

Affin Hwang

Select SGD Income Fund

Annual Report
31 March 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG SELECT SGD INCOME FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 31 March 2020

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FUND INFORMATION

Fund Name	Affin Hwang Select SGD Income Fund
Fund Type	Income
Fund Category	Mixed Assets
Investment Objective	The Fund endeavours to provide steady income distribution through investments primarily in SGD-denominated assets
Benchmark	The benchmark will be a combination of the twelve (12) month Singapore Banks Average Fixed Deposit Rate weighing at 70% and Singapore's FTSE Straits Times Index (FSSTI) weighing at 30%.
Distribution Policy	The Fund will distribute income (subject to income availability) on a semi-annual basis after the end of the first financial year

BREAKDOWN OF UNITHOLDERS BY RM CLASS SIZE AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	86	231
5,001 to 10,000	74	562
10,001 to 50,000	141	3,308
50,001 to 500,000	65	11,037
500,001 and above	21	310,797
Total	387	325,935

* Note : Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SGD CLASS SIZE AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	2	3
5,001 to 10,000	6	55
10,001 to 50,000	45	1,195
50,001 to 500,000	68	13,879
500,001 and above	32	164,799
Total	153	179,931

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Mar 2020 (%)	As at 31 Mar 2019 (%)	As at 31 Mar 2018 (%)			
Portfolio composition						
Quoted equities – foreign						
- Consumer services	0.73	3.04	1.48			
- Financials	17.01	22.97	26.96			
- REITs	-	3.16	-			
- Industrials	3.29	6.54	3.89			
- Technology	1.75	-	-			
- Oil & gas	-	-	2.62			
- Telecommunications	0.97	-	-			
Total quoted equities – foreign	23.75	35.71	34.95			
Unquoted fixed income securities – foreign						
- Bonds	62.65	60.33	60.86			
Total unquoted fixed income securities – foreign	62.65	60.33	60.86			
Cash and cash equivalent	13.60	3.96	4.19			
Total	100.00	100.00	100.00			
Currency class	RM Class	SGD Class	RM Class	SGD Class	RM Class	SGD Class
Total NAV (million)	192.629	90.411	218.745	136.228	224.160	149.942
NAV per Unit (in respective currencies)	0.5910	0.5025	0.6427	0.5491	0.6495	0.5674
Unit in Circulation (million)	325.943	179.932	340.339	248.072	345.103	264.284
Highest NAV	0.6872	0.5804	0.6631	0.5751	0.7010	0.5787
Lowest NAV	0.5830	0.4917	0.6229	0.5273	0.6466	0.5335
Return of the Fund (%) ⁱⁱⁱ	-5.24	-5.58	2.11	-0.05	1.50	9.69
- Capital Growth (%) ⁱ	-8.04	-8.49	-1.05	-3.25	-1.47	6.35
- Income Distribution (%) ⁱⁱ	3.05	3.18	3.19	3.28	3.02	3.14
Gross Distribution per Unit (sen)	2.00	1.75	2.00	1.75	2.00	1.75
Net Distribution per Unit (sen)	2.00	1.75	2.00	1.75	2.00	1.75
Management Expense Ratio (%) ¹	1.65		1.63		1.71	
Portfolio Turnover Ratio (times) ²	0.93		1.21		1.07	

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 due to lower average NAV of the fund during the financial year.

²The Fund recorded a lower PTR as the Manager had decreased its trading activities during the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

The NAV per Unit prior and subsequent to the distribution was as follows:-

RM Class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
18-Jun-19	19-Jun-19	0.6660	0.0025	0.6661
17-Sep-19	18-Sep-19	0.6692	0.0025	0.6686
17-Dec-19	18-Dec-19	0.6842	0.0125	0.6721
17-Mar-20	18-Mar-20	0.6166	0.0025	0.6056

SGD Class

Cum Date	Ex-Date	Cum-distribution (SGD)	Distribution per Unit (SGD)	Ex-distribution (SGD)
18-Jun-19	19-Jun-19	0.5623	0.0025	0.5611
17-Sep-19	18-Sep-19	0.5669	0.0025	0.5647
17-Dec-19	18-Dec-19	0.5757	0.0100	0.5664
17-Mar-20	18-Mar-20	0.5197	0.0025	0.5114

No unit splits were declared for the financial year ended 31 March 2020.

