

ANNUAL REPORT
30 November 2022

Affin Hwang **Flexible Maturity Income Fund 16**

MANAGER
AHAM Asset Management Berhad
*(Formerly known as Affin Hwang Asset
Management Berhad)*
199701014290 (429786-T)

TRUSTEE
TMF Trustees Malaysia Berhad
(200301008392 [610812-W])

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

Annual Report and Audited Financial Statements For Financial Year Ended 30 November 2022

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FUND INFORMATION

Fund Name	Affin Hwang Flexible Maturity Income Fund 16
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide income through investments in fixed income instruments
Duration of the Fund	Five (5) years close-ended Fund
Termination Date	7 November 2024
Benchmark	5-years Malayan Banking Berhad fixed deposit rate as at Investment Date
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis

FUND PERFORMANCE DATA

Category	As at 30 Nov 2022 (%)	As at 30 Nov 2021 (%)	As at 30 Nov 2020 (%)
Portfolio composition			
Unquoted fixed income securities – local	11.58	10.24	9.70
Unquoted fixed income securities – foreign	83.38	85.86	86.43
Total unquoted fixed income securities	94.96	96.10	96.13
Cash & cash equivalent	5.04	3.90	3.87
Total	100.00	100.00	100.00
Total NAV (RM'million)	157.123	183.315	196.386
NAV per Unit (RM)	0.8878	1.0076	1.0510
Unit in Circulation (million)	176.972	181.928	186.852
Highest NAV	1.0211	1.0931	1.0930
Lowest NAV	0.8389	0.9842	0.9403
Return of the Fund (%)	-10.63	0.34	9.75
- Capital Growth (%)	-11.89	-4.13	5.10
- Income Distribution (%)	1.43	4.67	4.42
Gross Distribution per Unit (sen)	1.20	4.64	4.64
Net Distribution per Unit (sen)	1.20	4.64	4.64
Total Expense Ratio (%) ¹	0.28	0.27	0.31
Portfolio Turnover Ratio (times) ²	0.42	0.07	0.85

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

¹ The higher TER was due to the lower average NAV of the Fund during the financial year.

² The Fund's PTR was higher than the previous year due to increased trading activities during the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
6-Nov-22	7-Nov-22	0.8484	0.0120	0.8389

No unit split were declared for the financial year ended 30 November 2022.

Performance Review

For the period 1 December 2021 to 30 November 2022, the Fund registered a -10.63% return compared to the benchmark return of 3.35%. The Fund thus underperformed the Benchmark by 13.98%. The Net Asset Value per unit (NAV) of the Fund as at 30 November 2022 was RM0.8878 while the NAV as at 30 November 2021 was RM1.0076. During the period under review, the Fund has declared a gross income distribution of RM0.0120 per unit.

Since commencement, the Fund has registered a return of -1.58% compared to the benchmark return of 10.64%, underperforming by 12.22%.

Fund Performance

Table 1: Performance of the Fund

	1 Year (1/12/21 - 30/11/22)	3 Years (1/12/19 - 30/11/22)	Since Commencement (7/11/19 - 30/11/22)
Fund	(10.63%)	(2.11%)	(1.58%)
Benchmark	3.35%	10.40%	10.64%
Outperformance	(13.98%)	(12.51%)	(12.22%)

Source of Benchmark: Maybank

Table 2: Average Total Return

	1 Year (1/12/21 - 30/11/22)	3 Years (1/12/19 - 30/11/22)	Since Commencement (7/11/19 - 30/11/22)
Fund	(10.63%)	(0.71%)	(0.52%)
Benchmark	3.35%	3.35%	3.35%
Outperformance	(13.98%)	(4.06%)	(3.87%)

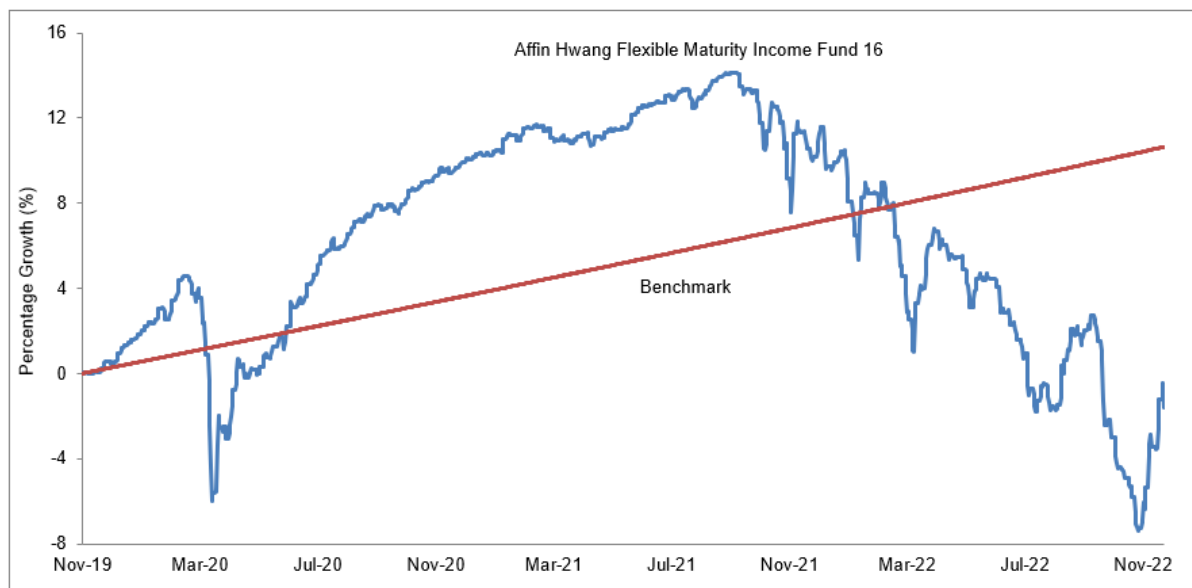
Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2022 (1/12/21 - 30/11/22)	FYE 2021 (1/12/20 - 30/11/21)	FYE 2020 (7/11/19 - 30/11/20)
Fund	(10.63%)	0.34%	9.75%
Benchmark	3.35%	3.35%	3.58%
Outperformance	(13.98%)	(3.01%)	6.17%

Source of Benchmark: Maybank

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



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

Benchmark: 5-years Malayan Banking Berhad fixed deposit rate as at Investment Date

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

As at 30 November 2022, the asset allocation of the Fund stood at 94.96% of the Fund's NAV in fixed income securities while the remaining was held in cash and cash equivalent.

Strategies Employed

Over the period under review, the Manager maintained a focus on high conviction credit names across both domestic and regional space.

