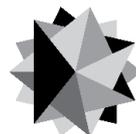


Affin Hwang

Smart Invest Portfolio - Growth

Annual Report
28 February 2022

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 2022

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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

FUND PERFORMANCE DATA

Category	As at 28 Feb 2022 (%)	As at 28 Feb 2021 (%)	As at 29 Feb 2020 (%)
Portfolio composition			
Collective investment scheme – local	22.48	28.12	32.05
Collective investment scheme – foreign	60.24	69.57	52.79
Total collective investment scheme	82.72	97.69	84.84
Exchange-traded fund – foreign	15.40	1.06	14.72
Cash & cash equivalent	1.88	1.25	0.44
Total	100.00	100.00	100.00
Total NAV (RM'million)	415.630	310.413	49.534
NAV per Unit (RM)	0.6488	0.7334	0.5126
Unit in Circulation (million)	640.633	423.260	96.638
Highest NAV	0.7661	0.7838	0.5408
Lowest NAV	0.6446	0.4462	0.4970
Return of the Fund (%) ⁱⁱⁱ	-7.91	43.07	2.52
- Capital Growth (%) ⁱ	-11.54	43.07	2.52
- Income Distribution (%) ⁱⁱ	4.10	Nil	Nil
Gross Distribution per Unit (sen)	3.00	Nil	Nil
Net Distribution per Unit (sen)	3.00	Nil	Nil
Management Expense Ratio (%) ¹	1.14	1.62	1.56
Portfolio Turnover Ratio (times) ²	1.12	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 lower due to higher average net asset value of the Fund for the financial year.

²The Fund recorded a higher PTR due to higher average net asset value of the Fund for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

The NAV per Unit prior and subsequent to the distributions are as follow:

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Nov-21	17-Nov-21	0.7589	0.0075	0.7309

No unit splits were declared for the financial year ended 28 February 2022.

Performance Review (1 March 2021 to 28 February 2022)

For the period 1 March 2021 to 28 February 2022, the Fund registered a -7.90% return compared to the benchmark return of 8.00%. The Fund thus underperformed the Benchmark by 15.90%. The Net Asset Value per unit ("NAV") of the Fund as at 28 February 2022 was RM0.6488 while the NAV as at 28 February 2021 was RM0.7334. The fund declared a gross income distribution of RM0.0300 per unit for the period.

Since commencement, the Fund has registered a return of 35.09% compared to the benchmark return of 23.42%, outperforming by 11.67%.

Table 1: Performance of the Fund

	1 Year (1/3/21 - 28/2/22)	Since Commencement (7/6/19 - 28/2/22)
Fund	(7.91%)	35.09%
Benchmark	8.00%	23.42%
Outperformance	(15.91%)	11.67%

Table 2: Average Total Return

	1 Year (1/3/21 - 28/2/22)	Since Commencement (7/6/19 - 28/2/22)
Fund	(7.91%)	11.63%
Benchmark	8.00%	8.00%
Outperformance	(15.91%)	3.63%

Table 3: Annual Total Return

	FYE 2022 (1/3/21 - 28/2/22)	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (7/6/19 - 29/2/20)
Fund	(7.91%)	43.07%	2.52%
Benchmark	8.00%	8.00%	5.81%
Outperformance	(15.91%)	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 98.12% while the remaining was held in cash and cash equivalent.

Strategy Employed

The Fund raised continues to invest primarily in growth focused collective investment schemes. The Fund has remained highly invested throughout the financial year, as continued accommodative policies was supportive of growth assets. However, towards the end of 2021, the Fund raised cash levels amidst rising volatility, as inflation moves higher while central banks globally shifted to a more accommodative stance.

Market Review

Global equities started 2021 on a strong note buoyed by policy easing and optimism surrounding global vaccination rollouts. However, the global recovery grew at an uneven pace as developed markets posted stronger gains compared to emerging markets.

