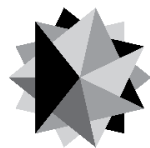


Affin Hwang

Income Extra Fund

Annual Report
30 April 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG INCOME EXTRA FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 30 April 2021

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FUND INFORMATION

Fund Name	Affin Hwang Income Extra Fund
Fund Type	Income
Fund Category	Fixed Income (Wholesale)
Investment Objective	The Fund aims to provide investors with a steady income stream by investing in debentures, money market instruments and/or deposits
Benchmark	Maybank 1-month fixed deposit rate
Distribution Policy	Subject to the availability of income, the Fund will make distribution to Unit Holders on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 APRIL 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	3	2
5,001 to 10,000	0	0
10,001 to 50,000	3	130
50,001 to 500,000	67	15,411
500,001 and above	77	288,435
Total	150	303,978

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Apr 2021 (%)	As at 30 Apr 2020 (%)
Portfolio composition		
Unquoted fixed income securities – local	60.17	75.55
Cash & cash equivalent	39.83	24.45
Total	100.00	100.00
Total NAV (RM'million)	314.276	219.761
NAV per Unit (RM)	1.0339	1.0312
Unit in Circulation (million)	303.982	213.121
Highest NAV	1.0427	1.0312
Lowest NAV	1.0281	1.0000
Return of the Fund (%)	2.98	3.12
- Capital Growth (%)	0.26	3.12
- Income Distribution (%)	2.71	Nil
Gross Distribution per Unit (sen)	2.77	Nil
Net Distribution per Unit (sen)	2.77	Nil
Management Expense Ratio (%) ¹	0.40	0.30
Portfolio Turnover Ratio (times) ²	1.15	1.65

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

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

An illustration of the above would be as follow:-

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

¹The MER of the Fund was higher than previous year as the Fund incurred higher expenses for the financial year.

²The Fund recorded a lower PTR than previous year due to higher average NAV of the Fund for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Jun-20	17-Jun-20	1.0365	0.0085	1.0281
16-Sep-20	17-Sep-20	1.0425	0.0085	1.0338
15-Dec-20	16-Dec-20	1.0396	0.0065	1.0332
16-Mar-21	17-Mar-21	1.0357	0.0020	1.0334
20-Apr-21	21-Apr-21	1.0352	0.0022	1.0331

No unit splits were declared for the financial year ended 30 April 2021.

Performance Review

For the period 1 May 2020 to 30 April 2021, the Fund has registered a return of 2.98% as compared to the benchmark return of 1.59%. The Fund thus outperformed the benchmark by 1.39%. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2021 was RM1.0339 while the NAV per unit on 30 April 2020 was RM 1.0312. During the same period under review, the Fund has declared a total gross income distribution of RM0.0277 per unit.

Since commencement, the Fund has outperformed the benchmark by 2.63% with returns of 6.19% compared to the benchmark return of 3.56%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/5/20 - 30/4/21)	Since Commencement (16/8/19 - 30/4/21)
Fund	2.98%	6.19%
Benchmark	1.59%	3.56%
Outperformance	1.39%	2.63%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/20 - 30/4/21)	Since Commencement (16/8/19 - 30/4/21)
Fund	2.98%	3.58%
Benchmark	1.59%	2.07%
Outperformance	1.39%	1.51%

