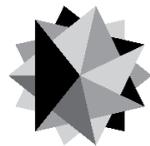


Affin Hwang

Income Extra Fund

Annual Report
30 April 2022

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG INCOME EXTRA FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 30 April 2022

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DIRECTORY OF SALES OFFICE	

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.

FUND PERFORMANCE DATA

Category	As at 30 Apr 2022 (%)	As at 30 Apr 2021 (%)	As at 30 Apr 2020 (%)
Portfolio composition			
Unquoted fixed income securities – local	56.82	60.17	75.55
Cash & cash equivalent	43.18	39.83	24.45
Total	100.00	100.00	100.00
Total NAV (RM'million)	953.042	314.276	219.761
NAV per Unit (RM)	1.0269	1.0339	1.0312
Unit in Circulation (million)	928.065	303.982	213.121
Highest NAV	1.0355	1.0427	1.0312
Lowest NAV	1.0268	1.0281	1.0000
Return of the Fund (%)	1.79	2.98	3.12
- Capital Growth (%)	-0.68	0.26	3.12
- Income Distribution (%)	2.48	2.71	Nil
Gross Distribution per Unit (sen)	2.53	2.77	Nil
Net Distribution per Unit (sen)	2.53	2.77	Nil
Total Expense Ratio (%) ¹	0.40	0.40	0.30
Portfolio Turnover Ratio (times) ²	0.97	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 TER of the Fund remained unchanged 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)
18-May-21	19-May-21	1.0353	0.0022	1.0333
15-Jun-21	16-Jun-21	1.0352	0.0024	1.0328
20-Jul-21	21-Jul-21	1.0355	0.0024	1.0333
17-Aug-21	18-Aug-21	1.0355	0.0024	1.0331
19-Sep-21	20-Sep-21	1.0348	0.0022	1.0328
19-Oct-21	20-Oct-21	1.0317	0.0020	1.0297
16-Nov-21	17-Nov-21	1.0319	0.0020	1.0300
14-Dec-21	15-Dec-21	1.0320	0.0020	1.0297
18-Jan-22	19-Jan-22	1.0318	0.0020	1.0297
15-Feb-22	16-Feb-22	1.0314	0.0020	1.0296
15-Mar-22	16-Mar-22	1.0311	0.0020	1.0292
19-Apr-22	20-Apr-22	1.0296	0.0017	1.0277

No unit splits were declared for the financial year ended 30 April 2022.

Performance Review

For the period 1 May 2021 to 30 April 2022, the Fund has registered a return of 1.79% as compared to the benchmark return of 1.50%. The Fund thus outperformed the benchmark by 0.29%. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2022 was RM1.0269 while the NAV per unit on 30 April 2021 was RM1.0339. During the same period under review, the Fund has declared a total gross income distribution of RM0.0253 per unit.

Since commencement, the Fund has outperformed the benchmark by 2.97% with returns of 8.09% compared to the benchmark return of 5.12%.

Table 1: Performance of the Fund

	1 Year (1/5/21 - 30/4/22)	Since Commencement (16/8/19 - 30/4/22)
Fund	1.79%	8.09%
Benchmark	1.50%	5.12%
Outperformance	0.29%	2.97%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/21 - 30/4/22)	Since Commencement (16/8/19 - 30/4/22)
Fund	1.79%	2.91%
Benchmark	1.50%	1.86%
Outperformance	0.29%	1.05%