Developed markets have managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility. The S&P 500 index pierced new highs in the year underpinned by a strong earnings rebound as businesses clambered to meet renewed demand.

However, the rally was tested by surging bond yields in the 1Q'2021 as well as the spectre of inflation that would spook investors for the rest of the year. Inflation vaulted strongly from a low-base effect as supply chain disruptions associated with the pandemic led to a sharp increase in input prices.

Markets were soothed initially by dovish comments from the US Federal Reserve which pledged to keep monetary policy accommodative. Fed Chair Jerome Powell held the view that inflation was transitional and that supply-demand imbalances would begin to ease which would cool down inflation.

However with inflation proving stickier than expected, the Fed relented towards the end of year and pivoted towards a hawkish stance. At its policy meeting, the Fed signaled that it would start accelerating its tapering of bond purchases that would pave the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates.

The region was also pulled down by weaker performance in China as authorities cast a wide regulatory dragnet which impacted a range of sectors including technology, education and e-commerce. This was part of a wider 'common prosperity' drive by Beijing to narrow the income gap and increase the political legitimacy of the Communist Party which celebrated its 100th anniversary in 2021.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A litany of concerns sent the stock market on a volatile path with fresh lockdowns, political instability as well as new taxes proposed under Budget 2022.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The appointment provided some clarity by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin who faced a turbulent tenure due to the mishandling of the pandemic as well as a rare royal rebuke.

Markets were also jolted when the government announced a one-off prosperity tax (Cukai Makmur) during the tabling of Budget 2022 for companies that earned super profits. This quelled the initial optimism from economic reopening as earnings forecasts are pared down.

However, the government made U-turns on other tax measures proposed under Budget 2022 including reinstating the exemption of all types of foreign incomes for individuals from tax as well as stamp duty cap. Markets were concerned that these initial measures would dampen sentiment and reduce market vibrancy as well as velocity of trading. However, the local market saw support on the back of easing policy headwinds as investors also price-in better growth prospects.

Coming into February 2022, the FBM 100 index fell 5.1%, buoyed by plantation and commodity-related names which got a boost from the spike in commodities prices over the month. Corporate earnings saw consumer and plantation names beating estimates. As a reopening play, consumer stocks are benefitting from pent-up demand while plantation stocks benefitted from high CPO prices.

Investment Outlook

2022 is set to be a year of transition for markets as investors contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

Market environment is challenging given rising rates, slowing growth and waning earnings expectations. The key indicators of policies, growth and earnings have not inflected. That said, the positives are that valuations have become less excessive and sentiments have turned bearish.

Russia-Ukraine tension is also weighing on sentiments. However, history suggest that the market impact from geopolitical events tend to be short. Moving forward, we expect markets to shift the focus back to tighter monetary conditions and slowing growth.

While a total lockdown caused by the Omicron variant is not a base-case for now, there will probably be need to make adjustments as we go along. However, developments of new medical treatments such as oral pills can help in the fight against COVID. This would lay the planks for a more sustainable reopening of the economy once we have a complete medical arsenal that is effective against all known variants. There could also be room for the Fed to adjust policy should Omicron turn out to be more destructive than what the market anticipates.

After a wide regulatory dragnet was casted in 2021 by the Chinese government specifically on targeted sectors including education, technology, and e-commerce, recent policy signals by Beijing suggested that the worst of tightening cycle is over. We see the focus of policymakers shifting from that of regulatory tightening to now supporting growth as its economy wanes.