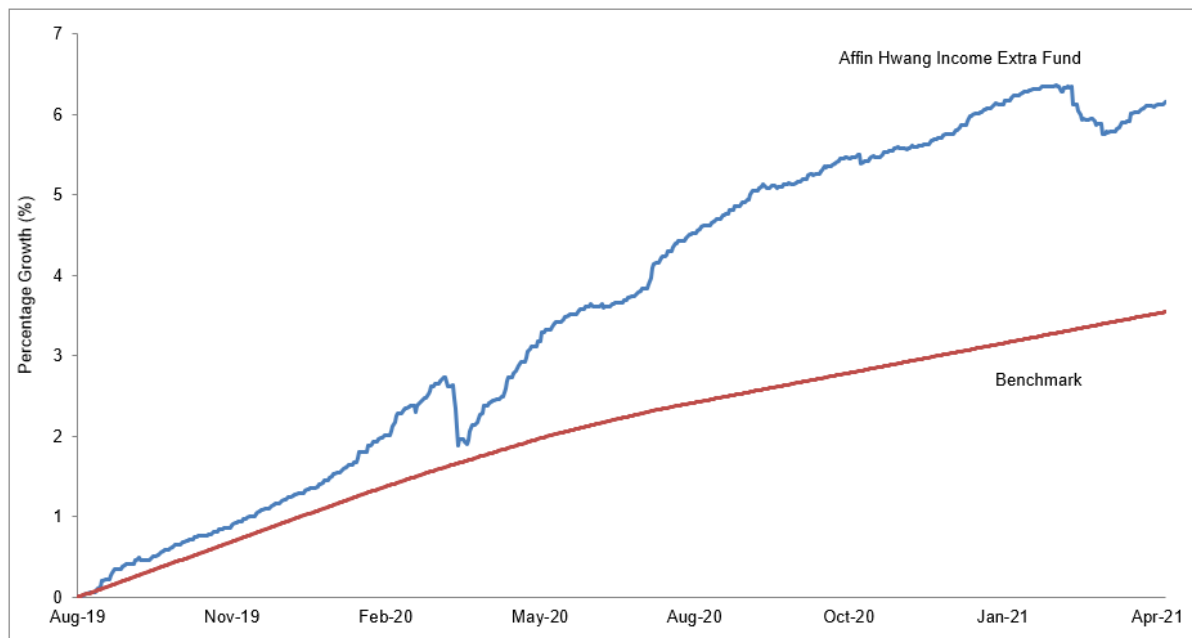
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/5/20 - 30/4/21)	FYE 2020 (16/8/19 - 30/4/20)
Fund	2.98%	3.12%
Benchmark	1.59%	1.94%
Outperformance	1.39%	1.18%

Source of Benchmark: Bloomberg

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



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

Benchmark: Maybank 1-month fixed deposit rate

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

Asset Allocation

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

As at 30 April 2021, the Fund's asset allocation stood at 60.17% in fixed income instruments while the balance was held in cash and cash equivalent.

Strategy Employed

The Fund invests solely into deposits with financial institutions and aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation.

Market Review

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

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

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Meanwhile, earnings season continues with technology and banking stocks leading way in terms of results. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter.

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

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

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

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

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities

across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

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.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG INCOME EXTRA FUND

We have acted as Trustee of Affin Hwang Income Extra Fund ("the Fund") for the financial period year ended 30 April 2021. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Unlisted Capital Market Product under the Lodge and Launch Framework and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

During this financial period, a distribution of 2.77 sen per unit (net) has been distributed to unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

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

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
18 June 2021

AFFIN HWANG INCOME EXTRA FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

AFFIN HWANG INCOME EXTRA FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

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AFFIN HWANG INCOME EXTRA FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

		Financial year ended 30.4.2021 RM	Financial period from 29.7.2019 (date of launch) to 30.4.2020 RM
	<u>Note</u>		
INVESTMENT INCOME			
Interest income from financial assets at amortised cost		1,143,982	1,698,662
Interest income from financial assets at fair value through profit or loss		8,387,325	3,508,985
Net (loss)/gain on financial assets at fair value through profit or loss	9	(518,077)	1,506,330
		<u>9,013,230</u>	<u>6,713,977</u>
EXPENSES			
Management fee	4	(974,569)	(402,241)
Trustee fee	5	(117,269)	(57,605)
Fund accounting fee	6	(12,000)	(2,000)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses		(6,343)	(4,050)
		<u>(1,121,681)</u>	<u>(477,396)</u>
NET PROFIT BEFORE TAXATION		7,891,549	6,236,581
Taxation	8	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>7,891,549</u>	<u>6,236,581</u>
Net profit after taxation is made up of the following:			
Realised amount		10,059,491	5,367,238
Unrealised amount		(2,167,942)	869,343
		<u>7,891,549</u>	<u>6,236,581</u>

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

AFFIN HWANG INCOME EXTRA FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2021

	<u>Note</u>	As at <u>30.4.2021</u> RM	As at <u>30.4.2020</u> RM
ASSETS			
Cash and cash equivalents	10	105,284,013	4,279,984
Term deposits	11	20,012,658	49,532,803
Financial assets at fair value through profit or loss	9	189,094,078	166,039,720
TOTAL ASSETS		<u>314,390,749</u>	<u>219,852,507</u>
LIABILITIES			
Amount due to Manager			
- management fee		90,543	70,325
Amount due to Trustee		10,348	8,037
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,500	3,500
Other payable and accruals		2,832	1,697
TOTAL LIABILITIES		<u>115,223</u>	<u>91,559</u>
NET ASSET VALUE OF THE FUND		<u>314,275,526</u>	<u>219,760,948</u>
EQUITY			
Unitholders' capital		307,650,335	213,524,367
Retained earnings		6,625,191	6,236,581
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>314,275,526</u>	<u>219,760,948</u>
NUMBER OF UNITS IN CIRCULATION	12	<u>303,982,000</u>	<u>213,121,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0339</u>	<u>1.0312</u>