Market Review

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions among investor concerns. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As we enter the last quarter of the year, numerous interest rates hikes have taken place over the year. The US Federal Reserve (Fed) has raised the fed funds rate to 4.00% by November 2022 to address inflationary pressures. All eyes will be on the upcoming Fed's policy meeting on the 14 December where a 50-75 basis points (bps) rate hike is widely baked into market expectations. Investors will be keeping a lookout on the Fed's forward commentary to see if there are any signs of a pivot.

In November, equity and bond markets recovered from their October lows due to elevated hopes that US inflation may have already peaked, earmarking that the Fed can afford to ease back on its tightening policy. The Standard & Poor (S&P) 500 index climbed 5.4% as core Consumer Price Index (CPI) came below consensus forecasts fuelling hopes that the Fed would start to pause its tightening cycle. However, despite the recent gain, the one-year performance shows a negative return of 9.65%. The tech-heavy Nasdaq gauge similarly rose 4.4% in November as bond yields fell.

In the US, core inflation cooled slightly as the 7.7% year-on-year increase was below consensus expectations. Industrial activity slowed in November with a flash Purchasing Managers Index (PMI) contracting to 47.7. Retail sales grew by 1.3%, though there is a gap between negative consumer sentiment and actual consumer behaviour. The unemployment rate rose slightly to 3.7% in October. Eurozone inflation eased to 10.0% year-on-year in November, down from 10.6% in October, although Europe continues to feel the effects of the energy crisis. The eurozone composite PMI rose to 47.8.

In Asia, the broader Morgan Stanley Capital International (MSCI) Asia ex-Japan soared 18.7% as the US dollar weakened. China stocks rallied with the Shanghai Shenzhen CSI 300 index up 9.8% buoyed by reopening optimism. Beijing announced several new measures to tweak its strict zero-COVID strategy. These include an adjustment of categorisation of COVID risk areas to "high" and "low" - eliminating a "medium" category in a bid to minimise the number of people caught up in control measures. Authorities also shortened the quarantine period by two days and will also end its policy to identify "secondary" close contacts.

On the domestic front, the benchmark FTSE Bursa Malaysia KLCI rose 2.0% as a nail-biting political impasse reached a resolution with the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister. Anwar will now lead a unity government comprising the main coalitions of Pakatan Harapan (PH), Barisan Nasional (BN), Gabungan Parti Sarawak (GRS), Gabungan Rakyat Sabah (GRS) as well as support of member of parliaments from Muda, Warisan and other independents. With a second shot at power, PH is unlikely to repeat the same mistakes and policy flip-flops that plagued its first tenure especially with Anwar now firmly holding the reins. With low foreign positioning and domestic funds highly cashed-up, any incremental positives will drive market performance as more clarity emerges.

November was a better month for global bond markets. Government bond yields were broadly lower. US 10-year yields fell from 4.08% to 3.70%, with the two-year dropping from 4.50% to 4.37%. Germany's 10-year yield dropped from 2.16% to 1.95%. Both US and European high yield and investment grade performed well. Emerging market debt performed positively in local currency terms as well as in USD terms. Commodities had mixed performance including price gains in industrial and precious metals and price drops in energy.

Asia credit market posted a positive return in November. Overall, two-year yields were down 17 bps while 10-year yields were down 44 bps. High yield bonds outperformed investment grade bonds over the month as the overall spreads narrowed to a larger extent in the former, amid a 25 bps reserve requirement ratio (RRR) cut to inject liquidity in China and positive news on major Chinese banks signing strategic agreements to provide new credit lines to some property developers. From a credit spread perspective, investment grade bonds tightened over the month with sovereign bonds overall tightened as rate sensitive parts of the market fared well. Meanwhile, spreads of IG corporate bonds generally tightened.

On local fixed income, the 10-year Malaysia Government Securities (MGS) yield fell 24 bps to end the month at 4.11%. As widely expected, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) by 25bps on the back of a strong recovery and robust domestic demand. Expectations are that BNM would normalize the monetary policy by another 1 or 2 times or 25-50bps next year on the back of still positive economic growth prospect as well as to manage demand driven inflationary pressures.

Investment Outlook

Markets are set to remain challenging as the global economy waddles through several turbulent changes. The effects of Russia's invasion of Ukraine, the highest level of inflation seen in several decades and lingering COVID-19 pandemic effects all contribute heavily to the outlook. As policymakers aim to lower inflation back to a sustainable range, monetary and fiscal policy that provided support during the pandemic has started to normalise. However, without careful calibration of policies, more economies could potentially see a larger degree of slowing growth or outright contraction. The possibility of another pandemic induced supply chain reduction on top of the continuing Russia-Ukraine conflict could affect the global economy's health.

Economists are expecting a weaker growth in 2023 compared to 2022 with the proliferation of slow global growth induced by the effects of rapid rate hikes and inflation to name a few. However, Asian market is expected to benefit from the China's stabilization and the hope of re-opening. We remain positive on quality businesses with durable competitive advantages, which provide stability should uncertainty persist, and economic fundamentals deteriorate. Within China, the offshore shares are expected to offer better risk-

adjusted return profile than the onshore equities at this juncture as global appetite turns more positive with signs of lower of inflation pressure.

US economic data that was released in the month posted its first positive growth for 2022. Although the November Federal Open Market Committee (FOMC) decision – a fourth consecutive 75-basis point (75-bp) rate increase – and the post-decision press conference was interpreted as hawkish, the language added to the FOMC statement opened the door for a less hawkish stance in the future. Chair Powell's speech on the last day of the month further supported that view. Together these developments may have reduced the tail risk of a much higher terminal rate in 2023, pressuring the US dollar, Treasury yields, and equity volatility. In addition, consumer spending and the labour market remained resilient, and the Q3 earnings season was better than feared.

The sharp recovery and significant credit spread tightening in Asia credit market this month was led by China. Whilst the Asia credit market has generated some decent returns and outperformed its global peers, the sustainability of the recovery has immediately come into question. The strong market sentiment came mainly from the news that more credit lines would be granted by the big Chinese banks to 17 property developers and more easing of covid rules in major cities in China. These policy measures came faster than the markets expected, reflecting the Chinese authorities' stronger commitment to restore confidence and property sales. Although the impact on the economy would depend on the effectiveness of the transmission mechanism, we could see some positive signs of the authorities recognizing the urgency of addressing these issues, which should lead to a more sustained recovery in the Chinese credit market especially in the property space. In the high yield space, credit spreads tightened with the Chinese names tightening most dramatically, driven by the sharp rebound in the property sector.

We expect markets to remain volatile as markets continue to shift between competing narratives of elevated inflation and rising risk of a recession, which will take time to play out. In addition to global rate hikes, geopolitical risk could further increase volatility. Risks to the outlook continue to remain large and for the most part, to the downside. Central banks and policymakers could misjudge the right stance to contain inflation and reign it in for a soft landing. If policy paths in the largest economies continue to diverge, further US dollar appreciation and cross-border tension could 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, no soft commission was received by the Manager on behalf of the Fund.