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

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

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation, a less hawkish Fed policy, and subside Russia-Ukraine tension as potential turnarounds for the market to improve.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE’S REPORT TO THE UNITHOLDERS OF AFFIN HWANG 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 2022. 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 2022

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTMENT (LOSS)/INCOME			
Dividend income		81,989	212,776
Interest income from financial assets at amortised cost		100,001	32,222
Net loss on foreign currency exchange		(303,325)	(25,970)
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss		(695,198)	1,217,324
Net (loss)/gain on financial assets at fair value through profit or loss	8	(31,517,320)	37,054,985
		<u>(32,333,853)</u>	<u>38,491,337</u>
EXPENSES			
Management fee	4	(4,450,030)	(1,839,922)
Trustee fee	5	(249,740)	(72,224)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(3,500)	(3,500)
Transaction costs		(63,608)	(27,250)
Other expenses		(52,164)	(29,663)
		<u>(4,826,542)</u>	<u>(1,980,059)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(37,160,395)	36,522,148
Taxation	6	(1,583)	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(37,161,978)</u>	<u>36,511,278</u>
Net (loss)/gain after taxation is made up of the following:			
Realised amount		3,501,393	7,522,566
Unrealised amount		(40,663,371)	28,988,712
		<u>(37,161,978)</u>	<u>36,511,278</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 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	9	10,018,587	4,973,484
Amount due from Manager			
- creation of units		339,270	9,313,835
- management fee rebate receivable		59,294	85,716
Financial assets at fair value through profit or loss	8	407,836,055	306,540,099
Forward foreign currency contracts at fair value through profit or loss	10	463,893	126,300
TOTAL ASSETS		<u>418,717,099</u>	<u>321,039,434</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	10	294,195	70,527
Amount due to Manager			
- management fee		351,429	247,263
- cancellation of units		2,409,185	-
Amount due to Trustee		19,706	13,865
Amount due to brokers		-	10,280,917
Auditors' remuneration		7,500	7,500
Tax agent's fee		3,500	3,500
Tax payable		1,583	-
Other payables and accruals		293	2,373
TOTAL LIABILITIES		<u>3,087,391</u>	<u>10,625,945</u>
NET ASSET VALUE OF THE FUND		<u>415,629,708</u>	<u>310,413,489</u>
EQUITY			
Unitholders' capital		435,333,264	274,282,437
(Accumulated losses)/retained earnings		(19,703,556)	36,131,052
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>415,629,708</u>	<u>310,413,489</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>640,633,000</u>	<u>423,260,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6488</u>	<u>0.7334</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 2022

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 March 2021	274,282,437	36,131,052	310,413,489
Total comprehensive loss for the financial year	-	(37,161,978)	(37,161,978)
Distribution (Note 7)	-	(18,672,630)	(18,672,630)
Movement in unitholders' capital:			
Creation of units arising from applications	171,716,628	-	171,716,628
Creation of units arising from distribution	17,743,997	-	17,743,997
Cancellation of units	(28,409,798)	-	(28,409,798)
Balance as at 28 February 2022	<u>435,333,264</u>	<u>(19,703,556)</u>	<u>415,629,708</u>
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>

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 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of investments		405,509,145	87,136,452
Purchase of investments		(549,612,740)	(297,784,958)
Dividend received		81,989	228,531
Interest received		100,001	32,222
Management fee paid		(4,345,864)	(1,662,463)
Management fee rebate received		972,216	672,417
Trustee fee paid		(243,899)	(60,686)
Realised (loss)/gain on forward foreign currency contracts		(809,123)	971,581
Net gain on foreign currency exchange		(1,038,293)	38,746
Payment for other fees and expenses		(65,244)	(40,292)
		<hr/>	<hr/>
Net cash flows used in operating activities		(149,451,812)	(210,468,450)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		180,691,193	220,030,280
Payments from cancellation of units		(26,000,613)	(4,787,243)
Payment for distribution		(928,633)	-
		<hr/>	<hr/>
Net cash flows generated from financing activities		153,761,947	215,243,037
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		4,310,135	4,774,587
EFFECTS OF FOREIGN CURRENCY EXCHANGE			
		734,968	(64,716)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR			
		<hr/>	<hr/>
		4,973,484	263,613
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
	9	<hr/> <hr/>	<hr/> <hr/>
		10,018,587	4,973,484

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 2022

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

B INCOME RECOGNITION

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 DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

D TRANSACTION COSTS

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

E TAXATION

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

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.