Performance Review

RM Class

For the period under review from 1 April 2019 to 31 March 2020, the Fund – RM class registered a return of -5.24% compared to the benchmark return of -6.22%. The Fund thus outperformed the Benchmark by 0.98%. The Net Asset Value ("NAV") per unit as at 31 March 2020 was RM 0.5910 compared to the NAV per unit of RM0.6427 as at 31 March 2019. During the same period under review, the Fund has declared a total income distribution of RM0.020 per unit by way of reinvestment in the form of additional units.

Since commencement, the Fund has gained 45.59% versus the Benchmark of 17.74% which translates to an outperformance of 27.85%. The Fund has declared a total gross income distribution of RM0.1273 per unit to date. As such, the objective of providing investors with a steady income stream in the form of distribution has been met.

SGD Class

As for the SGD class, the Fund registered a return of -5.58% compared to the benchmark of -6.69% during the performance under review. The Fund thus outperformed the Benchmark by 1.11%. The Net Asset Value ("NAV") per unit as at 31 March 2020 was SGD 0.5025 compared to the NAV per unit of SGD 0.5491 as at 31 March 2019. During the same period under review, the Fund has declared a total income distribution of SGD0.0175 per unit by way of reinvestment in the form of additional units.

Since commencement, the Fund has gained 21.35% versus the Benchmark of -2.99%, which translates to an outperformance of 24.34%. The Fund has declared a total gross income distribution of SGD0.1020 per unit to date. As such, the objective of providing investors with a steady income stream in the form of distribution has been met.

MYR Class

Table 1: Performance of the Fund

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (20/8/12 - 31/3/20)
Fund	(5.24%)	(1.79%)	19.34%	45.59%
Benchmark	(6.22%)	(9.70%)	4.63%	17.74%
Outperformance / (Underperformance)	0.98%	7.91%	14.71%	27.85%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (20/8/12 - 31/3/20)
Fund	(5.24%)	(0.60%)	3.59%	5.05%
Benchmark	(6.22%)	(3.34%)	0.91%	2.17%
Outperformance	0.98%	2.74%	2.68%	2.88%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (01/4/19 - 31/3/20)	FYE 2019 (01/4/18 - 31/3/19)	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/4/15 - 31/3/16)
Fund	(5.24%)	2.11%	1.50%	16.01%	4.74%
Benchmark	(6.22%)	0.62%	(4.30%)	13.50%	2.08%
Outperformance	0.98%	1.49%	5.80%	2.51%	2.66%

Source of Benchmark: Bloomberg

SGD Class

Table 1: Performance of the Fund

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (20/8/12 - 31/3/20)
Fund	(5.58%)	3.51%	7.07%	21.35%
Benchmark	(6.69%)	(5.63%)	(7.13%)	(2.99%)
Outperformance / (Underperformance)	1.11%	9.14%	14.20%	24.34%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (20/8/12 - 31/3/20)
Fund	(5.58%)	1.16%	1.37%	2.57%
Benchmark	(6.69%)	(1.91%)	(1.47%)	(0.40%)
Outperformance / (Underperformance)	1.11%	3.07%	2.84%	2.97%