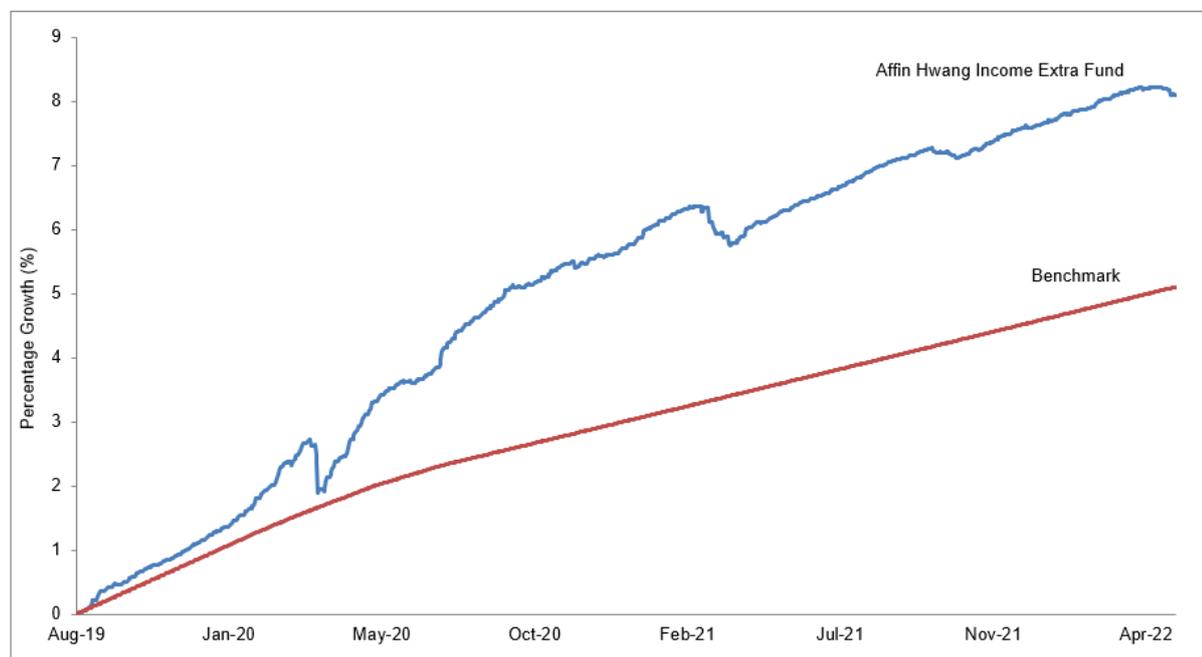
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/5/21 - 30/4/22)	FYE 2021 (1/5/20 - 30/4/21)	FYE 2020 (16/8/19 - 30/4/20)
Fund	1.79%	2.98%	3.12%
Benchmark	1.50%	1.59%	1.94%
Outperformance	0.29%	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 2022, the Fund's asset allocation stood at 56.82% 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

Uncertainty has been an ongoing theme in economies and markets. While global equities started on a strong note at the start of 2021 due to policy easing and optimism surrounding vaccination rollout, global recovery

was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook. For the most of second half of 2021 (“2H 2021”), expensive valuations in both fixed income and equities loomed over investors. However, the challenging market conditions in the first quarter of 2022 (“1Q 2022”) addressed some of these concerns as Chinese equities both onshore and offshore traded below their 15-year average and the Standard & Poor’s (“S&P”) plummeted 8.7% in April 2022.

In general, government policies to encourage demand throughout one of the largest economic contractions produced one of the fastest recoveries. Developed market output reached its pre-pandemic peak in the third quarter of 2021.

Real gross domestic product (“GDP”) growth for US in 1Q 2022 was weaker than expected, falling 1.4% on an annualised basis. The weakness can be largely attributed to a decline in the real trade deficit, lower government spending and a decrease in fiscal stimulus that was initiated to improve spending during the pandemic. Economic data showed sign of weakening while inflationary pressures continued to prompt the Federal Reserve into a more aggressive stance on interest rate hikes. However, domestic demand continues to be resilient, with personal consumption expenditures up 2.7% on an annualised basis.

In the Eurozone, equities continue to decline as the conflict between Ukraine and Russia persist, further placing upward pressure on inflation – annual eurozone inflation reached 7.5% in April, an increase from 7.4% in March. The sectors that performed best included energy due to continued strong demand and communication services given their defensive profile. Information technology, consumer discretionary and industrials fared weaker as these sectors tend to be affected by supply chain disruptions and concerns over consumer confidence the most.

In China, although 1Q 2022 GDP has shown that the Chinese economy began to rebound in January and February, the impact the pandemic had on consumption, investment and production overshadowed the growth as Covid-19 continued to put downward pressure on the Chinese economy. The tightened credit conditions that persisted until early 2022 and regulatory policies in place as a result of the government’s common prosperity initiative have slowed growth. A decline in new Covid infection numbers could be the first step in restoring market confidence, however, with parts of China in lockdown since April 2022 resulting in a decrease in both the manufacturing and services sector, investor confidence remained cautious. The Chinese Yuan also experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in April as China fought hard to contain its worst outbreak of Covid-19, implementing measures that affected the market adversely. Expectations of higher interest rates and the still ongoing conflict between Russia and Ukraine also weakened investor sentiment. Taiwan performed worst in terms of index market as major electronics manufacturers and chip slumped due to supply chain disruptions brought upon by lockdowns in Shanghai and neighbouring cities.

Bond yields continued to rise in April 2022, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. US consumer price inflation accelerated to 8.5% year on year in March though the core personal consumption expenditure index fell slightly to an annualised 5.2% from 5.3%. Corporate bonds garnered negative total returns and underperformed government bonds in general.