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G 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 year-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.

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

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

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

The Fund classifies cash and cash equivalents and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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.

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 period which they arise.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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.

I CASH AND CASH EQUIVALENTS

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

J 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.

Units are created and cancelled at unitholders' option 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.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

K AMOUNT DUE FROM/(TO) BROKERS

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

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

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

L 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 2022 (CONTINUED)

M CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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.

N 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 Unit Trust Funds.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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 (the "Deed") 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 provide investors with regular income and capital growth over medium to long-term period through a portfolio of collective investment schemes.

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

The financial statements were authorised for issue by the Manager on 15 April 2022.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (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>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	10,018,587	-	10,018,587
Amount due from Manager				
- creation of units		339,270	-	339,270
- management fee rebate receivable		59,294	-	59,294
Collective investment schemes	8	-	343,830,746	343,830,746
Exchange-traded funds	8	-	64,005,309	64,005,309
Forward foreign currency contracts	10	-	463,893	463,893
Total		<u>10,417,151</u>	<u>408,299,948</u>	<u>418,717,099</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	10	-	294,195	294,195
Amount due to Manager				
- management fee		351,429	-	351,429
- cancellation of units		2,409,185	-	2,409,185
Amount due to Trustee		19,706	-	19,706
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		3,500	-	3,500
Other payables and accruals		293	-	293
Total		<u>2,791,613</u>	<u>294,195</u>	<u>3,085,808</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	4,973,484	-	4,973,484
Amount due from Manager				
- creation of units		9,313,835	-	9,313,835
- management fee rebate receivable		85,716	-	85,716
Collective investment schemes	8	-	303,246,685	303,246,685
Exchange-traded fund	8	-	3,293,414	3,293,414
Forward foreign currency contracts	10	-	126,300	126,300
Total		<u>14,373,035</u>	<u>306,666,399</u>	<u>321,039,434</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021 (continued)</u>				
<u>Financial liabilities</u>				
Forward foreign currency contracts	10	-	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		<u>10,555,418</u>	<u>70,527</u>	<u>10,625,945</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>2022</u> RM	<u>2021</u> RM
Quoted investments		
Collective investment schemes	343,830,746	303,246,685
Exchange-traded fund	64,005,309	3,293,414
	<u>407,836,055</u>	<u>306,540,099</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (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 (loss)/profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 2% (2021: 7.5%) and decreased by 2% (2021: 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	<u>Impact on</u> <u>(loss)/profit</u> <u>after tax/NAV</u> RM
<u>2022</u>		
-2%	399,679,334	(8,156,721)
0%	407,836,055	-
+2%	415,992,776	8,156,721
	<u> </u>	<u> </u>
<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>

(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 deposits with licensed financial institution is not material as the carrying value of the deposits are held on a short-term basis.

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (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:

	<u>Forward foreign currency contracts</u> RM	<u>Collective investment schemes</u> RM	<u>Exchange- traded funds</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2022</u>					
<u>Financial assets</u>					
Euro	202,350	11,971,671		46,918	12,220,939
British Pound Sterling	256,968		10,082,465	188,151	10,527,584
Hong Kong Dollar		-		2,509	2,509
Japanese Yen	-	-	-	50	50
United States Dollar	4,575	238,417,026	53,922,844	8,271,511	300,615,956
	<u>463,893</u>	<u>250,388,697</u>	<u>64,005,309</u>	<u>8,509,139</u>	<u>323,367,038</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contracts</u> RM	<u>Total</u> RM
<u>2022</u> (continued)		
<u>Financial liabilities</u>		
United States Dollar	<u>294,195</u>	<u>294,195</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contracts</u> RM	<u>Collective investment schemes</u> RM	<u>Exchange- traded funds</u> RM	<u>Cash and cash 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 2022 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contracts</u> RM	<u>Amount due to brokers</u> RM	<u>Total</u> 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 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/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 price %	Impact on (loss)/profit after tax/ NAV RM
<u>2022</u>		
Euro	+/- 4.67	+/- 570,718
British Pound Sterling	+/- 5.81	+/- 611,653
Hong Kong Dollar	+/- 2.97	+/- 75
Japanese Yen	+/- 5.84	+/- 3
United States Dollar	+/- 3.12	+/- 9,370,039
<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