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

Changes Made To the Fund's Information Memorandum

There were no changes made to the Fund's Information Memorandum during the financial year under review.

**TRUSTEE’S REPORT TO THE UNITHOLDERS OF
AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16 (“Fund”)**

We have acted as the Trustee of the Fund for the financial year ended 30 November 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has operated and managed the Fund during the year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission’s Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
2. Valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
3. Creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For TMF Trustees Malaysia Berhad
(Company No.: (200301008392 [610812-W])

**NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES**

Kuala Lumpur
18 January 2023

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022

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AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTMENT (LOSS)/INCOME			
Interest income from financial assets at amortised cost		50,197	40,265
Interest income from financial assets at fair value through profit or loss		9,551,812	9,504,876
Net (loss)/gain on foreign currency exchange		(306,083)	30,893
Net loss on forward foreign currency contracts at fair value through profit or loss	12	(1,706,534)	(2,807,897)
Net loss on financial assets at fair value through profit or loss	9	(24,503,525)	(5,594,107)
Other income		19,037	-
		<u>(16,895,096)</u>	<u>1,174,030</u>
EXPENSES			
Management fee	4	(337,546)	(393,365)
Trustee fee	5	(67,509)	(78,673)
Fund accounting fee	6	(13,000)	(13,000)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses		(46,524)	(49,249)
		<u>(476,079)</u>	<u>(545,787)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(17,371,175)	628,243
Taxation	7	(1,946,362)	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(19,317,537)</u>	<u>628,243</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		(606,734)	10,245,161
Unrealised amount		(18,710,803)	(9,616,918)
		<u>(19,317,537)</u>	<u>628,243</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	11	7,743,469	5,122,105
Amount due from dealer		-	598,840
Financial assets at fair value through profit or loss	9	149,207,619	176,167,020
Forward foreign currency contracts at fair value through profit or loss	12	1,080,618	2,112,793
Tax recoverable		-	5,145
Prepaid tax		510,000	-
TOTAL ASSETS		<u>158,541,706</u>	<u>184,005,903</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	12	25,443	43,373
Amount due to dealer		-	598,840
Amount due to Manager			
- management fee		25,226	30,578
- cancellation of units		8,785	-
Amount due to Trustee		5,045	6,116
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,500	3,500
Tax payable		749,665	-
Deferred tax liabilities	10	591,552	-
Other payables and accruals		1,539	548
TOTAL LIABILITIES		<u>1,418,755</u>	<u>690,955</u>
NET ASSET VALUE OF THE FUND		<u>157,122,951</u>	<u>183,314,948</u>
EQUITY			
Unitholders' capital		176,696,558	181,441,414
(Accumulated losses)/retained earnings		(19,573,607)	1,873,534
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>157,122,951</u>	<u>183,314,948</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

**STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022 (CONTINUED)**

NUMBER OF UNITS IN CIRCULATION	13	176,972,000	181,928,000
		<u> </u>	<u> </u>
NET ASSET VALUE PER UNIT (RM)		0.8878	1.0076
		<u> </u>	<u> </u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 December 2021	181,441,414	1,873,534	183,314,948
Total comprehensive loss for the financial year	-	(19,317,537)	(19,317,537)
Distribution (Note 8)	-	(2,129,604)	(2,129,604)
Movement in unitholders' capital:			
Cancellation of units	(4,744,856)	-	(4,744,856)
Balance as at 30 November 2022	<u>176,696,558</u>	<u>(19,573,607)</u>	<u>157,122,951</u>
Balance as at 1 December 2020	186,706,027	9,680,157	196,386,184
Total comprehensive income for the financial year	-	628,243	628,243
Distribution (Note 8)	-	(8,434,866)	(8,434,866)
Movement in unitholders' capital:			
Cancellation of units	(5,264,613)	-	(5,264,613)
Balance as at 30 November 2021	<u>181,441,414</u>	<u>1,873,534</u>	<u>183,314,948</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		68,996,957	16,171,316
Purchase of investments		(65,858,181)	(9,569,759)
Interest received		8,919,109	9,967,270
Management fee paid		(342,898)	(395,402)
Trustee fee paid		(68,580)	(79,080)
Fund accounting fee paid		(13,000)	(13,000)
Payment for other fees and expenses		(57,033)	(60,556)
Net realised loss on forward foreign currency contracts		(692,289)	(9)
Net realised gain on foreign exchange		361,439	62,996
Tax paid		(1,110,000)	(1,445)
Other income		19,037	-
Net cash flows generated from operating activities		<u>10,154,561</u>	<u>16,082,331</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for cancellation of units		(4,736,071)	(5,585,852)
Payment for distribution		(2,129,604)	(8,434,866)
Net cash flows used in financing activities		<u>(6,865,675)</u>	<u>(14,020,718)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,288,886	2,061,613
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(667,522)	(32,103)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>5,122,105</u>	<u>3,092,595</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	11	<u><u>7,743,469</u></u>	<u><u>5,122,105</u></u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 ("MFRS") and International Financial Reporting Standards ("IFRS").

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

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

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

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

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

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

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

B INCOME RECOGNITION

Interest income

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

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

Realised gains and losses on sale of investments

For unquoted fixed income securities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on cost adjusted for accretion of discount or amortisation of premium on investments.

C TAXATION

Tax expense for the year comprises current and deferred income tax.

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

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

C TAXATION (CONTINUED)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

D 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 year in which it is approved by the Trustee of the Fund.

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 TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

- those to be measured subsequently 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 equities securities as fair value through other comprehensive income.

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

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

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

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

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

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

Unquoted fixed income securities including money market instruments denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using a non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

Unquoted fixed income securities including money market instruments denominated in foreign currencies are revalued at least twice a week by reference to the mid price quoted in Bloomberg using the Composite Bloomberg Bond Trader ("CBBT") which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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

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

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

Write-off

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

H CASH AND CASH EQUIVALENTS

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

I AMOUNT DUE FROM/(TO) DEALER

Amount due from and to dealer represent receivables for securities sold and payable 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 dealer 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.

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.

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 asset 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 a unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the 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 FLEXIBLE MATURITY INCOME FUND 16

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

K DERIVATIVE FINANCIAL INSTRUMENTS

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

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 position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instruments are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a positive fair value and a negative fair value are presented as financial assets at fair value through profit or loss and financial liabilities as fair value through profit or loss, respectively.

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

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

M REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang Flexible Maturity Income Fund 16 (the “Fund”) pursuant to the execution of a Deed dated 4 September 2019 (the “Deed”) entered into between AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 7 November 2019 and will continue its operations until terminated by the Trustee as provided under Clause 11.1 of the Deed or on maturity date of the Fund which falls on the fifth anniversary of the investment date or such earlier date in accordance with the provisions of the Deed or subject to the early maturity feature.

