.61	1.43

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

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

An illustration of the above would be as follow:-

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

¹The MER of the Fund was higher due to higher expenses incurred for the Fund during the financial year.

²The Fund recorded a higher PTR due to higher trading activities for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 28 February 2021.

Performance Review

For the period 1 March 2020 to 28 February 2021, the Fund registered a 43.07% return compared to the benchmark return of 8.00%. The Fund thus outperformed the Benchmark by 35.07%. The Net Asset Value per unit ("NAV") of the Fund as at 28 February 2021 was RM0.7334 while the NAV as at 29 February 2020 was RM0.5126.

Since commencement, the Fund has registered a return of 46.68% compared to the benchmark return of 14.28%, outperforming by 32.40%. The Manager will strive to achieve the fund's investment objective of providing investors with regular income and capital growth over medium to long-term period through a portfolio of collective investment schemes.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	Since Commencement (7/6/19 - 28/2/21)
Fund	43.07%	46.68%
Benchmark	8.00%	14.28%
Outperformance	35.07%	32.40%

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	Since Commencement (7/6/19 - 28/2/21)
Fund	43.07%	24.72%
Benchmark	8.00%	8.00%
Outperformance	35.07%	16.72%

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (7/6/19 - 29/2/20)
Fund	43.07%	2.52%
Benchmark	8.00%	5.81%
Outperformance	35.07%	(3.29%)

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: Absolute return of 8% per annum

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.

During the period under review, the Fund's total exposure into collective investment scheme stood at 98.75% while the remaining was held in cash and cash equivalent.

Strategy Employed

Over the period under review, the Manager continued to focus on the collective investment schemes. With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market. We continue to keep close monitor on market development amidst the rare event of global pandemic.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which are now facing short-term squeezes on their profit margins from

rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month. The Fed lightly addressed some of these concerns but mainly assured that current easy monetary policy will remain, with primary focus on the labor market.

The S&P500 closed 2.76% higher in the month, whilst Asian markets came in marginally lower, with the MSCI Asia ex Japan index gaining 1.25%. It was also a time for earnings announcements. 58.0% of companies in the MSCI Asia ex Japan index reporting their results in the month. Of these, 48.0% saw earnings beat and 12.0% missing estimates. In the US, 79.0% of the companies in the S&P500 saw earnings beat.

President Biden held his first official call with President Xi Jinping. While Biden may have brought up controversial topics such as economic competition and human rights issues, the call should merely be viewed as a formality rather than tangible progress between China and the US and both sides continue to tread on thin ice. The US House of Representatives also passed a US\$1.9 trillion coronavirus relief package.

Commodities saw strong returns in the January, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 10.67% in the month.

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February, the local equity market's performance was muted relative to regional peers, gaining by 0.82% in the month. It was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. AmBank announced a settlement cost of RM2.83 billion for its role and involvement in the 1MDB scandal that took place prior. This accounts for up to 30.0% of its market capitalisation. Petronas announced its first annual loss of RM 21 billion in 2020, its weak earnings dragged by weak product prices and margins, in line with last year's decline in crude oil prices.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut is minimal.

Yields trended higher in tandem with US treasury movement in the month of February. The 10-year MGS closed at 3.08%. The corporate space also saw yields edge higher, particularly in the longer-dated names of the IG credit space. The primary market was greeted by the auction of a new 7-year GII of RM 3.5 billion. The trend here follows from January's auction of the 10-year MGS, with strong bidding interest as the 7-year GII posted a bid-to-cover ratio of 2.2x, supported by onshore interbank players. The yield closed at 2.8%.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. With most markets recovering the year's losses by December coincided

with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. We have already started to see the rotation from growth to value take place in the start of 2021.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500 surpasses far beyond its historical P/E average of 15x -17x. There has been some correction in the recent few weeks and we may see this correction extend for a further couple more months.

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

Following President Biden's call to China, we still expect little improvement between China and the US's already contentious relationship. We see at least a few months of reprieve for the global economy as the two leading nations focus on economic recovery. It will not be long before they step back into the boxing ring to tackle the long list of conflicting issues they face, ranging from trade issues, social rights and environmental impacts.