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 2022 (CONTINUED)

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Forward foreign currency contracts	71,136	223,059	294,195
Amount due to Manager			
- management fee	351,429	-	351,429
- cancellation of units	2,409,185	-	2,409,185
Amount due to Trustee	19,706	-	19,706
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	293	293
	<u>2,851,456</u>	<u>234,352</u>	<u>3,085,808</u>
<u>2021</u>			
Forward foreign currency contracts	-	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
	<u>10,542,045</u>	<u>83,900</u>	<u>10,625,945</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 the credit risk by undertaking credit evaluation to minimise such risk.

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Credit risk (continued)

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.

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

	<u>Cash and cash equivalents</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Amount due from manager</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial Services				
- AAA	10,018,587	4,575	-	10,023,162
- AA1	-	202,350	-	202,350
- AA3	-	256,968	-	256,968
Others				
- NR	-	-	398,564	398,564
	<u>10,018,587</u>	<u>463,893</u>	<u>398,564</u>	<u>10,881,044</u>
<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>

Capital risk

The capital of the Fund is represented by the equity consisting of unitholders' capital net of accumulated losses. The amount of equity 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 2022 (CONTINUED)

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

Collective investment scheme risk

This risk is associated with the Fund's investment in CIS exposing the Fund to the inherent investment risks faced by the CIS. The fund may also be exposed to liquidity risk which may arise from the inability of the CIS to meet redemption amounts, as well as the risk of not being aligned with the Fund's mandate in the event the CIS that the Fund is invested into breaches its asset allocation limits. Therefore, should any of the risks faced by the CIS materialised, the performance of the Fund will be affected.

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	343,830,746	-	-	343,830,746
- exchange-traded funds	64,005,309	-	-	64,005,309
- forward foreign currency contracts	-	463,893	-	463,893
	<u>407,836,055</u>	<u>463,893</u>	<u>-</u>	<u>408,299,948</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	294,195	-	294,195
	<u>-</u>	<u>294,195</u>	<u>-</u>	<u>294,195</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	303,246,685	-	-	303,246,685
- exchange-traded funds	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>

AFFIN HWANG SMART INVEST PORTFOLIO – GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

For the financial year ended 28 February 2022, the management fee is recognised at a rate of 1.07% (2021: 1.07%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's 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 NAV of the Fund, excluding of foreign custodian fees and charges.

For the financial year ended 28 February 2022, the Trustee's fee is recognised at a rate of 0.06% (2021: 0.06%) per annum on the NAV of the Fund, excluding of foreign custodian fees and charges, 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 2022 (CONTINUED)

6 TAXATION

	<u>2022</u> RM	<u>2021</u> RM
Current taxation	1,583	-

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

	<u>2022</u> RM	<u>2021</u> RM
Net (loss)/profit before taxation	(37,160,395)	36,511,278
Tax at Malaysian statutory rate of 24% (2021: 24%)	(8,918,495)	8,762,707
Tax effects of:		
Investment loss disallowed for tax/(Investment income not subject to tax)	7,760,125	(9,237,819)
Expenses not deductible for tax purposes	88,563	31,849
Restriction on tax deduction expenses for Unit Trust Funds	1,069,807	443,263
Foreign income subject to tax	1,583	-
Tax expense	1,583	-

7 DISTRIBUTION

	<u>2022</u> RM	<u>2021</u> RM
Distributions to unitholders is from the following sources:		
Net realised gain on sale of investments	11,657,827	-
Previous year's realised income	7,425,251	-
Gross realised income	19,083,078	-
Less: Expenses	(410,448)	-
Net distribution amount	18,672,630	-

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

7 DISTRIBUTION (CONTINUED)

During the financial year ended 28 February 2022, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit</u> (sen)
17.11.2021	3.00

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.