The S&P Goldman Sachs Commodity Index (“GSCI Index”) reported a positive return in April 2022. Higher prices in agricultural and energy components supported weaker prices for livestock, industrial and precious metals. Energy was the top performing component of the index as the global economy normalises after the Covid-19 pandemic and supplies are disrupted due to geopolitical unrest.

On the domestic front, March exports jumped 25.4% year on year, exceeding consensus estimates. The growth was largely attributed to electrical & electronic and commodities-based products such as palm oil. In the local bond market, Malaysia’s sovereign bonds’ trading volume declined to RM55.3billion in April 2022, a 25% reduction since March 2022. A decline in trading volume of corporate bonds from RM9.1billion in March to RM5.7billion in April was also recorded.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalisation of growth rates and monetary policy tightening. Both equities and bonds are down year-to-date as uncertain policy outlooks, an energy shock and weak growth outlook in China continue to stir markets. With the most impactful effects of the pandemic likely behind us, peak policy support and with its peak GDP growth during the pandemic era also likely realized in 2021. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures and it is no surprise that commodities are on track to outperform equities for the second consecutive year. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs. Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this is much less likely this time as battling inflation is seen as a more pressing matter.

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

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

During the financial period under review, no soft commission was received by the management company 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.

TRUSTEE’S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG INCOME EXTRA FUND (“FUND”)

We have acted as Trustee of the Fund for the financial year ended 30 April 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, 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 management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement

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
(200301008392 [610812-W])

**NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES**

Kuala Lumpur
17 June 2022

AFFIN HWANG INCOME EXTRA FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

AFFIN HWANG INCOME EXTRA FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

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AFFIN HWANG INCOME EXTRA FUND

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

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTMENT INCOME			
Interest income from financial assets at amortised cost		4,673,552	1,143,982
Interest income from financial assets at fair value through profit or loss		11,000,269	8,387,325
Net loss on financial assets at fair value through profit or loss	9	(3,813,814)	(518,077)
		<u>11,860,007</u>	<u>9,013,230</u>
EXPENSES			
Management fee	4	(2,086,384)	(974,569)
Trustee fee	5	(238,988)	(117,269)
Fund accounting fee	6	(12,000)	(12,000)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses		(6,460)	(6,343)
		<u>(2,355,332)</u>	<u>(1,121,681)</u>
NET PROFIT BEFORE TAXATION		9,504,675	7,891,549
Taxation	8	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>9,504,675</u>	<u>7,891,549</u>
Net profit after taxation is made up of the following:			
Realised amount		15,418,340	10,059,491
Unrealised amount		(5,913,665)	(2,167,942)
		<u>9,504,675</u>	<u>7,891,549</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 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	10	296,057,303	105,284,013
Term deposits	11	130,607,644	20,012,658
Financial assets at fair value through profit or loss	9	541,543,628	189,094,078
TOTAL ASSETS		<u>968,208,575</u>	<u>314,390,749</u>
LIABILITIES			
Amount due to dealer		14,870,589	-
Amount due to Manager			
- management fee		252,122	90,543
Amount due to Trustee		28,814	10,348
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,500	3,500
Other payable and accruals		3,523	2,832
TOTAL LIABILITIES		<u>15,166,548</u>	<u>115,223</u>
NET ASSET VALUE OF THE FUND		<u>953,042,027</u>	<u>314,275,526</u>
EQUITY			
Unitholders' capital		951,283,980	307,650,335
Retained earnings		1,758,047	6,625,191
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>953,042,027</u>	<u>314,275,526</u>
NUMBER OF UNITS IN CIRCULATION	12	<u>928,065,000</u>	<u>303,982,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0269</u>	<u>1.0339</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 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 May 2021	307,650,335	6,625,191	314,275,526
Total comprehensive income for the financial year	-	9,504,675	9,504,675
Distributions (Note 7)	-	(14,371,819)	(14,371,819)
Movement in unitholders' capital:			
Creation of units arising from applications	921,195,862	-	921,195,862
Creation of units arising from distributions	13,883,903	-	13,883,903
Cancellation of units	(291,446,120)	-	(291,446,120)
Balance as at 30 April 2022	<u>951,283,980</u>	<u>1,758,047</u>	<u>953,042,027</u>
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>

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 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		401,698,900	325,346,010
Purchase of investments		(741,231,898)	(349,762,819)
Proceeds from maturity of term deposits		220,000,000	49,000,959
Placements of term deposits		(330,000,000)	(20,000,000)
Interest received		13,219,058	10,894,867
Management fee paid		(1,924,805)	(954,351)
Trustee fee paid		(220,522)	(114,958)
Fund accounting fee paid		(12,000)	(12,000)
Payment for other fees and expenses		(17,269)	(16,708)
		<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities		(438,488,536)	14,381,000
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		921,195,862	276,597,541
Payments for cancellation of units		(291,446,120)	(189,931,385)
Payments for distribution		(487,916)	(43,127)
		<hr/>	<hr/>
Net cash flows generated from financing activities		629,261,826	86,623,029
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		190,773,290	101,004,029
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		105,284,013	4,279,984
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	296,057,303	105,284,013
		<hr/> <hr/>	<hr/> <hr/>

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 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 J.