Economic recovery continues to be delayed by Covid-19 as cases surge throughout the country/ From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021.

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

We have acted as Trustee of Affin Hwang Smart Invest Portfolio - Growth ("the Fund") for the financial year ended 28 February 2021. 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, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Unit Trust Funds and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

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

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
15 April 2021

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

			Financial period from 17.5.2019 (date of launch) to 29.2.2020
	Note	2021 RM	RM
INVESTMENT INCOME/(LOSS)			
Dividend income		212,776	162,385
Interest income from financial assets at amortised cost		32,222	15,747
Net (loss)/gain on foreign currency exchange		(25,970)	20,885
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		1,217,324	(162,604)
Net gain/(loss) on financial assets at fair value through profit or loss	7	37,054,985	(46,736)
		<u>38,491,337</u>	<u>(10,323)</u>
EXPENSES			
Management fee	4	(1,839,922)	(337,747)
Trustee fee	5	(72,224)	(11,434)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(3,500)	(3,500)
Transaction costs		(27,250)	(604)
Other expenses		(29,663)	(9,118)
		<u>(1,980,059)</u>	<u>(369,903)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		36,511,278	(380,226)
Taxation	6	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR/PERIOD		<u>36,511,278</u>	<u>(380,226)</u>
Net gain/(loss) after taxation is made up of the following:			
Realised amount		7,522,566	(17,848)
Unrealised amount		28,988,712	(362,378)
		<u>36,511,278</u>	<u>(380,226)</u>

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	8	4,973,484	263,613
Dividend receivable		-	15,755
Amount due from Manager			
- creation of units		9,313,835	188,366
- management fee rebate receivable		85,716	26,381
Financial assets at fair value through profit or loss	7	306,540,099	49,314,692
Forward foreign currency contracts at fair value through profit or loss	9	126,300	-
TOTAL ASSETS		<u>321,039,434</u>	<u>49,808,807</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	9	70,527	189,970
Amount due to Manager			
- management fee		247,263	69,805
Amount due to Trustee		13,865	2,327
Amount due to brokers		10,280,917	-
Auditors' remuneration		7,500	7,500
Tax agent's fee		3,500	3,500
Other payables and accruals		2,373	2,000
TOTAL LIABILITIES		<u>10,625,945</u>	<u>275,102</u>
NET ASSET VALUE OF THE FUND		<u>310,413,489</u>	<u>49,533,705</u>
EQUITY			
Unitholders' capital		274,282,437	49,913,931
Retained earnings/(accumulated losses)		36,131,052	(380,226)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>310,413,489</u>	<u>49,533,705</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>423,260,000</u>	<u>96,638,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7334</u>	<u>0.5126</u>

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Unitholders' <u>capital</u> RM	Retained earnings/ (accumulated <u>losses</u>) RM	<u>Total</u> RM
Balance as at 1 March 2020	49,913,931	(380,226)	49,533,705
Total comprehensive income for the financial year	-	36,511,278	36,511,278
Movement in unitholders' capital:			
Creation of units arising from applications	229,155,749	-	229,155,749
Cancellation of units	(4,787,243)	-	(4,787,243)
Balance as at 28 February 2021	<u>274,282,437</u>	<u>36,131,052</u>	<u>310,413,489</u>
Balance as at 17 May 2019 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(380,226)	(380,226)
Movement in unitholders' capital:			
Creation of units arising from applications	49,919,630	-	49,919,630
Cancellation of units	(5,699)	-	(5,699)
Balance as at 29 February 2020	<u>49,913,931</u>	<u>(380,226)</u>	<u>49,533,705</u>