Source of Benchmark: Bloomberg

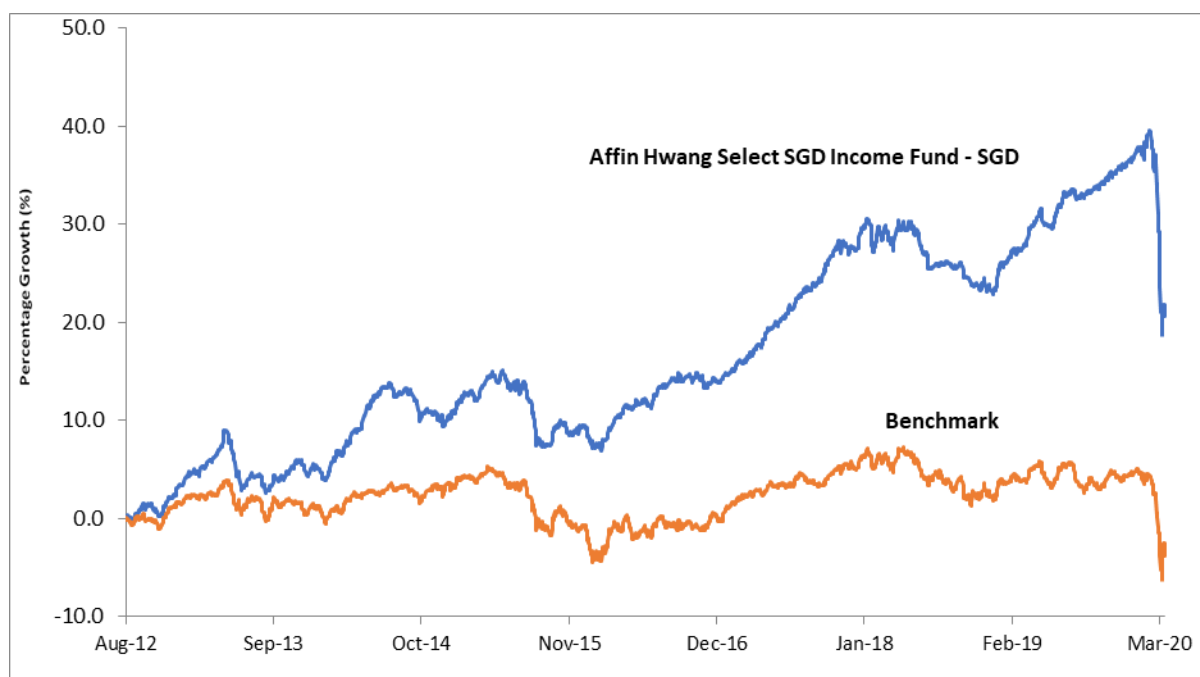
Table 3: Annual Total Return

	FYE 2020 (01/4/19 - 31/3/20)	FYE 2019 (01/4/18 - 31/3/19)	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/4/15 - 31/3/16)
Fund	(5.58%)	(0.05%)	9.69%	6.12%	(2.53%)
Benchmark	(6.69%)	(1.49%)	2.67%	3.77%	(5.17%)
Outperformance / (Underperformance)	1.11%	1.44%	7.02%	2.35%	2.64%

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: 30% FTSE Singapore's Straits Times Index + 70% Singapore Banks Average 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.

During the period under review, the Manager reduced exposure towards the financials, consumers and industrials sectors, while stripped off REITs within the equities allocation. Allocation towards fixed income securities remains relatively unchanged. As at 31 March 2020, the cash levels were around 10% higher than the previous year, as the Manager reduced allocation towards equities.

Strategies Employed

With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse.

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

On monetary policy, the US Federal Reserve ("Fed") kept its benchmark rates unchanged in its policy meeting in January, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed's balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed's target of 2.0%.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

The local market suffered losses with the benchmark KLCI closing 8.9% lower in March as pandemic fears gripped the country with cases continuing to rise. Malaysia has the highest number of known infections in Southeast Asia with more than 3,000 confirmed cases in the country at the time of writing.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises ("SMEs") and RM2 billion to strengthen the country's economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country's coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. The rate cut is expected to boost economic growth amid price stability.

Investment Outlook

Whilst we see unprecedented steps taken by governments and global central banks to stimulate the economy and provide liquidity, such measures are unlikely to fuel a full recovery as we are dealing with a global pandemic that has caused economies to come to a virtual standstill. Cutting interest rates, injecting liquidity or even putting money directly in the hands of consumers is unlikely to lead to its desired effects if people's health are at stake.

Any signs of a peak in the pandemic can fuel a gradual recovery in markets. However, it is crucial to monitor any risk of a second wave or reacceleration in infection rates especially countries that have passed its peak like South Korea and China.