The Fund may invest in any of the following investments:

- (a) Debentures;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives;
- (e) Structured products; and
- (f) Any other form of investments 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 Unlisted Capital Market Products under the Lodge and Launch Framework, the Deed and the objective of the Fund.

The main objective of the Fund is to provide income through investments in fixed income instruments.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 18 January 2023.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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	11	7,743,469	-	7,743,469
Unquoted fixed income securities	9	-	149,207,619	149,207,619
Forward foreign currency contracts	12	-	1,080,618	1,080,618
Total		<u>7,743,469</u>	<u>150,288,237</u>	<u>158,031,706</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	12	-	25,443	25,443
Amount due to Manager				
- management fee		25,226	-	25,226
- cancellation of units		8,785	-	8,785
Amount due to Trustee		5,045	-	5,045
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		1,539	-	1,539
Total		<u>52,095</u>	<u>25,443</u>	<u>77,538</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	11	5,122,105	-	5,122,105
Amount due from dealer		598,840	-	598,840
Unquoted fixed income securities	9	-	176,167,020	176,167,020
Forward foreign currency contracts	12	-	2,112,793	2,112,793
Total		<u>5,720,945</u>	<u>178,279,813</u>	<u>184,000,758</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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</u> (continued)				
<u>Financial liabilities</u>				
Forward foreign currency contracts	12	-	43,373	43,373
Amount due to dealer		598,840	-	598,840
Amount due to Manager				
- management fee		30,578	-	30,578
Amount due to Trustee		6,116	-	6,116
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		548	-	548
Total		<u>647,582</u>	<u>43,373</u>	<u>690,955</u>

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

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

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.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2022</u> RM	<u>2021</u> RM
Unquoted investments		
Unquoted fixed income securities*	149,207,619	176,167,020

* Includes interest receivable of RM2,599,130 (2021: RM2,593,765).

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 1% (2021: 5%) and decreased by 1% (2021: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on (loss)/profit after tax/NAV RM
<u>2022</u>		
-1%	145,142,404	(1,466,085)
0%	146,608,489	-
+1%	148,074,574	1,466,085
<u>2021</u>		
-5%	164,894,592	(8,678,663)
0%	173,573,255	-
+5%	182,251,918	8,678,663

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, prices of unquoted fixed income securities will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted fixed income securities fund since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's (loss)/profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) (2021: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on (loss)/profit after tax/NAV</u>	
	<u>2022</u>	<u>2021</u>
	RM	RM
+ 2% (2021: + 2%)	(1,708,668)	(300,518)
- 2% (2021: - 2%)	1,746,572	352,238

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an 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:

	Unquoted fixed income <u>securities</u> RM	Forward foreign currency <u>contracts</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	1,127,508	11,993	32,373	1,171,874
Chinese Yuan	349,591	68,573	73,750	491,914
Euro	795,606	296,013	53,873	1,145,492
British Pound Sterling	893,071	-	73,710	966,781
Singapore Dollar	21,678,589	131,226	132,317	21,942,132
United States Dollar	106,162,242	572,813	3,193,840	109,928,895
	<u>131,006,607</u>	<u>1,080,618</u>	<u>3,559,863</u>	<u>135,647,088</u>
			Forward foreign currency <u>contracts</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
British Pound Sterling			8,801	8,801
Singapore Dollar			16,642	16,642
			<u>25,443</u>	<u>25,443</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(c) Currency risk (continued)

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

	Unquoted fixed income securities RM	Forward foreign currency contracts RM	Cash and cash equivalents RM	Amount due from dealer RM	Total RM
<u>2021</u>					
<u>Financial assets</u>					
Australian Dollar	599,079	6,450	-	598,840	1,204,369
Euro	973,281	95,426	14,122	-	1,082,829
British Pound Sterling	1,188,384	32,218	69,233	-	1,289,835
Singapore Dollar	17,924,859	365,898	40,412	-	18,331,169
United States Dollar	136,706,381	1,612,801	1,340,537	-	139,659,719
	<u>157,391,984</u>	<u>2,112,793</u>	<u>1,464,304</u>	<u>598,840</u>	<u>161,567,921</u>
			Forward foreign currency contracts RM	Amount due to dealer RM	Total RM
<u>Financial liabilities</u>					
Australian Dollar			-	598,840	598,840
United States Dollar			43,373	-	43,373
			<u>43,373</u>	<u>598,840</u>	<u>642,213</u>

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 remain 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.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (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 remain 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>		
Australian Dollar	+/- 11.39	+/- 133,476
Chinese Yuan	+/- 5.22	+/- 25,678
Euro	+/- 8.58	+/- 98,283
British Pound Sterling	+/- 10.64	+/-101,929
Singapore Dollar	+/- 4.27	+/- 936,218
United States Dollar	+/- 4.71	+/- 5,177,651
<u>2021</u>		
Australian Dollar	+/- 7.13	+/- 43,174
Euro	+/- 4.94	+/- 53,492
British Pound Sterling	+/- 6.04	+/- 77,906
Singapore Dollar	+/- 2.78	+/- 509,606
United States Dollar	+/- 3.42	+/- 4,774,879

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investment. 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 on deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described in the Deed and SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

	<u>Cash and cash equivalents</u> RM	<u>Unquoted fixed income securities</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Total</u> RM
<u>2022</u>				
Basic Materials				
- BBB+	-	3,463,378	-	3,463,378
- Baa2	-	1,313,025	-	1,313,025
- Ba3	-	4,422,621	-	4,422,621
Consumer Discretionary				
- BBB+	-	5,123,211	-	5,123,211
- Baa3	-	7,373,631	-	7,373,631
- BB+	-	6,403,272	-	6,403,272
Energy				
- A1	-	4,842,127	-	4,842,127
- Baa3	-	587,481	-	587,481
Financial Services				
- AAA	7,743,469	-	726,449	8,469,918
- AA3	-	-	339,108	339,108
- A3	-	10,694,591	-	10,694,591
- BBB+	-	831,346	-	831,346
- Baa1	-	10,465,444	-	10,465,444
- BBB	-	16,715,575	-	16,715,575
- BBB-	-	7,397,600	-	7,397,600

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

Credit risk (continued)

The following table sets out the credit risk concentration of the Fund: (continued)

	<u>Cash and cash equivalents</u> RM	<u>Unquoted fixed income securities</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Total</u> RM
<u>2022</u> (continued)				
Financial Services (continued)				
- Baa3	-	23,911,226	-	23,911,226
- Ba1	-	2,477,959	-	2,477,959
- B+	-	3,629,996	-	3,629,996
- NR	-	1,040,321	15,061	1,055,382
Industrials				
- A	-	5,068,344	-	5,068,344
Real Estate				
- Baa1	-	5,158,105	-	5,158,105
- BB-	-	6,953,878	-	6,953,878
- Ba3	-	1,931,061	-	1,931,061
- C	-	323,822	-	323,822
- Caa3	-	251,160	-	251,160
- NR	-	8,769,778	-	8,769,778
Technology				
- Baa2	-	5,024,095	-	5,024,095
- Baa3	-	5,034,572	-	5,034,572
	<u>7,743,469</u>	<u>149,207,619</u>	<u>1,080,618</u>	<u>158,031,706</u>