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	Financial period from 17.5.2019 (date of launch) to <u>29.2.2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of investments		87,136,452	9,620,580
Purchase of investments		(297,784,958)	(59,140,238)
Dividends received		228,531	146,630
Interest received		32,222	15,747
Management fee paid		(1,662,463)	(267,942)
Rebate management fee received		672,417	131,245
Trustee fee paid		(60,686)	(9,107)
Realised gain on forward foreign currency contract		971,581	27,366
Net gain/(loss) on foreign currency exchange		38,746	(17,398)
Payment for other fees and expenses		(40,292)	(7,118)
Net cash used in operating activities		(210,468,450)	(49,500,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		220,030,280	49,731,264
Payments from cancellation of units		(4,787,243)	(5,699)
Net cash generated from financing activities		215,243,037	49,725,565
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,774,587	225,330
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(64,716)	38,283
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/DATE OF LAUNCH		263,613	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	8	4,973,484	263,613

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend Income

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

Interest income

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

C TRANSACTION COSTS

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

D TAXATION

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

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

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 SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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 Ringgit Malaysia (“RM”), 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.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

(ii) Recognition and measurement

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

Investment in collective investment schemes and exchange-traded funds are valued at the last published 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 measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month and lifetime expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Qualitative criteria:

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

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

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

Write-off

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

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

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 UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

I UNITHOLDERS' CAPITAL (CONTINUED)

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

J AMOUNT DUE FROM/(TO) BROKERS

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

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

K 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.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in the statement of comprehensive income 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 investments that have a negative fair value are presented as liabilities at fair value through profit or loss.

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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.

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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

M REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax 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 SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang Smart Invest Portfolio - Growth (the "Fund") pursuant to the execution of a Deed dated 15 January 2019 entered in between Affin Hwang Asset Management Berhad (the "Manager") and TMF Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 17 May 2019 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 SC and all relevant laws:

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

All investments will be subjected to the SC's Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The main objective of the Fund is to achieve capital appreciation over a medium to long term period.

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Collective investment schemes	7	-	303,246,685	303,246,685
Exchange-traded fund	7	-	3,293,414	3,293,414
Cash and cash equivalents	8	4,973,484	-	4,973,484
Forward foreign currency contracts	9	-	126,300	126,300
Amount due from Manager				
- creation of units		9,313,835	-	9,313,835
- management fee rebate receivable		85,716	-	85,716
Total		14,373,035	306,666,399	321,039,434
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	70,527	70,527
Amount due to Manager				
- management fee		247,263	-	247,263
Amount due to Trustee		13,865	-	13,865
Amount due to brokers		10,280,917	-	10,280,917
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		3,500	-	3,500
Other payables and accruals		2,373	-	2,373
Total		10,555,418	70,527	10,625,945
<u>2020</u>				
<u>Financial assets</u>				
Collective investment schemes	7	-	42,023,144	42,023,144
Exchange-traded fund	7	-	7,291,548	7,291,548
Dividend receivable		15,755	-	15,755
Cash and cash equivalents	8	263,613	-	263,613
Amount due from Manager				
- creation of units		188,366	-	188,366
- management fee rebate receivable		26,381	-	26,381
Total		494,115	49,314,692	49,808,807

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Financial instruments are as follows (continued):

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2020 (continued)</u>				
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	189,970	189,970
Amount due to Manager				
- management fee		69,805	-	69,805
Amount due to Trustee		2,327	-	2,327
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		3,500	-	3,500
Other payables and accruals		2,000	-	2,000
Total		<u>85,132</u>	<u>189,970</u>	<u>275,102</u>

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 SC's Guidelines on Unit Trust Funds.