(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 Funds 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 INCOME EXTRA FUND

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

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.

D DISTRIBUTIONS

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

AFFIN HWANG INCOME EXTRA FUND

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

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.

AFFIN HWANG INCOME EXTRA FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

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 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’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 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.

AFFIN HWANG INCOME EXTRA FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

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 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 change in value.

AFFIN HWANG INCOME EXTRA FUND

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

H AMOUNT DUE FROM/(TO) DEALER

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

I UNITHOLDERS' CAPITAL

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

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

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

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

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AFFIN HWANG INCOME EXTRA FUND

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

J 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.

K 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 2022

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 17 June 2022.

AFFIN HWANG INCOME EXTRA FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	296,057,303	-	296,057,303
Term deposits	11	130,607,644	-	130,607,644
Unquoted fixed income securities	9	-	541,543,628	541,543,628
Total		<u>426,664,947</u>	<u>541,543,628</u>	<u>968,208,575</u>
<u>Financial liabilities</u>				
Amount due to dealer		14,870,589	-	14,870,589
Amount due to Manager				
- management fee		252,122	-	252,122
Amount due to Trustee		28,814	-	28,814
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		3,523	-	3,523
Total		<u>15,166,548</u>	<u>-</u>	<u>15,166,548</u>
<u>2021</u>				
Cash and cash equivalents	10	105,284,013	-	105,284,013
Term deposits	11	20,012,658	-	20,012,658
Unquoted fixed income securities	9	-	189,094,078	189,094,078
Total		<u>125,296,671</u>	<u>189,094,078</u>	<u>314,390,749</u>
<u>Financial liabilities</u>				
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>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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:

	<u>2022</u> RM	<u>2021</u> RM
Unquoted investment		
Unquoted fixed income securities*	541,543,628	189,094,078

* Includes interest receivable of RM5,500,250 (2021: RM1,766,973).

The following table summarises the sensitivity of the Fund's profit after taxation and NAV to price risk movement. 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 and collective investment schemes.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2022</u>		
-1%	530,682,944	(5,360,434)
0%	536,043,378	-
+1%	541,403,812	5,360,434
<u>2021</u>		
-5%	177,960,750	(9,366,355)
0%	187,327,105	-
+5%	196,693,460	9,366,355

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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% (2021: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2022</u>	<u>2021</u>
	RM	RM
+ 2%	(593,917)	(292,160)
- 2%	595,724	292,764

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 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 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>2022</u>			
Amount due to dealer	14,870,589	-	14,870,589
Amount due to Manager			
- management fee	252,122	-	252,122
Amount due to Trustee	28,814	-	28,814
Auditors' remuneration	-	8,000	8,000
Tax agent fee	-	3,500	3,500
Other payables and accruals	-	3,523	3,523
	<u>15,151,525</u>	<u>15,023</u>	<u>15,166,548</u>

2021

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 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>

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.

AFFIN HWANG INCOME EXTRA FUND

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

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

Credit risk (continued)

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.

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

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:

	<u>Unquoted fixed income securities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Term deposits</u> RM	<u>Total</u> RM
<u>2022</u>				
Basic Materials				
- AA1	5,136,850	-	-	5,136,850
Consumer Discretionary				
- AAA	14,882,620	-	-	14,882,620
- AA+	12,376,604	-	-	12,376,604
- AA2	20,174,532	-	-	20,174,532
Consumer Staples				
- AA2	4,072,824	-	-	4,072,824
Energy				
- AA-	5,077,104	-	-	5,077,104
Financial Services				
- AAA	78,273,006	205,581,367	50,437,808	334,292,181
- AA1	30,104,099	-	-	30,104,099
- AA2	35,492,416	-	30,091,480	65,583,896
- AA3	57,373,672	71,119,381	50,078,356	178,571,409
- AA	18,301,536	-	-	18,301,536
- AA-	-	19,356,555	-	19,356,555
- P1	19,827,900	-	-	19,827,900
- NR	10,050,616	-	-	10,050,616
Government				
- AA+	19,204,396	-	-	19,204,396
Health Care				
- AA-	6,989,478	-	-	6,989,478