In Asia, we continue to see a resumption of activities in China where the coronavirus was first detected. Almost all factories have reopened as lockdowns are gradually lifted in the country. However, the utilisation

rates have yet to return to full scale, perhaps due to a lack of demand and strict social distancing measures in place that prevent factories from operating at full capacity. Recent reports also point to most hotels and tourist sites reopening in China. There has also been a marked recovery in automobile sales.

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 transactions 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 SELECT SGD INCOME FUND

We have acted as Trustee for Affin Hwang Select SGD Income Fund (the "Fund") for the financial year ended 31 March 2020. To the best of our knowledge, for the financial year under review, 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 Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during this financial year ended 31 March 2020 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
18 May 2020

AFFIN HWANG SELECT SGD INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

AFFIN HWANG SELECT SGD INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> SGD	<u>2019</u> SGD
INVESTMENT (LOSS)/INCOME			
Dividend income		2,909,635	2,991,246
Interest income for financial assets at fair value through profit or loss		6,720,281	5,585,540
Interest income for financial assets at amortised cost		58,309	66,562
Net loss on foreign currency exchange		(108,488)	(1,684)
Net loss on forward foreign currency contracts at fair value through profit or loss		(57,572)	(836,179)
Net loss on financial assets at fair value through profit or loss	8	(14,849,233)	(4,087,197)
		<u>(5,327,068)</u>	<u>3,718,288</u>
EXPENSES			
Management fee	4	(2,732,538)	(3,239,966)
Trustee fee	5	(146,762)	(173,395)
Auditors' remuneration		(3,489)	(3,052)
Tax agent's fee		(1,161)	(1,187)
Transaction costs		(349,137)	(609,786)
Other expenses		(126,232)	(121,585)
		<u>(3,359,319)</u>	<u>(4,148,971)</u>
NET LOSS BEFORE FINANCE COST AND TAXATION		(8,686,387)	(430,683)
FINANCE COST			
Distributions	7	(5,468,495)	(6,733,847)
NET LOSS BEFORE TAXATION		(14,154,882)	(7,164,530)
TAXATION	6	-	(10,830)
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(14,154,882)</u>	<u>(7,175,360)</u>

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

	<u>Note</u>	<u>2020</u> SGD	<u>2019</u> SGD
Decrease of net asset attributable to unitholders is made up of the following:			
Realised amount		1,332,224	(2,070,756)
Unrealised amount		(15,487,106)	(5,104,604)
		<u>(14,154,882)</u>	<u>(7,175,360)</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> SGD	<u>2019</u> SGD
ASSETS			
Cash and cash equivalents	9	21,716,266	9,502,842
Financial assets at fair value through profit or loss	8	133,143,136	200,595,437
Dividend receivables		7,306	-
Amount due from Manager			
- creation of units		98,136	51,662
Amount due from broker		16,667	-
Forward foreign currency contracts at fair value through profit or loss	10	-	83,620
TOTAL ASSETS		<u>154,981,511</u>	<u>210,233,561</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	10	50	25,541
Amount due to Manager			
- management fee		209,670	267,212
- cancellation of units		610,164	750,926
Amount due to Trustee		11,582	14,726
Amount due to brokers		-	300,972
Auditors' remuneration		5,484	4,795
Tax agent's fee		2,668	2,384
Other payable and accruals		11,930	11,919
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)		<u>851,548</u>	<u>1,378,475</u>
NET ASSET VALUE OF THE FUND		<u>154,129,963</u>	<u>208,855,086</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>154,129,963</u>	<u>208,855,086</u>

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 (CONTINUED)