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

AFFIN HWANG INCOME EXTRA FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 May 2020	213,524,367	6,236,581	219,760,948
Total comprehensive income for the financial year	-	7,891,549	7,891,549
Distributions (Note 7)	-	(7,502,939)	(7,502,939)
Movement in unitholders' capital:			
Creation of units arising from applications	276,597,541	-	276,597,541
Creation of units arising from distributions	7,459,812	-	7,459,812
Cancellation of units	(189,931,385)	-	(189,931,385)
Balance as at 30 April 2021	<u>307,650,335</u>	<u>6,625,191</u>	<u>314,275,526</u>
Balance as at 29 July 2019 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	6,236,581	6,236,581
Movement in unitholders' capital:			
Creation of units arising from applications	390,670,741	-	390,670,741
Cancellation of units	(177,146,374)	-	(177,146,374)
Balance as at 30 April 2020	<u>213,524,367</u>	<u>6,236,581</u>	<u>219,760,948</u>

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

AFFIN HWANG INCOME EXTRA FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

		Financial year ended 30.4.2021 RM	Financial period from 29.7.2019 (date of launch) to 30.4.2020 RM
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		325,346,010	232,158,000
Purchase of investments		(349,762,819)	(395,009,055)
Proceeds from maturity of term deposits		49,000,959	35,009,061
Placements of term deposits		(20,000,000)	(84,010,020)
Interest received		10,894,867	2,993,468
Management fee paid		(954,351)	(331,916)
Trustee fee paid		(114,958)	(49,568)
Fund accounting fee paid		(12,000)	(2,000)
Payment for other fees and expenses		(16,708)	(2,353)
Net cash flows generated from/(used in) operating activities		14,381,000	(209,244,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		276,597,541	390,670,741
Payments for cancellation of units		(189,931,385)	(177,146,374)
Payments for distribution		(43,127)	-
Net cash flows generated from financing activities		86,623,029	213,524,367
NET INCREASE IN CASH AND CASH EQUIVALENTS		101,004,029	4,279,984
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/ DATE OF LAUNCH		4,279,984	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	10	105,284,013	4,279,984

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

AFFIN HWANG INCOME EXTRA FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

AFFIN HWANG INCOME EXTRA FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

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

D DISTRIBUTIONS

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/period 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 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

AFFIN HWANG INCOME EXTRA FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

The contractual cash flows of the Fund's debt securities are solely principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents and term deposits as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

(ii) Recognition and measurement

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

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

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

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

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

AFFIN HWANG INCOME EXTRA FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 quotation 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 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.

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

(iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month 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 as default, which is truly aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

AFFIN HWANG INCOME EXTRA FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

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

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

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

Write-off

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

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

G CASH AND CASH EQUIVALENTS

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

AFFIN HWANG INCOME EXTRA FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

H 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/period if unitholder exercises the right to put the unit back to the Fund.

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

I 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.

J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang Income Extra Fund (the “Fund”) pursuant to the execution of a Deed dated 10 July 2019 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 29 July 2019 and will continue its operations until terminated by the Trustee as provided under Division 11.3 of the Deed.

The Fund may invest in any of the following investments:

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

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 investors with a steady income stream by investing in debentures, money market instruments and/or deposits.

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

The financial statements were authorised for issue by the Manager on 18 June 2021.

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>As at 30.4.2021</u>				
<u>Financial assets</u>				
Unquoted fixed income securities	9	-	189,094,078	189,094,078
Cash and cash equivalents	10	105,284,013	-	105,284,013
Term deposits	11	20,012,658	-	20,012,658
Total		<u>125,296,671</u>	<u>189,094,078</u>	<u>314,390,749</u>

Financial liabilities

Amount due to Manager				
- management fee		90,543	-	90,543
Amount due to Trustee		10,348	-	10,348
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		2,832	-	2,832
Total		<u>115,223</u>	<u>-</u>	<u>115,223</u>

As at 30.4.2020

Financial assets

Unquoted fixed income securities	9	-	166,039,720	166,039,720
Cash and cash equivalents	10	4,279,984	-	4,279,984
Term deposits	11	49,532,803	-	49,532,803
Total		<u>53,812,787</u>	<u>166,039,720</u>	<u>219,852,507</u>

Financial liabilities

Amount due to Manager				
- management fee		70,325	-	70,325
Amount due to Trustee		8,037	-	8,037
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		1,697	-	1,697
Total		<u>91,559</u>	<u>-</u>	<u>91,559</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate 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.