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Term <u>deposits</u> RM	<u>Total</u> RM
<u>2022</u> (continued)				
Industrials				
- AAA	20,256,249	-	-	20,256,249
- AA2	10,197,262	-	-	10,197,262
- AA3	66,339,836	-	-	66,339,836
- AA	9,922,522	-	-	9,922,522
- AA-	12,111,787	-	-	12,111,787
Quasi-Government				
- AAA	4,945,612	-	-	4,945,612
Real Estate				
- AA+	4,880,124	-	-	4,880,124
- P1	19,937,800	-	-	19,937,800
Utilities				
- AA3	9,333,645	-	-	9,333,645
- AA1	15,200,952	-	-	15,200,952
- AA	20,751,608	-	-	20,751,608
- AA-	10,328,578	-	-	10,328,578
	<u>541,543,628</u>	<u>296,057,303</u>	<u>130,607,644</u>	<u>968,208,575</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Term <u>deposits</u> RM	<u>Total</u> RM
<u>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
Health Care				
- AA-	5,123,430	-	-	5,123,430
Industrials				
- AA-	10,179,891	-	-	10,179,891
- P1	9,984,900	-	-	9,984,900
Quasi-Government				
- 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 2022 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other unitholders 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 markets (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 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 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	-	541,543,628	-	541,543,628
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>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>

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. 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 2022 (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 2022, management fee is recognised at a rate of 0.35% (2021: 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 2022, the Trustee's fee is recognised at a rate of 0.04% (2021: 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 (2021: RM12,000) per annum.

7 DISTRIBUTIONS

	<u>2022</u> RM	<u>2021</u> RM
Distributions to unitholders are from the following sources:		
Previous years' realised income	6,464,150	4,494,797
Interest income	8,394,268	3,179,241
	<hr/>	<hr/>
Gross realised income	14,858,418	7,674,038
Less: Expenses	(486,599)	(171,099)
	<hr/>	<hr/>
Net distribution amount	<u>14,371,819</u>	<u>7,502,939</u>

AFFIN HWANG INCOME EXTRA FUND

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

7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 April 2022, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit</u> (sen)
19.05.2021	0.22
16.06.2021	0.24
21.07.2021	0.24
18.08.2021	0.24
20.09.2021	0.22
20.10.2021	0.20
17.11.2021	0.20
15.12.2021	0.20
19.01.2022	0.20
16.02.2022	0.20
16.03.2022	0.20
20.04.2022	0.17
	<hr/>
	2.53
	<hr/> <hr/>

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

<u>Ex-date</u>	<u>Gross/Net distribution per unit</u> (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
	<hr/>
	2.77
	<hr/> <hr/>

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 RM6,464,150 (2021: RM 4,494,797) made from previous financial year's realised income.

There are unrealised losses during the financial year of RM5,913,665 (2021: RM2,167,942).

AFFIN HWANG INCOME EXTRA FUND

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

8 TAXATION

	<u>2022</u> RM	<u>2021</u> RM
Current taxation	-	-

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

	<u>2022</u> RM	<u>2021</u> RM
Net profit before taxation	9,504,675	7,891,549
Tax at Malaysian statutory rate of 24% (2021: 24%)	2,281,122	1,893,972
Tax effects of:		
Investment income not subject to tax	(2,846,401)	(2,163,176)
Expenses not deductible for tax purposes	62,387	32,907
Restriction on tax deduction expenses for Wholesale Funds	502,892	236,297
Tax expense	-	-