	<u>Note</u>	<u>2020</u> SGD	<u>2019</u> SGD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- RM class		63,718,932	72,626,841
- SGD class		90,411,031	136,228,245
		<u>154,129,963</u>	<u>208,855,086</u>
NUMBER OF UNITS IN CIRCULATION			
- RM class	11(a)	325,943,000	340,339,000
- SGD class	11(b)	179,932,000	248,072,000
		<u>505,875,000</u>	<u>588,411,000</u>
NET ASSET VALUE PER UNIT (SGD)			
- RM class		0.1955	0.2134
- SGD class		<u>0.5025</u>	<u>0.5491</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- RM class		RM0.5910	RM0.6427
- SGD class		<u>SGD0.5025</u>	<u>SGD0.5491</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>2020</u> SGD	<u>2019</u> SGD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	208,855,086	225,959,972
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	53,745,539	21,384,049
- RM class	39,109,208	9,106,630
- SGD class	14,636,331	12,227,419
Creation of units arising from distributions	4,692,597	5,749,070
- RM class	1,959,839	2,054,432
- SGD class	2,732,758	3,694,638
Cancellation of units	(99,008,377)	(37,062,645)
- RM class	(43,794,392)	(12,490,195)
- SGD class	(55,213,985)	(24,572,450)
Net decrease in net assets attributable to unitholders during the financial year	(14,154,882)	(7,175,360)
- RM class	(6,182,564)	(2,345,702)
- SGD class	(7,972,318)	(4,829,658)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>154,129,963</u>	<u>208,855,086</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> SGD	<u>2019</u> SGD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investment		197,761,492	267,262,512
Purchase of investments		(144,268,418)	(258,374,145)
Dividends received		2,902,329	2,980,416
Interest received		5,627,603	6,460,581
Management fee paid		(2,809,333)	(3,259,084)
Management fee rebate received		19,253	-
Trustee fee paid		(149,906)	(174,414)
Realised gain/(loss) on forward foreign currency contracts		557	(909,483)
Payment for other fees and expenses		(479,035)	(140,425)
Net realised loss on foreign currency exchange		(166,119)	(228,345)
Net cash generated from operating activities		<u>58,438,423</u>	<u>13,617,613</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		53,699,065	21,470,486
Payments for cancellation of units		(99,149,139)	(36,718,178)
Payment for distributions		(775,898)	(984,777)
Net cash used in financing activities		<u>(46,225,972)</u>	<u>(16,232,469)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,212,451	(2,614,856)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		973	(12,394)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>9,502,842</u>	<u>12,130,092</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	<u><u>21,716,266</u></u>	<u><u>9,502,842</u></u>

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

(a) Standards and amendments to existing standards effective 1 April 2019:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 April 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Dividend Income

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

Interest Income

Interest income from short term deposits with licensed financial institutions is recognised based on effective interest rate method on an accrual basis.

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

Realised gains and losses on sale of investments

For quoted equities, 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 a weighted average cost basis.

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 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 financial liability in which it is approved by the Trustee of the Fund.

D TRANSACTION COSTS

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

E TAXATION

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

Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within the other expenses line in the statement of comprehensive income.

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATIONS

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

The Fund classifies cash and cash equivalents, amount due from Manager, dividends receivable and amount due from brokers as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

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

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

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

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

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

The contractual cash flows of the Fund's debt securities are solely principal and interest, 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.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

Financial assets at amortised cost and receivables 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 instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

Qualitative criteria:

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Write-off

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

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

I CASH AND CASH EQUIVALENTS

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

J AMOUNT DUE FROM/(TO) BROKERS

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

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

K CREATION AND CANCELLATION OF UNITS

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the RM class and SGD class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position date if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

L INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Income not distributed is included in net assets attributable to unitholders.

M DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

N 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.

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

Functional currency

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in SGD primarily due to the following factors:

- i) Significant portion of the NAV is invested in quoted and unquoted investments denominated in SGD
- ii) Significant portion of the Fund's expenses are denominated in SGD.

O REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Hwang SGD Income Fund (the "Fund") pursuant to the execution of a Deed dated 31 May 2012, as modified by First Supplemental deed dated 21 June 2013, Second Supplemental deed dated 27 June 2014, Third Supplemental deed dated 1 July 2015, Fourth Supplemental deed dated 25 April 2016 and Fifth Supplemental deed dated 5 October 2018 (the "Deeds") entered into between Affin Hwang Asset Management and Deutsche Trustees Malaysia Berhad (the "Trustee"). The Fund has changed the base currency from Ringgit Malaysia (RM) to Singapore Dollar (SGD) as amended by Supplemental Deed dated 21 June 2013; changed its name from Hwang SGD Income Fund to Affin Hwang Select SGD Income Fund as amended by Second Supplement Deed dated 27 June 2014.