	<u>Cash and cash equivalents</u> RM	<u>Unquoted fixed income securities</u> RM	<u>Amount due from dealers</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Total</u> RM
<u>2021</u>					
Basic Materials					
- BBB+	-	8,724,484	-	-	8,724,484
- Baa3	-	2,146,261	-	-	2,146,261
Consumer Discretionary					
- BBB+	-	1,887,982	-	-	1,887,982
- Baa3	-	7,927,680	-	-	7,927,680
- BB	-	6,403,655	-	-	6,403,655

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

Credit risk (continued)

The following table sets out the credit risk concentration of the Fund: (continued)

	Cash And cash equivalents RM	Unquoted fixed income securities RM	Amount due from dealers RM	Forward foreign currency contracts RM	Total RM
<u>2021</u> (continued)					
Energy					
- Baa3	-	599,080	-	-	599,080
Financial Services					
- AAA	5,122,105	-	-	1,122,722	6,244,827
- AA2	-	-	-	60,386	60,386
- AA3	-	-	-	574,133	574,133
- A3	-	5,314,510	-	-	5,314,510
- Baa1	-	8,330,424	-	-	8,330,424
- Baa3	-	17,665,947	-	-	17,665,947
- BBB+	-	900,914	-	-	900,914
- BBB	-	11,139,719	-	-	11,139,719
- BBB-	-	9,399,646	-	-	9,399,646
- Ba1	-	2,731,009	-	-	2,731,009
- BB	-	1,569,868	-	-	1,569,868
- NR	-	-	-	355,552	355,552
Real Estate					
- Baa1	-	5,772,690	-	-	5,772,690
- Baa2	-	2,189,747	-	-	2,189,747
- Baa3	-	2,078,860	-	-	2,078,860
- BBB-	-	7,386,866	-	-	7,386,866
- BB	-	8,432,994	-	-	8,432,994
- BB-	-	6,153,090	-	-	6,153,090
- Ba3	-	2,139,820	-	-	2,139,820
- B2	-	1,058,178	-	-	1,058,178
- B3	-	2,181,802	-	-	2,181,802
- NR	-	8,345,482	-	-	8,345,482
Industrials					
- A	-	5,115,044	-	-	5,115,044
- Baa1	-	8,841,915	-	-	8,841,915
- BBB	-	6,650,649	-	-	6,650,649
- NR	-	24,223,467	-	-	24,223,467
Technology					
- Baa2	-	855,237	-	-	855,237
Others					
- A	-	-	598,840	-	598,840
	<u>5,122,105</u>	<u>176,167,020</u>	<u>598,840</u>	<u>2,112,793</u>	<u>184,000,758</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

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 cancellation 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 year at the statement of financial position date to the contractual maturity date.

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	8,801	16,642	25,443
Amount due to Manager			
- management fee	25,226	-	25,226
- cancellation of units	8,785	-	8,785
Amount due to Trustee	5,045	-	5,045
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	1,539	1,539
	<u>47,857</u>	<u>29,681</u>	<u>77,538</u>

2021

Forward foreign currency contracts at fair value through profit or loss	-	43,373	43,373
Amount due to dealer	598,840	-	598,840
Amount due to Manager			
- management fee	30,578	-	30,578
Amount due to Trustee	6,116	-	6,116
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	548	548
	<u>635,534</u>	<u>55,421</u>	<u>690,955</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital net of accumulated losses and retained earnings. 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.

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

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

The fair value of financial assets and financial liabilities 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 FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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				
- unquoted fixed income securities	-	149,207,619	-	149,207,619
- forward foreign currency contracts	-	1,080,618	-	1,080,618
	<u>-</u>	<u>150,288,237</u>	<u>-</u>	<u>150,288,237</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	25,443	-	25,443
	<u>-</u>	<u>25,443</u>	<u>-</u>	<u>25,443</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	176,167,020	-	176,167,020
- forward foreign currency contracts	-	2,112,793	-	2,112,793
	<u>-</u>	<u>178,279,813</u>	<u>-</u>	<u>178,279,813</u>
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	43,373	-	43,373
	<u>-</u>	<u>43,373</u>	<u>-</u>	<u>43,373</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (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 unquoted fixed income securities and 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 dealer 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 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For financial year ended 30 November 2022, the management fee is recognised at a rate of 0.20% (2021: 0.20%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Information Memorandum.

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

5 TRUSTEE FEE

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

For financial year ended 30 November 2022, the Trustee fee is recognised at a rate of 0.04% (2021: 0.04%) per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Information Memorandum.

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

6 FUND ACCOUNTING FEE

The fund valuation and accounting fee for the Fund is RM13,000 (2021: RM13,000) per annum.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

7 TAXATION

	<u>2022</u> RM	<u>2021</u> RM
Current taxation	1,354,810	-
Deferred tax (Note 10)	591,552	-
	<u>1,946,362</u>	<u>-</u>

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	<u>(17,371,175)</u>	<u>628,243</u>
Tax at Malaysian statutory rate of 24% (2021: 24%)	(4,169,082)	150,778
Tax effects of:		
Investment loss not brought to tax/(Investment income not subject to tax)	5,882,237	(281,768)
Expenses not deductible for tax purposes	30,728	34,182
Restriction on tax deductible expenses for Wholesale Funds	83,531	96,808
Foreign income subject to different tax rate	118,948	-
Tax expense	<u>1,946,362</u>	<u>-</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

8 DISTRIBUTION

	<u>2022</u> RM	<u>2021</u> RM
Distribution to unitholders are from the following sources:		
Interest income	-	5,600,083
Previous year's realised income	2,129,604	2,935,783
Gross realised income	2,129,604	8,535,866
Less: Expenses	-	(101,000)
Net distribution amount	2,129,604	8,434,866
Gross/Net distribution per unit (sen)	1.200	4.635
Ex-date	7.11.2022	8.11.2021

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 RM2,129,604 (2021: RM2,935,783) made from previous year's realised income.