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	541,543,628	189,094,078
	<u>2022</u> RM	<u>2021</u> RM
Net loss on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	305,210	1,016,159
- unrealised loss on change in fair value	(4,119,024)	(1,534,236)
	<u>(3,813,814)</u>	<u>(518,077)</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 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>				
3.095% Aeon Company (M) Bhd 13.07.2022 (AA2)	5,000,000	5,046,478	5,047,463	0.53
3.150% Aeon Company (M) Bhd 10.11.2023 (AA2)	15,000,000	15,226,905	15,127,069	1.59
2.940% Ambank (M) Bhd 30.06.2023 (AA3)	5,000,000	5,049,134	5,042,934	0.53
3.140% Ambank (M) Bhd 29.12.2023 (AA3)	5,000,000	5,052,477	5,040,777	0.53
4.700% AZRB Capiatal Sdn Bhd 23.12.2022 (AA-)	5,000,000	5,080,480	5,111,530	0.54
3.250% Bank Pembangunan Malaysia Bhd 08.06.2026 (AAA)	5,000,000	5,064,110	4,892,310	0.51
2.930% Bank Simpanan Nasional 21.10.2024 (AAA)	5,000,000	5,004,014	4,920,164	0.52
4.050% Batu Kawan Bhd 06.06.2023 (AA1)	5,000,000	5,152,382	5,136,850	0.54
5.400% BEWG M Sdn Bhd 19.07.2023 (AA)	20,000,000	20,738,046	20,751,608	2.18
3.030% BGSM Management Sdn Bhd 27.08.2024 (AA3)	5,000,000	5,031,091	4,956,884	0.52
4.680% BGSM Management Sdn Bhd 28.09.2023 (AA3)	10,000,000	10,289,065	10,251,795	1.08
7.100% BGSM Management Sdn Bhd 28.12.2022 (AA3)	10,000,000	10,529,921	10,522,905	1.10
4.100% Bumitama Agri Ltd 22.07.2024 (AA2)	4,000,000	4,090,461	4,072,824	0.43
2.180% Cagamas Bhd 29.09.2022 (AAA)	10,000,000	10,018,101	10,009,607	1.05
2.33% Cagamas Bhd 28.11.2022 (AAA)	3,500,000	3,534,854	3,530,269	0.37
2.780% Cagamas Bhd 30.09.2024 (AAA)	10,000,000	10,025,896	9,839,596	1.03
6.050% Cagamas Bhd 10.10.2023 (AAA)	10,000,000	10,450,581	10,442,251	1.09
4.800% Cahya Mata Sarawak Bhd 05.05.2022 (AA3)	20,000,000	20,470,885	20,465,534	2.15
3.150% CIMB Group Holdings Bhd Call: 12.11.2025 (AA)	5,000,000	5,073,356	4,897,006	0.51
4.880% CIMB Group Holdings Bhd Call: 13.09.2029 (AA)	5,000,000	5,329,273	5,155,206	0.54

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 2022 are as follows:
(continued)

<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> (continued)				
4.900% CIMB Group Holdings Bhd Call: 30.11.2022 (AA)	8,000,000	8,410,997	8,249,324	0.86
4.800% Danajamin Nasional Bhd 06.10.2027 (AA+)	19,000,000	19,210,381	19,204,396	2.01
2.320% Danga Capital Bhd 25.01.2024 (AAA)	5,000,000	5,030,762	4,945,612	0.52
3.960% Danum Capital Bhd 09.05.2023 (AAA)	4,000,000	4,113,281	4,112,877	0.43
4.7850% Gamuda Bhd 16.03.2023 (AA3)	5,000,000	5,119,460	5,107,202	0.53
4.8250% Gamuda Bhd 23.11.2022 (AA3)	39,500,000	40,808,294	40,767,100	4.28
4.040% GovCo Holdings Bhd 28.09.2022 (NR)	5,000,000	5,050,772	5,047,616	0.53
2.850% Hong Leong Financial Group Bhd 23.08.2024 (AA1)	2,500,000	2,513,079	2,472,254	0.26
4.300% Hong Leong Financial Group Bhd Call: 14.06.2024 (AA2)	10,000,000	10,346,715	10,272,475	1.08
2.970% Imtiaz Sukuk II Bhd 07.10.2025 (AA2)	5,000,000	5,009,764	4,815,314	0.51
4.580% Imtiaz Sukuk II Bhd 27.05.2022 (AA2)	15,000,000	15,310,409	15,308,375	1.61
4.550% Kedah Cement Sdn Bhd 07.07.2023 (AA3)	250,000	256,859	256,397	0.03
3.410% Malayan Banking Bhd Call: 05.08.2026 (AA1)	2,500,000	2,519,546	2,446,121	0.26
4.680% Malaysia Airports Capital Bhd 16.12.2022 (AAA)	10,000,000	10,282,609	10,284,196	1.08
3.790% Malaysia Airport Holdings Bhd 25.04.2025 (AAA)	10,000,000	10,004,153	9,972,053	1.05
3.850% Malaysian Resources Corp Bhd 14.08.2023 (AA-)	5,000,000	5,046,046	5,024,332	0.53
4.800% MBSB Bank Bhd 09.12.2022 (AA1)	5,000,000	5,122,780	5,147,870	0.54
2.700% Mercedes-Benz Services Malaysia 28.09.2023 (AAA)	10,000,000	10,025,151	9,952,151	1.04
3.620% Merc Benz SVC Malaysia 18.03.2026 (AAA)	5,000,000	5,021,819	4,930,469	0.52
4.400% MMC Port Holding Sdn Bhd 08.04.2027 (AA-)	2,000,000	2,005,545	1,975,925	0.21

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 2022 are as follows:
(continued)