The Fund commenced operations on 12 August 2012 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the following assets, subject to the Deed, the Fund's objective, the Guidelines, the requirements of the SC and all relevant laws:

- (a) Listed equities;
- (b) Unlisted equities including equities not listed or quoted on stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer;
- (c) Bonds and other forms of securitised debt;
- (d) Warrants;
- (e) Fixed deposits;
- (f) Money market instruments;
- (g) Units or shares in collective investment schemes;
- (h) Derivatives;
- (i) Structured products; and
- (j) Any other form of investments as may be permitted by the SC that is in line with the Fund's objective.

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

The main objective of the Fund is to provide steady income distribution through investments primarily in SGD-denominated assets. This Fund offers the investors two (2) different classes of units known respectively as the RM Class and SGD Class.

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 May 2020.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost SGD	At fair value through profit or loss SGD	<u>Total</u> SGD
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	21,716,266	-	21,716,266
Quoted equities	8	-	36,581,572	36,581,572
Unquoted fixed income securities	8	-	96,561,564	96,561,564
Dividends receivable due from Manager		7,306	-	7,306
- creation of units		98,136	-	98,136
Amount due from brokers		16,667	-	16,667
Total		<u>21,838,375</u>	<u>133,143,136</u>	<u>154,981,511</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fees		209,670	-	209,670
- cancellation of units		610,164	-	610,164
Amount due to Trustee		11,582	-	11,582
Auditors' remuneration		5,484	-	5,484
Tax agent fee		2,668	-	2,668
Other payables and accruals		11,930	-	11,930
Forward foreign currency contracts	10	-	50	50
		<u>851,498</u>	<u>50</u>	<u>851,548</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost SGD	At fair value through profit or loss SGD	<u>Total</u> SGD
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	9,502,842	-	9,502,842
Quoted equities	8	-	74,586,378	74,586,378
Unquoted fixed income securities	8	-	126,009,059	126,009,059
Amount due from Manager				
- creation of units		51,662	-	51,662
Forward foreign currency contracts	10	-	83,620	83,620
Total		<u>9,554,504</u>	<u>200,679,057</u>	<u>210,233,561</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fees		267,212	-	267,212
- cancellation of units		750,926	-	750,926
Amount due to Trustee		14,726	-	14,726
Amount due to brokers		300,972	-	300,972
Auditors' remuneration		4,795	-	4,795
Tax agent fee		2,384	-	2,384
Other payables and accruals		11,919	-	11,919
Forward foreign currency contracts	10	-	25,541	25,541
		<u>1,352,934</u>	<u>25,541</u>	<u>1,378,475</u>

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

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unit Trust Funds.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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>2020</u> SGD	<u>2019</u> SGD
Quoted investments		
Quoted equities	36,581,572	74,586,378
Unquoted investments*		
Unquoted fixed income securities	96,561,564	126,009,059

* Includes interest receivable of SGD1,434,543 (2019: SGD1,338,912)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 7.5% (2019: 5%) and decreased by 7.5% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> SGD	<u>Impact on</u> profit after tax/NAV SGD
<u>2020</u>		
-7.5%	121,830,449	(9,878,144)
0%	131,708,593	-
+7.5%	141,586,737	9,878,144
<u>2019</u>		
-5%	189,293,699	(9,962,826)
0%	199,256,525	-
+5%	209,219,351	9,962,826

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES 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 securities till 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 net asset value and profit after tax to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) (2019: 1%; 100 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2020</u>	<u>2019</u>
	SGD	SGD
+ 2% (2019: 1%)	(358,481)	(131,634)
- 2% (2019: 1%)	360,206	131,471