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

	As at 30.4.2021 RM	As at 30.4.2020 RM
Unquoted investment		
Unquoted fixed income securities*	189,094,078	166,039,720

* Includes interest receivable of RM1,766,973 (2020: RM1,548,680).

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

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>As at 30.4.2021</u>		
-5%	177,960,750	(9,366,355)
0%	187,327,105	-
+5%	196,693,460	9,366,355
<u>As at 30.4.2020</u>		
-5%	156,266,488	(8,224,552)
0%	164,491,040	-
+5%	172,715,592	8,224,552

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Market risk (continued)

b) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices 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 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% (2020: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	As at 30.4.2021 RM	As at 30.4.2020 RM
+ 2%	(292,160)	(276,986)
- 2%	292,764	277,061

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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 payment and cancellations of unit by unitholders, liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>As at 30.4.2021</u>			
Amount due to Manager			
- management fees	90,543	-	90,543
Amount due to Trustee	10,348	-	10,348
Auditors' remuneration	-	8,000	8,000
Tax agent fee	-	3,500	3,500
Other payables and accruals	-	2,832	2,832
	<u>100,891</u>	<u>14,332</u>	<u>115,223</u>

As at 30.4.2020

Amount due to Manager			
- management fees	70,325	-	70,325
Amount due to Trustee	8,037	-	8,037
Auditors' remuneration	-	8,000	8,000
Tax agent fee	-	3,500	3,500
Other payables and accruals	-	1,697	1,697
	<u>78,362</u>	<u>13,197</u>	<u>91,559</u>

Credit risk

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

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

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Credit risk (continued)

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

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Term <u>deposits</u> RM	<u>Total</u> RM
<u>As at 30.4.2021</u>				
Consumer discretionary				
- AAA	9,959,611	-	-	9,959,611
- AA2	7,710,873	-	-	7,710,873
Consumer staples				
- AA3	5,188,953	-	-	5,188,953
Energy				
- AA-	5,173,004	-	-	5,173,004
Financial services				
- AAA	19,996,341	105,284,013	20,012,658	145,293,012
- AA	18,705,049	-	-	18,705,049
- AA1	20,311,953	-	-	20,311,953
- AA2	15,283,379	-	-	15,283,379
- AA3	15,223,242	-	-	15,223,242
Healthcare				
- AA-	5,123,430	-	-	5,123,430
Industrials				
- AA-	10,179,891	-	-	10,179,891
- P1	9,984,900	-	-	9,984,900
Quasi-Gov				
- AAA	4,973,160	-	-	4,973,160
Real estate				
- AA+	5,019,074	-	-	5,019,074
- AA-	5,209,709	-	-	5,209,709
Utilities				
- AA	10,627,504	-	-	10,627,504
- AA1	10,272,483	-	-	10,272,483
- AA2	5,153,562	-	-	5,153,562
- AA3	4,997,960	-	-	4,997,960
	<u>189,094,078</u>	<u>105,284,013</u>	<u>20,012,658</u>	<u>314,390,749</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Term deposits RM	Total RM
<u>As at 30.4.2020</u>				
Consumer goods				
- AA2	5,241,162	-	-	5,241,162
- AA3	5,176,764	-	-	5,176,764
Consumer services				
- AAA	3,045,580	-	-	3,045,580
Financial services				
- AAA	-	4,279,984	20,212,038	24,492,022
- AA1	5,271,827	-	-	5,271,827
- AA	8,447,664	-	-	8,447,664
- AA2	10,513,871	-	14,299,400	24,813,271
- AA-	10,672,488	-	-	10,672,488
- AA3	15,384,481	-	15,021,365	30,405,846
- MARC1	1,998,520	-	-	1,998,520
- P1	14,867,600	-	-	14,867,600
Government				
- AA+	5,182,538	-	-	5,182,538
Healthcare				
- AA-	5,145,008	-	-	5,145,008
Industrials				
- AA-	15,515,882	-	-	15,515,882
- P1	4,969,200	-	-	4,969,200
Oil and Gas				
- AA-	10,276,999	-	-	10,276,999
Telecommunications				
- AAA	5,167,171	-	-	5,167,171
Utilities				
- AA1	20,709,722	-	-	20,709,722
- AA	10,713,104	-	-	10,713,104
- AA2	2,563,440	-	-	2,563,440
- AA-	5,176,699	-	-	5,176,699
	<u>166,039,720</u>	<u>4,279,984</u>	<u>49,532,803</u>	<u>219,852,507</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (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>As at 30.4.2021</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	189,094,078	-	189,094,078
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<u>As at 30.4.2020</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	166,039,720	-	166,039,720
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These includes unquoted fixed income securities. 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, term deposits and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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 the financial year ended 30 April 2021, management fee is recognised at a rate of 0.35% (2020: 0.35%) 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, excluding of foreign custodian fees and charges.