Market risk

(a) Price risk

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

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

	<u>2021</u> RM	<u>2020</u> RM
Quoted investments		
Collective investment schemes	303,246,685	42,023,144
Exchange-traded fund	3,293,414	7,291,548
	<u>306,540,099</u>	<u>49,314,692</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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 7.5% and decreased by 7.5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted investments.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2021</u>		
-7.5%	283,549,592	(22,990,507)
0%	306,540,099	-
+7.5%	329,530,606	22,990,507
	<u><u> </u></u>	<u><u> </u></u>
<u>2020</u>		
-7.5%	45,616,090	(3,698,602)
0%	49,314,692	-
+7.5%	53,013,294	3,698,602
	<u><u> </u></u>	<u><u> </u></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 a 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 a deposit with licensed financial institutions is not material as the deposit is held on a short term basis.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia 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 <u>contracts</u> RM	Collective investment <u>scheme</u> RM	Exchange- traded <u>fund</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2021</u>					
<u>Financial assets</u>					
Hong Kong Dollar	-	-	3,293,414	936	3,294,350
Japanese Yen	-	-	-	52	52
Singapore Dollar	-	-	-	5,938	5,938
United States Dollar	126,300	215,948,642	-	4,959,871	221,034,813
	<u>126,300</u>	<u>215,948,642</u>	<u>3,293,414</u>	<u>4,966,797</u>	<u>224,335,153</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia 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 RM	Amount due to brokers RM	Total RM
<u>2021</u> (continued)			
<u>Financial liabilities</u>			
United States Dollar	70,527	9,280,917	9,351,444

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (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):

	Collective investment scheme RM	Exchange- traded fund RM	Cash and cash equivalents RM	Dividend receivable RM	Total RM
<u>2020</u>					
<u>Financial assets</u>					
Hong Kong Dollar	-	2,472,470	6,696	-	2,479,166
Japanese Yen	-	4,819,078	8,248	-	4,827,326
United States Dollar	26,149,252	-	22,066	15,755	25,807,133
	<u>26,149,252</u>	<u>7,291,548</u>	<u>37,010</u>	<u>15,755</u>	<u>33,113,625</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (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):

	Forward foreign currency contracts RM	Total RM
<u>2020</u> (continued)		
<u>Financial liabilities</u>		
United States Dollar	189,970	189,970

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

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

	Change in rate %	Impact on profit after tax/ NAV RM
<u>2021</u>		
Hong Kong Dollar	+/- 7.13	+/- 234,887
Japanese Yen	+/- 10.32	+/- 5
Singapore Dollar	+/- 5.33	+/- 316
United States Dollar	+/- 7.15	+/- 15,135,361

2020

Hong Kong Dollar	+/- 3.96	+/- 98,175
Japanese Yen	+/- 8.16	+/- 393,910
United States Dollar	+/- 4.03	+/- 1,047,683

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of units 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 SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (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.

	Within one month RM	Between one month to one year RM	Total RM
<u>2021</u>			
Amount due to Manager			
- management fee	247,263	-	247,263
Amount due to Trustee	13,865	-	13,865
Amount due to brokers	10,280,917	-	10,280,917
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	2,373	2,373
Forward foreign currency contracts	-	70,527	70,527
	<u>10,542,045</u>	<u>83,900</u>	<u>10,625,945</u>
<u>2020</u>			
Amount due to Manager			
- management fee	69,805	-	69,805
Amount due to Trustee	2,327	-	2,327
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	2,000	2,000
Forward foreign currency contracts	50,898	139,072	189,970
	<u>123,030</u>	<u>152,072</u>	<u>275,102</u>

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 SC's Guidelines on Unit Trust Funds.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash equivalents RM	Forward foreign currency contracts RM	Other assets* RM	Total RM
<u>2021</u>				
Financial Services				
- AAA	4,973,484	92,068	-	5,065,552
- AA2	-	34,232	-	34,232
Others				
- NR	-	-	9,399,551	9,399,551
	<u>4,973,484</u>	<u>126,300</u>	<u>9,399,551</u>	<u>14,499,335</u>
		Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u>				
Financial Services				
- AAA		263,613	-	263,613
- NR		-	214,747	214,747
Others				
- NR		-	15,755	15,755
		<u>263,613</u>	<u>230,502</u>	<u>494,115</u>

*Other assets consist of dividend receivable and amount due from Manager.