Included in distributions for the financial year is an amount of RM7,425,251 (2021:RMNil) made from previous year's realised income.

The Fund has incurred an unrealised loss of RM40,663,371 (2021:RMNil) for the financial year ended 28 February 2022.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- collective investment schemes – local	93,442,049	87,298,043
- collective investment schemes – foreign	250,388,697	215,948,642
- exchange-traded funds - foreign	64,005,309	3,293,414
	<u>407,836,055</u>	<u>306,540,099</u>
Net (loss)/gain on assets at fair value through profit or loss:		
- realised gain on sale of investment	9,049,150	7,515,549
- unrealised (loss)/gain on changes in fair value	(41,512,264)	28,807,684
- management fee rebate on collective investment schemes #	945,794	731,752
	<u>(31,517,320)</u>	<u>37,054,985</u>

In arriving at the fair value of the Fund's investment in a collective investment scheme, the management fee initially 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 2022 (CONTINUED)

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

(a) Collective investment schemes - local

(i) Collective investment schemes - local as at 28 February 2022 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Affin Hwang Aiiman Money Market Fund	59,972,713	32,307,307	32,355,279	7.78
Affin Hwang Select Asia (ex Japan) Opportunity Fund – MYR Class	73,219,189	68,285,126	61,086,770	14.70
Total collective investment schemes - local	<u>133,191,902</u>	<u>100,592,433</u>	<u>93,442,049</u>	<u>22.48</u>
Accumulated unrealised loss on collective investment schemes - local		<u>(7,150,384)</u>		
Total collective investment schemes - local		<u>93,442,049</u>		

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

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>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 schemes - 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>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(b) Collective investment schemes - foreign

(i) Collective investment schemes - foreign as at 28 February 2022 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Algebris UCITS Funds PLC				
Financial Equity Fund - B	16,164	12,820,410	11,971,671	2.88
Allianz Global Investors Fund				
China A-Shares	1,365	11,499,933	10,169,453	2.44
Baillie Gifford Worldwide Long Term				
Global Growth Fund USD	118,980	17,530,693	15,018,444	3.61
HSBC Global Liquidity Fund PLC -				
US Dollar Liquidity Fund	22,369,378	97,925,907	98,114,703	23.61
Morgan Stanley Investment Fund				
- Global Brands Fund	82,567	32,237,001	34,296,486	8.25
Nikko Asset Mgmt - Global				
Equity Fund – B USD	570,053	39,663,397	38,280,167	9.21
TT Environmental Solutions – Fund				
A1 USD A	365,007	34,727,312	31,908,664	7.68
UBS Lux Investment Sicav II - China				
A Opportunity (USD)	7,737	11,954,404	10,629,109	2.56
	<u>23,531,251</u>	<u>258,359,057</u>	<u>250,388,697</u>	<u>60.24</u>
Total collective investment schemes - foreign				
Accumulated unrealised loss on collective investment schemes - foreign		<u>(7,970,360)</u>		
Total collective investment schemes - foreign		<u>250,388,697</u>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(b) Collective investment schemes – foreign (continued)

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

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>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 GLocal 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 schemes - 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 schemes - foreign		<u>15,772,861</u>		
Total collective investment schemes - foreign		<u>215,948,642</u>		

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(c) Exchange-traded fund - foreign