The Fund has incurred an unrealised loss of RM18,710,803 (2021: RM9,616,918) for the financial year ended 30 November 2022.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

9 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:		
- unquoted fixed income securities – local	18,201,012	18,775,036
- unquoted fixed income securities – foreign	131,006,607	157,391,984
	<u>149,207,619</u>	<u>176,167,020</u>
Net loss on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(7,103,267)	700,300
- unrealised loss on changes in fair value	(17,400,258)	(6,294,407)
	<u>(24,503,525)</u>	<u>(5,594,107)</u>

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 30 November 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
6.65% Aeon Credit Service M Bhd Call: 08.12.2023 (NR)	1,000,000	1,056,288	1,040,321	0.66
5.05% MBSB Bank Bhd Call: 20.12.2024 (A3)	5,000,000	5,340,803	5,181,902	3.30
5.25% MBSB Bank Bhd Call: 21.12.2026 (A3)	2,000,000	2,127,925	2,068,318	1.32
5.8% WCT Holdings Bhd Call: 27.09.2024 (A)	5,000,000	5,083,898	5,068,344	3.22
4.15% Dialog Group Bhd Call: 16.11.2027 (A1)	5,000,000	4,934,126	4,842,127	3.08
Total unquoted fixed income securities – local	<u>18,000,000</u>	<u>18,543,040</u>	<u>18,201,012</u>	<u>11.58</u>
Accumulated unrealised loss on unquoted fixed income securities – local		(342,028)		
Total unquoted fixed income securities – local		<u>18,201,012</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(a) Unquoted fixed income securities – local (continued)

(ii) Unquoted fixed income securities – local as at 30 November 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
6.90% Mah Sing Group Bhd Call: 04.04.2022 (NR)	8,190,000	8,451,715	8,345,482	4.55
5.05% MBSB Bank Bhd Call: 20.12.2024 (A3)	5,000,000	5,366,993	5,314,510	2.90
5.8% WCT Holdings Bhd Call: 27.09.2024 (A)	5,000,000	5,083,924	5,115,044	2.79
Total unquoted fixed income securities – local	18,190,000	18,902,632	18,775,036	10.24
Accumulated unrealised loss on unquoted fixed income securities – local		(127,596)		
Total unquoted fixed income securities – local		18,775,036		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 30 November 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
3.00% AAC Technologies Holdings Inc Call: 29.12.2022 (Baa2)	5,774,600	5,286,456	5,024,095	3.20
3.5802% Ampol Ltd Call: 19.03.2027 (Baa3)	597,360	612,359	587,481	0.37
5.75% Argentum Netherlands BV Swiss Call: 15.08.2025 (BBB+)	5,330,400	5,385,073	5,123,211	3.26
6.50% Asahi Mutual Life Insurance Co Call: 05.09.2023 (BBB)	5,774,600	5,829,466	5,776,493	3.68
4.375% Banco Santander SA Call: 14.01.2026 (Ba1)	920,300	914,192	795,606	0.51
5.00% Bangkok Bank PCL/Hong Kong Call: 23.09.2025 (Ba1)	1,776,800	1,683,814	1,682,353	1.07
3.695% BNP Paribas SA Call: 24.02.2027 (Baa1)	597,360	609,696	540,027	0.34
5.75% Celestial Miles Ltd Call: 31.01.2024 (NR)	4,442,000	4,387,974	3,981,038	2.53
4.10% Chinalco Capital Holdings Ltd Call: 11.09.2024 (BBB+)	3,553,600	3,396,533	3,463,378	2.20
5.85% CIFI Holdings Group Co Ltd Call: 21.12.2022 (NR)	2,503,600	2,507,656	349,591	0.22
6.45% CIFI Holdings Group Co Ltd Call: 07.12.2022 (NR)	6,663,000	6,477,885	1,296,953	0.83
6.25% Credit Suisse Group AG Call: 18.12.2024 (B+)	4,442,000	4,349,986	3,629,996	2.31
5.125% Country Garden Holdings Co Ltd Call: 21.12.2022 (BB-)	6,663,000	6,478,155	3,426,624	2.18
8.00% Country Garden Holdings Co Ltd Call: 21.12.2022 (BB-)	5,774,600	5,206,174	3,527,254	2.25
5.00% Dah Sing Bank Ltd Call: 15.01.2024 (Baa1)	8,217,700	8,087,661	8,194,599	5.22
4.875% DNB Bank ASA Call: 12.11.2024 (Baa3)	8,884,000	8,276,699	8,448,444	5.38
2.625% Far East Horizon Ltd 03.03.2024 (BBB-)	1,776,800	1,708,253	1,579,072	1.00
4.125% Ford Motor Credit Co LLC 20.06.2024 (BB+)	6,496,600	6,235,783	6,403,272	4.08

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 30 November 2022 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u> (continued)				
4.00% Geely Automobile Holdings Ltd Call: 09.12.2024 (Baa3)	7,995,600	7,648,068	7,373,631	4.69
3.75% Huarong Finance 2019 Co Ltd 29.05.2024 (Baa3)	3,553,600	3,456,859	3,391,763	2.16
3.8% Huarong Finance 2017 Co 07.11.2025 (Baa3)	2,436,225	2,273,325	2,087,110	1.33
5.50% Huarong Finance II Co Ltd 16.01.2025 (Baa3)	1,776,800	1,763,593	1,701,152	1.08
2.633% HSBC Holdings PLC Call: 07.11.2024 (A3)	2,221,000	2,154,554	2,066,542	1.32
6.375% HSBC Holdings PLC Call: 17.09.2024 (Baa3)	6,218,800	6,010,298	5,849,429	3.72
8.25% Indika Energy Capital IV Call: 23.12.2022 (Ba3)	4,442,000	4,382,042	4,422,621	2.81
4.75% Indonesia Asahan Aluminium Tbk Call: 15.04.2025 (Baa2)	1,332,600	1,312,260	1,313,025	0.84
5.25% Lendlease Global Commer REIT Call: 11.04.2025 (NR)	3,248,300	3,135,436	3,142,196	2.00
2.125% Meituan Call: 28.09.2025 (Baa3)	5,774,600	5,120,166	5,034,572	3.20
4.50% NBK Tier 1 Financing 2 Ltd Call: 27.11.2025 (Baa3)	2,665,200	2,502,733	2,433,328	1.55
4.75% Phoenix Group Holdings PLC Call: 04.06.2026 (BBB+)	888,400	880,598	831,346	0.53
5.75% Phoenix Group Holdings PLC Call: 26.04.2028 (BBB)	1,066,880	1,204,336	893,071	0.57
5.95% Powerlong Real Estate Call: 30.04.2023 (Caa3)	1,332,600	1,266,223	251,160	0.16
6.75% QBE Insurance Group Ltd Call: 02.12.2024 (BBB-)	5,898,976	6,269,980	5,818,528	3.70
4.75% Scentre Group Trust 2 Call: 24.06.2026 (Baa1)	5,774,600	5,401,787	5,158,105	3.28
7.776% Standard Chartered PLC Call: 16.11.2024 (A3)	1,332,600	1,424,518	1,377,829	0.88
3.875% United Overseas Bank Ltd Call: 19.10.2023 (Baa1)	1,776,800	1,801,530	1,730,818	1.10
5.875% UBS Grp Funding Switzerland AG Call: 28.11.2023 (BBB)	9,744,900	9,790,419	10,046,011	6.39