For the financial year ended 30 April 2021, the Trustee's fee is recognised at a rate of 0.04% (2020: 0.04%) 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 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 RM12,000 per annum.

7 DISTRIBUTIONS

	Financial year ended <u>30.4.2021</u> RM	Financial period from 29.7.2019 (date of launch) to <u>30.4.2020</u> RM
Distributions to unitholders are from the following sources:		
Previous years' realised income	4,494,797	-
Interest income	3,179,241	-
Gross realised income	7,674,038	-
Less: Expenses	(171,099)	-
Net distribution amount	<u>7,502,939</u>	<u>-</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 April 2021, distributions were made as follows:

Financial period from 29.7.2019 (date of launch) to 30.4.2021	Gross/Net distribution per unit (sen)
17.06.2020	0.85
17.09.2020	0.85
16.12.2020	0.65
17.03.2021	0.20
21.04.2021	0.22
	2.77

There was no distribution for the financial period ended 30 April 2020.

Gross distribution per unit is derived from gross realised income less expense 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 distribution for the financial year is an amount of RM4,494,797 (2020: RM Nil) made from previous financial year's realised income.

8 TAXATION

	Financial year ended 30.4.2021 RM	Financial period from 29.7.2019 (date of launch) to 30.4.2020 RM
Current taxation	-	-

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

8 TAXATION (CONTINUED)

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

	Financial year ended 30.4.2021 RM	Financial period from 29.7.2019 (date of launch) to 30.4.2020 RM
Net profit before taxation	7,891,549	6,236,581
Tax at Malaysian statutory rate of 24% (2020: 24%)	1,893,972	1,496,779
Tax effects of:		
Investment income not subject to tax	(2,163,176)	(1,611,354)
Expenses not deductible for tax purposes	32,907	16,117
Restriction on tax deduction expenses for Wholesale Funds	236,297	98,458
Tax expense	-	-

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30.4.2021 RM	As at 30.4.2020 RM
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – local	189,094,078	166,039,720
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised gain on sale of investments	1,016,159	312,085
- unrealised (loss)/gain on change in fair value	(1,534,236)	1,194,245
	(518,077)	1,506,330

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 30 April 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>				
4.7% AZRB Capital Sdn Bhd 23.12.2022 (AA-)	5,000,000	5,079,836	5,153,986	1.64
5.4% BEWG M Sdn Bhd 19.07.2023 (AA)	10,000,000	10,471,983	10,627,504	3.38
4.67% BGSM Management Sdn Bhd 27.08.2021 (AA3)	5,000,000	5,074,851	5,075,542	1.60
4.1% Bumitama Agri Ltd 22.07.2024 (AA3)	5,000,000	5,090,291	5,188,953	1.65
3.15% CIMB Group Holdings Bhd Call: 12.11.2025 (AA)	5,000,000	5,073,356	5,011,956	1.59
3.95% CIMB Group Holdings Bhd 10.06.2022 (AA1)	5,000,000	5,160,017	5,150,026	1.64
4.88% CIMB Group Holdings Bhd Call: 13.09.2024 (AA)	5,000,000	5,362,005	5,290,969	1.68
4.9% CIMB Group Holdings Bhd Call: 30.11.2022 (AA)	8,000,000	8,449,568	8,402,124	2.67
4.15% CIMB Thai Bank PCL Call: 07.08.2024 (AA3)	5,000,000	5,092,162	5,134,790	1.63
2.32% Danga Capital Berhad 25.01.2024 (AAA)	5,000,000	5,030,510	4,973,160	1.58
4.25% Edra Solar Sdn Bhd 11.10.2024 (AA2)	5,000,000	5,101,207	5,153,562	1.64
2.97% Imtiaz Sukuk II Bhd 07.10.2025 (AA2)	5,000,000	5,009,764	4,922,164	1.57
4.58% Imtiaz Sukuk II Bhd 27.05.2022 (AA2)	5,000,000	5,193,231	5,195,564	1.65
3.85% Malaysian Resources Corp Bhd 14.08.2023 (AA-)	5,000,000	5,050,142	5,025,905	1.60
4.8% MBSB Bank Bhd 09.12.2022 (AA1)	5,000,000	5,169,993	5,234,920	1.67
2.7% Mercedes-Benz Services MY 28.09.2023 (AAA)	10,000,000	10,024,411	9,959,611	3.17
2.88% MUFG Bank Malaysia 24.03.2023 (AAA)	10,000,000	10,028,405	10,043,805	3.20
4.75% Orix Leasing Malaysia 14.02.2023 (AA2)	5,000,000	5,119,791	5,165,651	1.64
3.13% RHB Bank Bhd Call: 20.11.2025 (AA3)	5,000,000	5,069,460	5,012,910	1.60