The Fund's exposure to interest rate risk associated with deposit with licensed financial institutions is not material as the deposits are held on a short term basis.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies other than the functional currency of the Fund. When the foreign currencies fluctuate in an unfavourable movement against the functional currency, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus the functional currency based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> SGD	<u>Unquoted Fixed Income securities</u> SGD	<u>Cash and cash equivalents</u> SGD	<u>Other assets</u> SGD	<u>Total</u> SGD
<u>2020</u>					
<u>Financial assets</u>					
Euro	-	791,134	12,401	-	803,535
Australian Dollar	-	-	4	-	4
Malaysian Ringgit	-	-	647,136	40,646	687,782
United States Dollar	6,004,780	21,625,224	272,213	-	27,902,217
	<u>6,004,780</u>	<u>22,416,358</u>	<u>931,754</u>	<u>40,646</u>	<u>29,393,538</u>
		<u>Forward foreign currency contract</u> SGD	<u>Other payables**</u> SGD	<u>Net assets attributable to unitholders</u> SGD	<u>Total</u> SGD
<u>Financial liabilities</u>					
Euro		(50)	-	-	(50)
Malaysian Ringgit		-	(495,789)	(63,718,932)	(64,214,721)
		<u>(50)</u>	<u>(495,789)</u>	<u>(63,718,932)</u>	<u>(64,214,771)</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> SGD	<u>Unquoted Fixed Income securities</u> SGD	<u>Forward foreign currency contract</u> SGD	<u>Cash and cash equivalents</u> SGD	<u>Other assets</u> SGD	<u>Total</u> SGD
<u>2019</u>						
<u>Financial assets</u>						
Euro	1,567,726	2,243,319	8,967	15,713	-	3,835,725
Malaysian Ringgit	-	-	-	89,354	1,914	91,268
United States Dollar	6,608,529	41,318,146	49,112	3,080,385	-	51,056,172
	<u>8,176,255</u>	<u>43,561,465</u>	<u>58,079</u>	<u>3,185,452</u>	<u>1,914</u>	<u>54,983,165</u>
				<u>Other payables**</u> SGD	<u>Net assets attributable to unitholders</u> SGD	<u>Total</u> SGD
<u>Financial liabilities</u>						
Malaysian Ringgit				(515,234)	(72,626,841)	(73,142,075)
				<u>(515,234)</u>	<u>(72,626,841)</u>	<u>(73,142,075)</u>

**Other payables consist of amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee and other payables and accruals

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(b) Currency risk (continued)

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

	Change in rate %	Impact on profit after tax/NAV SGD
<u>2020</u>		
Euro	+/- 6.68	+/- 53,673
Australian Dollar	+/- 8.59	+/- 0.34
Malaysian Ringgit	+/- 4.03	-/+ 2,560,136
United States Dollar	+/- 4.64	+/- 1,294,663
<u>2019</u>		
Euro	+/- 5	+/- 191,786
Malaysian Ringgit	+/- 5	-/+ 21,198
United States Dollar	+/- 5	+/- 2,552,809

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Credit risk

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

The settlement terms of amount due from brokers are governed by the relevant rules and regulations as prescribed by the respective stock exchange.

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 Unit Trust Funds.

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

	Unquoted fixed income securities SGD	Cash and cash equivalents SGD	Other assets* SGD	Total SGD
<u>2020</u>				
Consumer Goods				
- BBB-	2,474,101	-	-	2,474,101
- NR	5,593,083	-	-	5,593,083
Consumer Services				
- Ba2	1,639,895	-	-	1,639,895
- NR	4,069,692	-	-	4,069,692
Financial Services				
- AAA	-	639,509	-	639,509
- AA1	-	21,076,757	-	21,076,757
- A3	2,815,431	-	-	2,815,431
- Baa1	3,378,721	-	-	3,378,721
- Baa2	2,497,038	-	-	2,497,038
- Baa3	18,747,594	-	-	18,747,594
- BBB	4,203,328	-	-	4,203,328
- BBB-	644,608	-	-	644,608
- Ba1	7,559,392	-	-	7,559,392
- Ba2	7,616,881	-	-	7,616,881
- Ba3	1,274,673	-	-	1,274,673
- BB-	5,769,567	-	-	5,769,567