<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> (continued)				
2.880% MUFG Bank Malaysia 24.03.2023 (AAA)	10,000,000	10,052,543	10,027,627	1.05
3.780% Mumtaz Rakyat Sukuk Bhd Call 25.06.2026 (AA3)	10,000,000	10,129,808	9,804,308	1.03
5.000% Northport Malaysia Bhd 02.12.2022 (AA-)	10,000,000	10,303,583	10,328,578	1.08
4.750% Orix Leasing Malaysia 14.02.2023 (AA2)	5,000,000	5,081,296	5,096,252	0.53
4.290% Point Zone Malaysia Sdn Bhd 05.03.2027 (AA-)	2,000,000	2,012,929	1,976,289	0.21
3.130% RHB Bank Bhd Call: 20.11.2025 (AA3)	5,000,000	5,068,603	4,873,753	0.51
4.060% RHB Islamic Bank Bhd Call: 21.04.2027 (AA3)	7,000,000	7,007,786	6,880,316	0.72
4.250% Sabah Credit Corp 05.05.2025 (NR)	5,000,000	5,003,000	5,003,000	0.52
3.100% Sime Darby Property Bhd 03.12.2025 (AA+)	5,000,000	5,063,274	4,880,124	0.51
3.100% SME Development Bank Malaysia 31.07.2026 (AAA)	5,000,000	5,036,945	4,819,845	0.51
3.730% Solar Mgmt Seremban 20.10.2023 (AA3)	5,000,000	5,014,395	4,984,410	0.52
5.300% Tanjung Bin Energy Sdn Bhd 16.03.2023 (AA3)	4,000,000	4,104,643	4,092,838	0.43
3.950% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,230,663	5,013,189	0.53
3.100% Toyota Capital Malaysia 27.07.2025 (AAA)	10,000,000	10,082,873	9,691,536	1.02
3.300% Toyota Capital Malaysia 26.01.2024 (AAA)	2,000,000	2,018,502	2,000,296	0.21
3.800% Toyota Capital Malaysia 24.12.2024 (AAA)	4,000,000	4,031,804	3,986,628	0.42
4.250% UEM Edgenta Bhd 24.04.2026 (AA)	10,000,000	10,012,741	9,922,522	1.04
5.300% UiTM Solar Power Sdn Bhd 27.04.2023 (AA-)	5,000,000	5,070,398	5,077,104	0.53
3.030% UMW Holdings Bhd 05.11.2025 (AA+)	7,500,000	7,486,253	7,372,676	0.77
3.880% UMW Holdings Bhd 24.11.2026 (AA+)	5,000,000	5,092,501	5,003,928	0.53

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 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 (continued)</u>				
4.730% United Growth Bhd 21.06.2022 (AA2)	10,000,000	10,200,489	10,197,262	1.07
3.000% United Overseas Bank Malaysia Call: 01.08.2025 (AA1)	10,000,000	10,071,507	9,739,707	1.02
4.800% United Overseas Bank Malaysia Call: 25.07.2023 (AA1)	10,000,000	10,348,005	10,298,147	1.08
4.550% YTL Power International Bhd 10.06.2022 (AA1)	5,000,000	5,092,089	5,092,237	0.53
4.490% YTL Power International Bhd 24.3.2023 (AA1)	10,000,000	10,167,991	10,108,715	1.06
	<u>496,750,000</u>	<u>506,250,553</u>	<u>501,777,928</u>	<u>52.65</u>
<u>Commercial papers</u>				
0.000% Sabah Credit Corp 31.10.2022 (P1)	10,000,000	9,867,589	9,867,600	1.03
0.000% Sunway Treasury Sukuk 07.07.2022 (P1)	10,000,000	9,954,991	9,960,300	1.05
0.000% Trusmadi Capital Sdn Bhd 17.06.2022 (P1)	15,000,000	14,948,344	14,953,350	1.57
0.000% Trusmadi Capital Sdn Bhd 17.06.2022 (P1)	5,000,000	4,981,166	4,984,450	0.52
	<u>40,000,000</u>	<u>39,752,090</u>	<u>39,765,700</u>	<u>4.17</u>

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 2022 are as follows:
(continued)

<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> %
Total unquoted fixed income securities - local	<u>536,750,000</u>	546,002,643	<u>541,543,628</u>	<u>56.82</u>
Accumulated unrealised loss on unquoted fixed income securities - local		<u>(4,459,015)</u>		
Total unquoted fixed income securities - local		<u>541,543,628</u>		

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 April 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>				
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 Bhd 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 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 April 2021 are as follows:
(continued)

<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 (continued)</u>				
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)	10,000,000	9,983,123	9,984,900	3.18
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 2022 (CONTINUED)

10 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	2,186	1,123
Deposits with licensed financial institutions	296,055,117	105,282,890
	<u>296,057,303</u>	<u>105,284,013</u>

Weighted average interest rates per annum of deposits with licensed financial institutions is as follows:

	<u>2022</u> %	<u>2021</u> %
Deposits with licensed financial institutions	<u>1.87</u>	<u>1.30</u>

Deposits with licensed financial institutions has an average maturity period of 5 days (2021: 7 days).