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

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

(i) Unquoted fixed income securities – local as at 30 April 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)				
3.1% Sime Darby Property Bhd 03.12.2025 (AA+)	5,000,000	5,063,274	5,019,074	1.60
3.73% Solar Mgmt Seremban 20.10.2023 (AA3)	5,000,000	5,020,460	4,997,960	1.59
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,231,388	5,123,430	1.63
3.1% Toyota Capital Malaysia 27.07.2025 (AAA)	10,000,000	10,083,835	9,952,536	3.17
5% UEM Sunrise Bhd 19.05.2023 (AA-)	5,000,000	5,247,524	5,209,709	1.66
5.3% UiTM Solar Power Sdn Bhd 27.04.2023 (AA-)	5,000,000	5,136,100	5,173,004	1.65
3.03% UMW Holdings Bhd 05.11.2025 (AA2)	2,500,000	2,536,734	2,502,459	0.80
4.83% UMW Holdings Bhd 22.06.2022 (AA2)	5,000,000	5,207,445	5,208,414	1.66
3.00% United Overseas Bank Malaysia Call: 01.08.2025 (AA1)	10,000,000	10,071,507	9,927,007	3.16
4.38% YTL Corporation Bhd 25.04.2023 (AA1)	5,000,000	5,058,072	5,098,250	1.62
4.55% YTL Power International Bhd 10.06.2022 (AA1)	5,000,000	5,143,624	5,174,233	1.65
	<u>175,500,000</u>	<u>179,450,946</u>	<u>179,109,178</u>	<u>56.99</u>
<u>Commercial papers</u>				
0% Gamuda Bhd 31.05.2021 (P1)	<u>10,000,000</u>	<u>9,983,123</u>	<u>9,984,900</u>	<u>3.18</u>
Total unquoted fixed income securities - local	<u>185,500,000</u>	<u>189,434,069</u>	<u>189,094,078</u>	<u>60.17</u>
Accumulated unrealised loss on unquoted fixed income securities - local		<u>(339,991)</u>		
Total unquoted fixed income securities - local		<u>189,094,078</u>		

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(ii) Unquoted fixed income securities – local as at 30 April 2020 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 (continued)</u>				
4.7% AZRB Capital Sdn Bhd 23.12.2022 (AA-)	10,000,000	10,163,534	10,252,034	4.66
5.4% BEWG M Sdn Bhd 19.07.2023 (AA)	10,000,000	10,608,411	10,713,104	4.87
4.1% Bumitama Agri Ltd 22.07.2024 (AA3)	5,000,000	5,100,821	5,176,764	2.35
4.9% CIMB Group Hldgs Bhd Call: 30.11.2022 (AA)	3,000,000	3,150,319	3,181,002	1.45
4.15% CIMB Thai Bank PLC Call: 07.08.2024 (AA3)	5,000,000	5,095,571	5,111,008	2.33
4.8% Danajamin Nasional Bhd 06.10.2022 (AA+)	5,000,000	5,153,211	5,182,538	2.36
4.25% Edra Solar Sdn Bhd 11.10.2024 (AA2)	2,500,000	2,505,658	2,563,440	1.17
4.85% Fortune Premiere Sdn Bhd 07.09.2023 (AA)	5,000,000	5,200,873	5,266,662	2.40
4.93% Hong Leong Financial Group Bhd Call: 26.06.2023 (AA2)	5,000,000	5,262,173	5,300,468	2.41
4.8% MBSB Bank Bhd 09.12.2022 (AA1)	5,000,000	5,216,112	5,271,827	2.40
5.29% MMC Corp Bhd 26.04.2023 (AA-)	5,000,000	5,096,957	5,176,699	2.36
4.8% Mydin Mohamed Hldgs Bhd 07.05.2020 (AAA)	3,000,000	3,045,830	3,045,580	1.39
4.75% Orix Leasing Malaysia Bhd 14.02.2023 (AA2)	5,000,000	5,158,763	5,213,403	2.37
3.8% Pac Lease Bhd 23.03.2021 (AA3)	3,000,000	3,013,357	3,025,951	1.38
4.3% Perbadanan Kemajuan N. Selangor 28.06.2022 (AA3)	7,000,000	7,173,297	7,247,522	3.30
4.5% Telekom Malaysia Bhd 25.06.2021 (AAA)	5,000,000	5,156,154	5,167,171	2.35
4.85% UEM Edgenta Bhd 26.04.2022 (AA-)	5,000,000	5,100,616	5,145,008	2.34
5% UEM Sunrise Bhd 19.05.2023 (AA-)	10,000,000	10,623,622	10,672,488	4.86
5.1% UiTM Solar Power Sdn Bhd 27.04.2021 (AA-)	5,000,000	5,052,019	5,075,245	2.31
5.3% UiTM Solar Power Sdn Bhd 27.04.2023 (AA-)	5,000,000	5,199,316	5,201,754	2.37