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 30 November 2022 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u> (continued)				
6.8% Yanlord Land HK Co Ltd Call: 16.12.2022 (Ba3)	2,221,000	2,113,553	1,931,061	1.23
8.375% Yuzhou Group Holdings Co Ltd Call: 30.12.2022 (C)	6,663,000	6,270,882	323,822	0.21
Total unquoted fixed income securities – foreign	<u>158,552,801</u>	<u>153,616,975</u>	<u>131,006,607</u>	<u>83.38</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(22,610,368)</u>		
Total unquoted fixed income securities – foreign		<u>131,006,607</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 30 November 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
3% AAC Technologies Holdings Inc Call: 27.11.2022 (Baa2)	840,500	828,547	855,237	0.47
3.4667% Ampol Ltd Call: 19.03.2027 (NR)	598,840	608,140	599,080	0.33
5.75% Argentum Netherlands BV Swiss Call: 15.08.2025 (BBB+)	1,681,000	1,858,436	1,887,982	1.03
6.50% Asahi Mutual Life Insurance 29.12.2049 (BBB-)	5,463,250	5,830,904	5,901,008	3.22
4.375% Banco Santander SA Call: 14.01.2026 (Ba1)	954,940	914,389	973,281	0.53
5.00% Bangkok Bank PCL Call: 23.09.2025 (Ba1)	1,681,000	1,683,105	1,757,728	0.96
4.1% Chinalco Capital Holdings Ltd Call: 11.09.2024 (BBB+)	8,405,000	8,489,749	8,724,484	4.76
3.75% China Resources Land Ltd Call: 09.12.2024 (Baa2)	2,101,250	2,124,647	2,189,747	1.19
6.45% CIFI Holdings Group Co Ltd Call: 07.11.2022 (BB-)	6,303,750	6,262,856	6,153,090	3.36
3.35% CNAC HK Finbridge Co Ltd 22.09.2023 (Baa3)	2,101,250	2,049,405	2,146,261	1.17
4.875% Commerzbank AG 01.03.2027 (NR)	1,538,550	1,555,728	1,569,868	0.85
5.125% Country Garden Holdings Co Ltd Call: 17.01.2022 (BBB-)	6,303,750	6,554,151	6,111,337	3.33
8.00% Country Garden Holdings Co Ltd 27.1.2024 (BBB-)	1,260,750	1,325,742	1,275,529	0.70
3.97% CRCC Chengan Ltd Call: 27.06.2024 (Baa1)	8,405,000	8,558,104	8,841,915	4.82
5% Dah Sing Bank Ltd 15.01.2029 (Baa1)	7,774,625	8,129,647	8,330,424	4.54
4.3% Dianjian Haiyu Ltd Call: 20.06.2024 (BBB)	6,303,750	6,406,946	6,650,649	3.63
4.875% DNB Bank ASA 12.11.2024 (Baa3)	8,405,000	8,269,679	8,701,906	4.75
4.125% Ford Motor Credit Co LLC 20.06.2024 (BBB-)	6,154,200	6,225,081	6,403,655	3.49
4% Franshion Brilliant Ltd 29.12.2049 (Baa3)	2,101,250	2,108,875	2,078,860	1.13
4.00% Geely Automobile Holdings Ltd Call: 09.12.2024 (Baa3)	7,564,500	7,633,846	7,927,680	4.32

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 30 November 2021 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u> (continued)				
6.375% HSBC Holdings PLC Call: 17.09.2024 (Baa3)	5,883,500	6,095,055	6,317,726	3.45
4.5% NBK Tier 1 Financing 2 Ltd Call: 27.11.2025 (Baa3)	2,521,500	2,559,395	2,646,315	1.44
4.75% Phoenix Group Holdings Call: 04.06.2026 (BBB+)	840,500	880,048	900,914	0.49
5.75% Phoenix Group Holdings Call: 26.04.2028 (BBB)	1,124,100	1,205,872	1,188,384	0.65
5.95% Powerlong Real Estate Call: 30.04.2023 (B2)	1,260,750	1,233,547	1,058,178	0.58
6.75% QBE Insurance Group Ltd 02.12.2044 (BBB-)	3,059,420	3,483,395	3,498,638	1.91
4.75% Scentre Group Trust 2 Call: 24.06.2026 (Baa1)	5,463,250	5,399,162	5,772,690	3.15
5.20% Shimao Property Holdings Ltd Call: 30.01.2022 (BBB-)	4,202,500	4,310,438	3,114,799	1.70
5.60% Shimao Property Holdings 15.07.2026 (BBB-)	5,043,000	5,239,192	3,731,092	2.04
6.125% Shimao Property Holdings Ltd Call: 21.02.2022 (BBB-)	2,101,250	2,185,170	1,587,103	0.87
5.875% UBS Group Funding Switzerland Call: 28.11.2023 (BBB)	9,231,300	9,781,775	9,951,335	5.43
6.8% Yanlord Land HK Co Ltd 27.02.2024 (Ba3)	2,101,250	2,120,278	2,139,820	1.17
7.85% Yinson Juniper Ltd Call: 05.10.2022 (NR)	23,113,750	24,578,625	24,223,467	13.21
8.375% Yuzhou Properties Co Ltd 30.10.2022 (B3)	6,303,750	6,326,597	2,181,802	1.19
Total unquoted fixed income securities – foreign	<u>158,191,975</u>	<u>162,816,526</u>	<u>157,391,984</u>	<u>85.86</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(5,424,542)</u>		
Total unquoted fixed income securities – foreign		<u>157,391,984</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

10 DEFERRED TAX LIABILITIES

	<u>2022</u> RM	<u>2021</u> RM
Deferred tax liabilities	(591,552)	-

The movements in the deferred tax liabilities balances are as follows:

	Foreign interest receivables on financial assets at fair value <u>through profit or loss</u>	
	<u>2022</u> RM	<u>2021</u> RM
Balance at the beginning of the financial year	-	-
Transfer to income statement (Note 7)	(591,552)	-
Balance as at the end of the financial year	(591,552)	-

11 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	3,587,881	1,548,648
Deposit with a licensed financial institution	4,155,588	3,573,457
	7,743,469	5,122,105

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	2.75	1.75

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

12 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 18 (2021: 25) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM132,067,492 (2021:RM167,996,602). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Euro, British Pound Sterling, Singapore Dollar, Australian Dollar, Chinese Yuan and United States Dollar. As the Fund has not adopted hedge accounting during the financial year, the changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

	<u>2022</u> USD	<u>2021</u> USD
Financial assets at fair value through profit or loss:		
- forward foreign currency contracts	<u>1,080,618</u>	<u>2,112,793</u>
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	<u>25,443</u>	<u>43,373</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