Capital risk

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholder's 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.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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 financial 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.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (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>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	303,246,685	-	-	303,246,685
- exchange-traded fund	3,293,414	-	-	3,293,414
- forward foreign currency contracts	-	126,300	-	126,300
	<u>306,540,099</u>	<u>126,300</u>	<u>-</u>	<u>306,666,399</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	70,527	-	70,527
	<u>-</u>	<u>70,527</u>	<u>-</u>	<u>70,527</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	42,023,144	-	-	42,023,144
- exchange-traded fund	7,291,548	-	-	7,291,548
	<u>49,314,692</u>	<u>-</u>	<u>-</u>	<u>49,314,692</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	189,970	-	189,970
	<u>-</u>	<u>189,970</u>	<u>-</u>	<u>189,970</u>

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

AFFIN HWANG SMART INVEST PORTFOLIO – GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

(ii) The carrying values of cash and cash equivalents, dividends receivables, amount due from Manager and all current liabilities (except for forward foreign currency contracts) are a reasonable approximation of the fair values due to their short term nature.

4 MANAGEMENT FEE

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

From 1 March 2020 to 31 December 2020, management fee is recognised at a rate of 1.80% per annum. Effective from 1 January 2021, management fee was revised to 1.07% per annum on the NAV of the Fund calculated on a daily basis.

For the financial period from 17 May 2019 (date of launch) to 29 February 2020, the management fee is recognised at a rate of 1.80% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Prospectus.

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

5 TRUSTEE FEE

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

For the financial year ended 28 February 2021 and the financial period from 17 May 2019 (date of launch) to 29 February 2020, the Trustee's fee is recognised at a rate of 0.06% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Prospectus.

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

6 TAXATION

	2021 RM	Financial period from 17.5.2019 (date of launch) to 29.2.2020 RM
Current taxation	-	-

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

	2021 RM	Financial period from 17.5.2019 (date of launch) to 29.2.2020 RM
Net profit/(loss) before taxation	36,511,278	(380,226)
Tax at Malaysian statutory rate of 24% (2020: 24%)	8,762,707	(91,254)
Tax effects of:		
(Investment income not subject to tax)/Investment loss not brought to tax	(9,237,819)	2,376
Expenses not deductible for tax purposes	31,849	82,832
Restriction on tax deduction expenses for Unit Trust Funds	443,263	6,046
Tax expense	-	-

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- collective investment schemes – local	87,298,043	15,873,892
- collective investment schemes – foreign	215,948,642	26,149,252
- exchange-traded fund - foreign	3,293,414	7,291,548
	<u>306,540,099</u>	<u>49,314,692</u>
		Financial period from 17.5.2019 (date of launch) to <u>29.2.2020</u> RM
	<u>2021</u> RM	
Net gain/(loss) on assets at fair value through profit or loss:		
- realised gain on sale of investment	7,515,549	6,329
- unrealised gain/(loss) on changes in fair value	28,807,684	(210,691)
- management fee rebate on collective investment income #	731,752	157,626
	<u>37,054,985</u>	<u>(46,736)</u>

In arriving at the fair value of the Fund's investment in a collective investment scheme, the management fee paid to the Manager of collective investment scheme has been considered as part of its net asset value. In order to minimise the impact of management fees charged by the fund manager, management fee charged on the Fund's investment in the collective scheme has been refunded to the Fund. Accordingly, any rebate of management received from the Manager of collective investment scheme is reflected as an increase in the net asset value of the collective investment scheme.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(a) Collective investment schemes - local

(i) Collective investment schemes - local as at 28 February 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang Select Asia (ex Japan) Opportunity Fund – MYR Class	60,107,215	54,326,236	61,934,475	19.95
Affin Hwang Select Asia (ex Japan) Quantum Fund - MYR Class	6,720,680	12,098,821	15,702,197	5.06
Aiiman Global Equity Fund	14,745,682	8,960,000	9,661,371	3.11
Total collective investment scheme - local	<u>81,573,577</u>	<u>75,385,057</u>	<u>87,298,043</u>	<u>28.12</u>
Accumulated unrealised gain on collective investment schemes - local		<u>11,912,986</u>		
Total collective investment schemes - local		<u>87,298,043</u>		