11 TERM DEPOSITS

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

	<u>2022</u> %	<u>2021</u> %
Deposits with licensed financial institutions (with original maturities of more than 90 days)	<u>2.23</u>	<u>2.10</u>

The deposits with licensed financial institutions have an average maturity of 53 days (2021: 82 days). The amount includes interest receivable of RM607,644 (2021: RM12,658).

AFFIN HWANG INCOME EXTRA FUND

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

12 NUMBER OF UNITS IN CIRCULATION

	<u>.2022</u>	<u>2021</u>
	No. of units	No. of units
At the beginning of the financial year	303,982,000	213,121,000
Creation of units arising from applications	893,181,152	267,114,134
Creation of units arising from distributions	13,469,289	7,226,008
Cancellation of units	(282,567,441)	(183,479,142)
At the end of the financial year	<u>928,065,000</u>	<u>303,982,000</u>

13 TRANSACTIONS WITH DEALERS

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

<u>Name of dealers</u>	<u>Value of trade</u>	Percentage of <u>total trade</u>
	RM	%
RHB Investment Bank Bhd*	166,113,825	19.49
Hong Leong Bank Bhd	119,655,000	14.04
OCBC Bank (Malaysia) Bhd	114,774,123	13.46
Affin Hwang Investment Bank Bhd#*	96,659,701	11.34
CIMB Bank Bhd	91,203,164	10.70
Malayan Banking Bhd	70,834,825	8.31
AmBank Bhd	59,769,329	7.01
Standard Chartered Bank Malaysia Bhd	44,884,200	5.26
Kenanga Investment Bank Bhd	39,755,671	4.66
United Overseas Bank (Malaysia) Bhd	13,613,050	1.60
Others	35,195,500	4.13
	<u>852,458,388</u>	<u>100.00</u>

AFFIN HWANG INCOME EXTRA FUND

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

13 TRANSACTIONS WITH DEALERS (CONTINUED)

(ii) 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 Bhd	20,046,200	3.58
Others*	65,853,205	11.76
	<u>560,108,829</u>	<u>100.00</u>

Included in transactions with dealers are trades with Affin Hwang Investment Bank Berhad, holding company of the Manager amounting to RM96,659,701 (2021: RM87,188,811). 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>	<u>2022</u> RM	<u>2021</u> RM
Affin Hwang Investment Bank Bhd	69,726,550	61,518,311
RHB Bank Bhd	-	5,172,500
RHB Investment Bank Bhd	50,578,575	35,760,500
	<u>120,305,125</u>	<u>102,451,311</u>

AFFIN HWANG INCOME EXTRA FUND

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

13 TRANSACTIONS WITH DEALERS (CONTINUED)

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

	<u>2022</u> RM	<u>2021</u> RM
Affin Hwang Aiiman Income Plus Fund	73,552,200	-
Affin Hwang Bond Fund	-	15,325,500
Affin Hwang Enhanced Income Fund	-	5,023,000
Affin Hwang Flexible Maturity Income Fund 9	-	5,227,500
Affin Hwang Income Fund I	-	7,778,500
Affin Hwang Income Fund 6	10,143,500	-
Affin Hwang Select Cash Fund	15,165,150	63,924,311
Affin Hwang Tactical Fund	1,021,600	-
Private mandates managed by the Manager	20,422,675	5,172,500
	<u>120,305,125</u>	<u>102,451,311</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>Relationship</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

AFFIN HWANG INCOME EXTRA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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 are as follows:

	2022		2021	
	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)	3,292	3,381	3,755	3,882

15 TOTAL EXPENSE RATIO (“TER”)

	2022	2021
	%	%
TER	0.40	0.40

TER is derived from the following calculation:

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

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 2022 calculated on a daily basis is RM597,491,423 (2021: RM292,973,637).

AFFIN HWANG INCOME EXTRA FUND

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

16 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u> RM	<u>2021</u> RM
PTR (times)	<u>0.97</u>	<u>1.15</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 = RM756,102,487 (2021: RM349,762,819)
total disposal for the financial year = RM402,154,309 (2021: RM324,654,753)

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 37 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 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 June 2022

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 (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 April 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 April 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 37.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ 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
17 June 2022**

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