(i) Exchange-traded fund - foreign as at 28 February 2022 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Ishares Core S&P 500 UCITS ETF	20,740	36,760,639	39,012,178	9.39
KraneShares Global Carbon ETF	72,682	13,334,097	14,910,666	3.59
IShares Msci Europe Cons Dis	370,000	11,705,100	10,082,465	2.42
	<hr/>	<hr/>	<hr/>	<hr/>
Total exchange-traded funds - foreign	463,422	61,799,836	64,005,309	15.40
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on exchange-traded funds - foreign		2,205,473		
		<hr/>		
Total exchange-traded funds - foreign		64,005,309		
		<hr/> <hr/>		

(ii) Exchange-traded funds - foreign as at 28 February 2021 are as follows:

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

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	8,538,516	4,973,484
Deposit with a licensed financial institution	1,480,071	-
	<u>10,018,587</u>	<u>4,973,484</u>

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

	<u>2022</u> %	<u>2021</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>-</u>

Deposit with a licensed financial institution of the Fund has an average maturity of 1 day (2021: Nil day).

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 8 (2021: 12) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM126,066,567 (2021: RM46,670,025). The forward currency contracts entered into during the financial year were for hedging against the currency exposure arising from the Fund's investment in the collective investment schemes denominated in Euro, British Pound Sterling and United States Dollar. As the fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

11 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the year	423,260,000	96,638,000
Creation of units arising from applications	234,349,792	335,067,000
Creation of units arising from distribution	24,350,208	-
Cancellation of units	<u>(41,327,000)</u>	<u>(8,445,000)</u>
At the end of the financial year	<u>640,633,000</u>	<u>423,260,000</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

12 TRANSACTIONS WITH BROKERS

- (i) Details of transaction with the top 10 brokers for the financial year ended 28 February 2022 are as follows:

<u>Name of brokers</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	714,668,703	75.64	-	-
Affin Hwang Asset Management Bhd #	144,293,662	15.27	-	-
State Street Global Markets	35,839,940	3.79	35,840	56.54
Flow Traders	12,183,033	1.29	-	-
Robert W. Baird & Co.	10,930,016	1.16	4,948	7.81
Macquarie Capital Securities Ltd	10,897,219	1.15	7,248	11.43
Alliance Bernstein (Singapore) Ltd	7,514,142	0.80	2,636	4.16
Cantor Frizgerald Europe	5,665,207	0.60	11,331	17.87
CLSA Ltd	2,254,023	0.24	1,127	1.78
CIMB Securities (SG) Pte Ltd	526,859	0.06	263	0.41
	<u>944,772,804</u>	<u>100.00</u>	<u>63,393</u>	<u>100.00</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

12 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transaction with the top 10 brokers for the financial year ended 28 February 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage fees</u> RM	Percentage of total <u>brokerage fees</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>

Included in transactions with brokers are trades with Affin Hwang Asset Management Berhad, the Manager and Affin Hwang Investment Bank Berhad, a company related to the Manager amounting to RM144,293,662 and RMNil (2021: RM123,299,327 and RM608,850). 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 2022 (CONTINUED)

13 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>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

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

	<u>2022</u>		<u>2021</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>193,989</u>	<u>125,860</u>	<u>2,689</u>	<u>1,972</u>
<u>Director of the Manager:</u>				
TENG CHEE WAI (The units are held beneficially)	<u>74,679</u>	<u>48,451</u>	<u>-</u>	<u>-</u>

AFFIN HWANG SMART INVEST PORTFOLIO - GROWTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

14 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2022</u> %	<u>2021</u> %
MER	1.14	1.62

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM416,222,243 (2021: RM120,368,766).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	1.12	1.61

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM539,268,215 (2021: RM308,038,626)
total disposal for the financial year = RM396,459,995 (2021: RM79,620,903)

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic environment as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in the fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be actively 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 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 28 February 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 April 2022

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 2022, and of its financial performance and its cash flows for the financial year 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 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG 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 2022

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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

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

PENANG

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

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

PERAK

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

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

MELAKA

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

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

JOHOR

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

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

SABAH

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

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

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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

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

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

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

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)