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(ii) Unquoted fixed income securities – local as at 30 April 2020 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 (continued)</u>				
4.65% UMW Holdings Bhd 13.09.2023 (AA2)	5,000,000	5,175,824	5,241,162	2.38
5.32% WCT Holdings Bhd 11.05.2022 (AA-)	5,000,000	5,229,510	5,263,848	2.39
4.38% YTL Corporation Bhd 25.04.2023 (AA1)	5,000,000	5,083,725	5,144,200	2.34
4.49% YTL Power International Bhd 24.03.2023 (AA1)	10,000,000	10,258,433	10,350,415	4.71
4.55% YTL Power International Bhd 10.06.2022 (AA1)	5,000,000	5,192,814	5,215,107	2.37
	<u>138,500,000</u>	<u>143,016,920</u>	<u>144,204,400</u>	<u>65.62</u>
<u>Commercial papers</u>				
Gamuda Bhd 16.07.2020 (P1)	5,000,000	4,965,099	4,969,200	2.26
Pac Lease Bhd 17.07.2020 (P1)	10,000,000	9,933,508	9,938,800	4.52
Sabah Credit Corp 08.10.2020 (NR)	5,000,000	4,931,988	4,928,800	2.24
Sunway Treasury Sukuk Sdn Bhd 13.05.2020 (MARC-1)	2,000,000	1,997,960	1,998,520	0.91
	<u>22,000,000</u>	<u>21,828,555</u>	<u>21,835,320</u>	<u>9.93</u>
Total unquoted fixed income securities - local	<u>160,500,000</u>	<u>164,845,475</u>	<u>166,039,720</u>	<u>75.55</u>
Accumulated unrealised gain on unquoted fixed income securities - local		<u>1,194,245</u>		
Total unquoted fixed income securities - local		<u>166,039,720</u>		

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

10 CASH AND CASH EQUIVALENTS

	As at <u>30.4.2021</u> RM	As at <u>30.4.2020</u> RM
Cash and bank balances	1,123	1,685
Deposit with a licensed financial institution	105,282,890	4,278,299
	<u>105,284,013</u>	<u>4,279,984</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.30</u>	<u>2.55</u>

Deposit with a licensed financial institution has an average maturity period of 7 days (2020: 4 days).

11 TERM DEPOSITS

The weighted average effective interest rates per annum for deposits as at balance date was as follows:

	As at <u>30.4.2021</u> %	As at <u>30.4.2020</u> %
Deposits with licensed financial institutions (with original maturities of more than 90 days)	<u>2.10</u>	<u>3.45</u>

The deposits with licensed financial institutions have an average maturity of 82 days (2020: 108 days). The amount includes interest receivable of RM12,658 (2020: RM531,844)

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

12 NUMBER OF UNITS IN CIRCULATION

	As at 30.4.2021 No. of units	As at 30.4.2020 No. of units
At the beginning of the financial year/date of launch	213,121,000	-
Creation of units arising from applications	267,114,134	386,953,000
Creation of units arising from distributions	7,226,008	-
Cancellation of units	(183,479,142)	(173,832,000)
At the end of the financial year/period	<u>303,982,000</u>	<u>213,121,000</u>