12 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

	<u>2022</u> USD	<u>2021</u> USD
Net loss on forward foreign currency contracts at fair value through profit or loss		
- realised loss on forward foreign currency contracts	(692,289)	(9)
- unrealised loss on changes in fair value	(1,014,245)	(2,807,888)
	<u>(1,706,534)</u>	<u>(2,807,897)</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 30 November 2022 are as follows:

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	44,209,375	43,870,267	339,108	0.22
CIMB Bank Bhd	35,584,503	35,212,734	371,769	0.24
Hong Leong Bank Bhd	5,696,891	5,713,533	(16,642)	(0.01)
J.P. Morgan Chase Bank Bhd	3,841,658	3,826,597	15,061	0.01
Standard Chartered Bank Malaysia Bhd	3,370,920	3,378,239	(7,319)	0.00
United Overseas Bank (Malaysia) Bhd	39,364,145	39,010,947	353,198	0.22
Total forward foreign currency contracts	<u>132,067,492</u>	<u>131,012,317</u>	<u>1,055,175</u>	<u>0.68</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

12 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

(a) Forward foreign currency contracts (continued)

(ii) Forward foreign currency contracts as at 30 November 2021 are as follows:

<u>Name of issuer</u>	<u>Receivables</u> RM	<u>Payables</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	43,309,365	42,735,232	574,133	0.31
BNP Paribas Malaysia Bhd	6,626,060	6,581,712	44,348	0.02
Bank of America Malaysia Bhd	25,928,425	25,623,885	304,540	0.17
CIMB Bank Bhd	38,306,963	37,660,337	646,626	0.35
Hong Leong Bank Bhd	5,339,067	5,352,237	(13,170)	(0.01)
J.P. Morgan Chase Bank Bhd	7,681,952	7,644,643	37,309	0.02
Standard Chartered Bank Malaysia Bhd	1,440,625	1,408,407	32,218	0.02
United Overseas Bank (Malaysia) Bhd	39,364,145	38,920,729	443,416	0.24
Total forward foreign currency contracts	<u>167,996,602</u>	<u>165,927,182</u>	<u>2,069,420</u>	<u>1.12</u>

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

13 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	181,928,000	186,852,000
Cancellation of units	(4,956,000)	(4,924,000)
At the end of the financial year	<u>176,972,000</u>	<u>181,928,000</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

14 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for financial year ended 30 November 2022 are as follows:

<u>Name of dealers</u>	Value of gross trade RM	Percentage of gross trade %
MarketAxess Holdings Inc#	17,625,058	15.30
Citigroup Global Markets	13,727,523	11.92
Standard Chartered Bank Malaysia Bhd	10,144,261	8.80
Mizuho Securities Asia Ltd	9,569,187	8.31
HSBC Bank Malaysia Bhd	8,719,126	7.57
Nomura Singapore Ltd	7,328,227	6.36
Bank of America	7,307,611	6.34
Australia & New Zealand Banking Group Ltd	6,570,835	5.70
RHB Investment Bank Bhd#	5,950,000	5.16
Barclays Bank PLC	5,110,916	4.44
Others	23,160,221	20.10
	<u>115,212,965</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 dealers for the financial year ended 30 November 2021 are as follows:

<u>Name of dealers</u>	Value of trade RM	Percentage of total trade %
Nomura Singapore Ltd#	6,255,254	28.67
Bank of America	3,669,285	16.82
MarketAxess Holdings Inc#	3,382,748	15.51
HSBC Bank Malaysia Bhd	3,242,052	14.86
Standard Chartered Bank	2,106,319	9.65
NatWest Markets	1,815,121	8.32
Australia & New Zealand Banking Group Ltd	736,920	3.38
Commonwealth Bank of Australia	608,140	2.79
	<u>21,815,839</u>	<u>100.00</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

14 TRANSACTIONS WITH DEALERS (CONTINUED)

Included in the transactions with dealers are cross trades conducted between the Fund and other funds managed by the Manager amounting to:

	<u>2022</u> RM	<u>2021</u> RM
<u>Name of dealers</u>		
MarketAxess Holdings Inc	17,625,058	3,382,748
Nomura Singapore Ltd	-	1,535,643
RHB Investment Bank Bhd	5,950,000	-
	<u>23,575,058</u>	<u>4,918,391</u>

The cross trades are conducted between the Fund and other funds managed by the Manager as follows:

	<u>2022</u> RM	<u>2021</u> RM
Affin Hwang Flexible Maturity Income Fund 8	-	3,382,748
Affin Hwang Flexible Maturity Income Fund 13	-	1,535,643
AHAM Select Bond Fund (formerly known as Affin Hwang Select Bond Fund)	5,950,000	-
AHAM Select Income Fund (formerly known as Affin Hwang Select Income Fund)	17,625,058	-
	<u>23,575,058</u>	<u>4,918,391</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

15 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>
CVC Capital Partners Asia V L.P., CVC Capital Partners Investment Asia L.P. and CVC Capital Partners Asia V Associates L.P. (collectively known as "CVC Asia V")	Ultimate holding companies of the Manager
CVC Capital Partners Asia V Limited	General Partner of the ultimate holding companies
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) ("AHAM")	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding companies of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	Directors of the Manager

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

15 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

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

	<u>2022</u>		<u>2021</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (The units are held legally for booking purposes)	2,229	1,979	3,204	3,228

Other than the above, there were no units held by the Directors or parties related to the Manager.

16 TOTAL EXPENSE RATIO ("TER")

	<u>2022</u>	<u>2021</u>
	%	%
TER	0.28	0.27

TER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Fund accounting fee
D	=	Auditors' remuneration
E	=	Tax agent's fee
F	=	Other expenses
G	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM168,772,012 (2021: RM196,682,980).

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2022 (CONTINUED)

17 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2022</u>	<u>2021</u>
PTR (times)	<u>0.42</u>	<u>0.07</u>

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 = RM65,259,341 (2021: RM10,168,599)
total disposal for the financial year = RM75,501,384 (2021: RM16,069,857)

18 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Change in corporate shareholding of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 46 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 30 November 2022 and of its financial performance, changes in equity and cash flows for financial year ended 30 November 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AHAM Asset Management Berhad
(Formerly known as Affin Hwang Asset Management Berhad)

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
18 January 2023

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 16

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Flexible Maturity Income Fund 16 ("the Fund") give a true and fair view of the financial position of the Fund as at 30 November 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 November 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 46.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

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

**INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AFFIN HWANG FLEXIBLE MATURITY INCOME
FUND 16 (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 FLEXIBLE MATURITY INCOME
FUND 16 (CONTINUED)**

REPORT ON 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 Company'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 FLEXIBLE MATURITY INCOME FUND 16 (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
18 January 2023

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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