(ii) Collective investment schemes - local as at 29 February 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang Select Asia (ex Japan) Opportunity Fund – MYR Class	10,698,985	7,727,000	7,968,604	16.09
Affin Hwang Select Asia (ex Japan) Quantum Fund - MYR Class	2,829,213	3,888,000	4,104,339	8.29
Affin Hwang Aiiman Money Market Fund	7,097,943	3,800,239	3,800,949	7.67
Total collective investment scheme - local	<u>20,626,141</u>	<u>15,415,239</u>	<u>15,873,892</u>	<u>32.05</u>
Accumulated unrealised gain on collective investment schemes - local		<u>458,653</u>		
Total collective investment schemes - local		<u>15,873,892</u>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Collective investment schemes - foreign

(i) Collective investment schemes - foreign as at 28 February 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Allianz Global Investors Fund				
Strategic Bond USD	608,560	32,328,484	31,380,483	10.11
Baillie Gifford Worldwide				
Health Innovation Fund USD	379,345	32,680,961	30,708,912	9.89
Baillie Gifford Worldwide Long Term				
GLobal Growth Fund USD	279,521	37,596,963	45,412,907	14.63
HSBC Global Liquidity Fund PLC - US				
Dollar Liquidity Fund	5,136,000	20,764,671	20,787,960	6.70
Nikko Asset Mgmt Luxembourg SA				
ARK Disruptive Innovation Fund USD	106,122	9,479,053	11,515,707	3.71
Nikko Asset Mgmt Shenton Global				
Opportunities - USD	5,403,744	27,454,045	31,429,569	10.12
Standard Life Investments Global				
SICAV II Global Smaller Companies				
Fund USD	268,225	14,022,457	15,729,289	5.07
UBS Lux Investment Sicav II - China				
A Opportunity (USD)	16,662	25,849,147	28,983,815	9.34
Total collective investment scheme - foreign	<u>12,198,179</u>	<u>200,175,781</u>	<u>215,948,642</u>	<u>69.57</u>
Accumulated unrealised gain on collective investment scheme - foreign		<u>15,772,861</u>		
Total collective investment scheme - foreign		<u>215,948,642</u>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Collective investment schemes – foreign (continued)

(ii) Collective investment schemes - foreign as at 29 February 2020 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Standard Life Investments Global SICAV II Global Smaller Companies Fund USD	112,770	4,889,931	4,534,547	9.15
Nikko Asset Mgmt Shenton Global Opportunities - USD	2,657,937	11,722,776	11,648,569	23.52
PIMCO GIS Income Fund Institutional USD	101,689	4,960,907	5,030,811	10.16
UBS Lux Investment Sicav II - China A Opportunity (USD)	4,099	4,873,355	4,935,325	9.96
Total collective investment scheme - foreign	<u>2,876,495</u>	<u>26,446,969</u>	<u>26,149,252</u>	<u>52.79</u>
Accumulated unrealised loss on collective investment scheme - foreign		<u>(297,717)</u>		
Total collective investment scheme - foreign		<u>26,149,252</u>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(c) Exchange-traded fund - foreign

(i) Exchange-traded fund - foreign as at 28 February 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Premia Asia Innovative Technology ETF	44,700	2,382,268	3,293,414	1.06
Total exchange-traded fund - foreign	<u>44,700</u>	<u>2,382,268</u>	<u>3,293,414</u>	<u>1.06</u>
Accumulated unrealised gain on exchange-traded fund - foreign		911,146		
Total exchange-traded fund - foreign		<u>3,293,414</u>		

(ii) Exchange-traded fund - foreign as at 29 February 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
iShares Core TOPIX ETF	80,757	5,266,742	4,819,078	9.73
Premia Asia Innovative Technology ETF	52,200	2,396,433	2,472,470	4.99
Total exchange-traded fund - foreign	<u>132,957</u>	<u>7,663,175</u>	<u>7,291,548</u>	<u>14.72</u>
Accumulated unrealised loss on exchange-traded fund - foreign		(371,627)		
Total exchange-traded fund - foreign		<u>7,291,548</u>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	4,973,484	60,573
Deposit with a licensed financial institution	-	203,040
	<u>4,973,484</u>	<u>263,613</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	-	2.75

Deposit with a licensed financial institution of the Fund has an average maturity of Nil days (2020: 2 days).