13 TRANSACTIONS WITH DEALERS

- (i) Details of transaction with the top 10 dealers for the financial year ended 30 April 2021 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %
RHB Investment Bank Bhd*	103,627,200	18.50
Affin Hwang Investment Bank Bhd#*	87,188,811	15.57
Citibank Bhd	63,824,000	11.39
CIMB Bank Bhd	45,333,860	8.09
AmBank Bhd	44,869,014	8.01
Malayan Banking Bhd	37,632,053	6.72
Hong Leong Bank Bhd	35,817,000	6.40
OCBC Bank (Malaysia) Bhd	34,952,486	6.24
JP Morgan Chase Bank Bhd	20,965,000	3.74
CIMB Islamic Bank Berhad	20,046,200	3.58
Others*	65,853,205	11.76
	<u>560,108,829</u>	<u>100.00</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

13 TRANSACTIONS WITH DEALERS (CONTINUED)

(ii) Details of transaction with the top 10 dealers for the financial period from 29 July 2019 (date of launch) to 30 April 2020 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %
Affin Hwang Investment Bank Bhd#*	123,310,800	25.31
CIMB Bank Bhd	113,076,412	23.21
RHB Investment Bank Bhd*	59,779,041	12.27
Citibank Bhd	56,497,500	11.60
Hong Leong Bank Bhd	30,842,750	6.33
RHB Investment Bank Bhd	20,457,000	4.20
Malayan Banking Bhd	17,124,404	3.52
CIMB Islamic Bank Bhd	15,721,000	3.23
Standard Chartered Bank Malaysia Bhd	15,373,000	3.15
RHB Bank Bhd*	10,025,882	2.06
Others	24,959,266	5.12
	<u>487,167,055</u>	<u>100.00</u>

Included in transactions with dealers are trades with Affin Hwang Investment Bank Berhad, company related to the Manager amounting to RM87,188,811 (2020: RM123,310,800). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

* Included in the transactions with dealers are cross trades conducted between the Fund and private mandates managed by the Manager amounting to:

<u>Name of dealers</u>	Financial year ended <u>30.4.2021</u> RM	Financial period from 29.7.2019 (date of launch) to <u>30.4.2020</u> RM
Affin Hwang Investment Bank Bhd	61,518,311	61,715,300
RHB Bank Bhd	5,172,500	-
RHB Investment Bank Bhd	35,760,500	-
	<u>102,451,311</u>	<u>61,715,300</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

13 TRANSACTIONS WITH DEALERS (CONTINUED)

The cross trades are conducted between the Fund and private mandates managed by the Manager as follows:

	Financial year ended 30.4.2021 RM	Financial period from 29.7.2019 (date of launch) to 30.4.2020 RM
Affin Hwang Aiiman Income Plus Fund	-	2,500,500
Affin Hwang Bond Fund	15,325,500	10,242,000
Affin Hwang Enhanced Income Fund	5,023,000	3,015,300
Affin Hwang Flexible Maturity Income Fund 9	5,227,500	-
Affin Hwang Income Fund 1	7,778,500	-
Affin Hwang Income Fund 5	-	10,393,000
Affin Hwang Select Cash Fund	63,924,311	30,517,000
Private mandates managed by the Manager	5,172,500	5,047,500
	<u>102,451,311</u>	<u>61,715,300</u>

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

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

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

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

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

	As at 30.4.2021		As at 30.4.2020	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,755	3,882	2,998	3,092

15 MANAGEMENT EXPENSE RATIO ("MER")

	Financial year ended 30.4.2021	Financial period from 29.7.2019 (date of launch) to 30.4.2020
	%	%
MER	0.40	0.30

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year ended 30 April 2021 calculated on a daily basis is RM292,973,637 (2020: RM190,282,422).

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

16 PORTFOLIO TURNOVER RATIO ("PTR")

	Financial year ended 30.4.2021	Financial period from 29.7.2019 (date of launch) to 30.4.2020
PTR (times)	1.15	1.65

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = RM349,762,819 (2020: RM395,009,055)
total disposal for the financial year/period = RM324,654,753 (2020: RM231,845,915)

17 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR/PERIOD

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

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

AFFIN HWANG INCOME EXTRA FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 32 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2021 in accordance with the Malaysia Financial Reporting Standards, International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
18 June 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG INCOME EXTRA FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements of Affin Hwang Income Extra Fund give a true and fair view of the financial position of the Fund as at 30 April 2021 and of its financial performance and its cash flows for the financial year ended 30 April 2021 in accordance with Malaysian Financial Reporting Standards, 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 April 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 April 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 32.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG INCOME EXTRA FUND
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 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 INCOME EXTRA FUND
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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 INCOME EXTRA FUND (CONTINUED)**

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 June 2021

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