9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 12 (2020: 15) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM46,670,025 (2020: RM10,184,052). The forward currency contracts entered into during the financial year/period were for hedging against the currency exposure arising from the Fund's investment in the collective investment schemes denominated in United States Dollar. As the fund has not adopted hedge accounting during the financial year/period, the change in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

10 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the year/date of launch	96,638,000	-
Creation of units arising from applications	335,067,000	96,649,000
Cancellation of units	(8,445,000)	(11,000)
At the end of the financial year/period	<u>423,260,000</u>	<u>96,638,000</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS

- (i) Details of transaction with the brokers for the financial year ended 28 February 2021 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
MFEX Mutual Funds				
Exchange AB	232,737,470	45.43	-	-
Affin Hwang Asset				
Management Bhd #	123,299,327	24.07	-	-
Hong Leong Bank Bhd	69,970,000	13.66	-	-
Public Bank Bhd	47,260,000	9.22	-	-
Flow Traders	9,343,405	1.82	-	-
DBS Vickers Securities				
(Singapore) Pte Ltd	8,879,804	1.73	6,660	38.02
Alliance Bernstein				
(Singapore) Ltd	5,483,428	1.07	2,742	15.65
Macquarie Capital Securities				
Ltd	4,435,521	0.87	1,774	10.13
CLSA Singapore Pte Ltd	3,370,317	0.66	1,685	9.62
CIMB Securities (SG) Pte Ltd	2,243,826	0.44	1,122	6.40
Others #	5,303,630	1.03	3,535	20.18
	<u>512,326,728</u>	<u>100.00</u>	<u>17,518</u>	<u>100.00</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

- (ii) Details of transaction with the brokers for the financial period from 17 May 2019 (date of launch) to 29 February 2020 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Asset Management Berhad #	34,560,819	50.33	-	-
MFEX Mutual Funds Exchange AB	26,446,969	38.51	-	-
Flow Traders	6,484,621	9.44	-	-
Macquarie Bank Limited Hong Kong Branch	983,313	1.43	492	81.32
CLSA Ltd	195,241	0.29	113	18.68
	<u>68,670,963</u>	<u>100.00</u>	<u>605</u>	<u>100.00</u>

Included in transactions with brokers are trades with Affin Hwang Asset Management Berhad and Affin Hwang Investment Bank Berhad, the Manager and a company related to the Manager amounting to RM123,299,327 and RM608,850 (2020: RM34,560,819 and RM Nil). The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

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

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

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

	<u>2021</u>		<u>2020</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	2,689	1,972	2,961	1,518

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

13 MANAGEMENT EXPENSE RATIO ("MER")

	2021 %	Financial period from 17.5.2019 (date of launch) to 29.2.2020 %
MER	1.62	1.56

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year/period calculated on a daily basis is RM120,368,766 (2020: RM24,067,514).

14 PORTFOLIO TURNOVER RATIO ("PTR")

	2021	Financial period from 17.5.2019 (date of launch) to 29.2.2020
PTR (times)	1.61	1.43

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = RM308,038,626 (2020: RM59,140,238)
total disposal for the financial year/period = RM79,620,903 (2020: RM9,614,251)

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR/PERIOD

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

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 37 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 28 February 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 28 February 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 April 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SMART INVEST PORTFOLIO – GROWTH

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Smart Invest Portfolio - Growth (“the Fund”) give a true and fair view of the financial position of the Fund as at 28 February 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 37.

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 (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG SMART INVEST PORTFOLIO – GROWTH
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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, 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 SMART INVEST PORTFOLIO – GROWTH
(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 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 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 SMART INVEST PORTFOLIO – GROWTH
(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
15 April 2021

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