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD	
<u>2020</u> (continued)					
Financial Services (continued)					
- B1	1,342,420	-	-	1,342,420	
- NR	20,139,938	-	23,973	20,163,911	
Health Care					
- NR	711,411	-	-	711,411	
Industrials					
- NR	2,832,437	-	-	2,832,437	
Quasi-Gov					
- NR	2,013,005	-	-	2,013,005	
Telecommunications					
- NR	1,238,349	-	-	1,238,349	
Others					
- NR	-	-	98,136	98,136	
	<u>96,561,564</u>	<u>21,716,266</u>	<u>122,109</u>	<u>118,399,939</u>	
<u>2019</u>					
	Unquoted fixed income <u>securities</u> SGD	Forward foreign currency <u>contracts</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
Consumer Goods					
- NR	5,843,512	-	-	-	5,843,512
Consumer Services					
- Ba2	1,294,358	-	-	-	1,294,358
- NR	1,022,527	-	-	-	1,022,527
Financial Services					
- AAA	-	-	5,911,963	-	5,911,963
- AA1	-	-	3,572,829	-	3,572,829
- AA3	-	79,503	-	-	79,503
- A1	1,260,570	-	-	-	1,260,570
- A2	3,807,733	-	-	-	3,807,733
- A3	2,710,129	-	-	-	2,710,129
- A-	4,151,260	-	-	-	4,151,260
- Baa1	13,303,262	-	-	-	13,303,262
- Baa2	5,140,989	-	-	-	5,140,989

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> SGD	Forward foreign currency <u>contracts</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>2019</u> (continued)					
Financial Services (continued)					
- Baa3	17,151,065	-	-		17,151,065
- BBB-	11,685,785	-	-		11,685,785
- Ba1	6,416,767	-	-		6,416,767
- Ba2	3,549,014	-	-		3,549,014
- BB-	5,940,567	-	-		5,940,567
- B1	1,376,375	-	-		1,376,375
- NR	21,448,655	4,117	-		21,452,772
Health Care					
- NR	3,335,759	-	-		3,335,759
Industrials					
- Baa1	3,328,212	-	-	-	3,328,212
- NR	5,778,921	-	-	-	5,778,921
Oil & Gas					
- Baa1	2,113,584	-	-	-	2,113,584
- Baa2	2,875,607	-	-	-	2,875,607
- Baa3	2,474,408	-	-	-	2,474,408
Others					
- NR	-	-	-	51,664	51,664
	<u>126,009,059</u>	<u>83,620</u>	<u>9,484,792</u>	<u>51,664</u>	<u>135,629,135</u>

* Other assets consist of dividend receivables, amount due from broker and amount due from Manager.

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.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Liquidity risk (continued)

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.

	Within <u>one month</u> SGD	Between <u>one month</u> <u>to one year</u> SGD	<u>Total</u> SGD
<u>2020</u>			
Amount due to Manager			
- management fees	209,670	-	209,670
- cancellation of units	610,164	-	610,164
Amount due to Trustee	11,582	-	11,582
Auditors' remuneration	-	5,484	5,484
Tax agent fee	-	2,668	2,668
Other payables and accruals	-	11,930	11,930
Forward foreign currency contracts	-	50	50
Net assets attributable to unitholders	154,129,963	-	154,129,963
	<u>154,961,379</u>	<u>20,132</u>	<u>154,981,511</u>
<u>2019</u>			
Amount due to Manager			
- management fees	267,212	-	267,212
- cancellation of units	750,926	-	750,926
Amount due to Trustee	14,726	-	14,726
Amount due to brokers	300,972	-	300,972
Auditors' remuneration	-	4,795	4,795
Tax agent fee	-	2,384	2,384
Other payables and accruals	(138)	12,057	11,919
Forward foreign currency contracts	-	25,541	25,541
Net assets attributable to unitholders	208,855,086	-	208,855,086
	<u>210,188,784</u>	<u>44,777</u>	<u>210,233,561</u>

Units are cancelled on demand at the unitholder's option (Note K). However, the Manager does not envisage the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders typically retain them for the medium to long term returns.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by 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 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 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 SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (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> SGD	<u>Level 2</u> SGD	<u>Level 3</u> SGD	<u>Total</u> SGD
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	36,581,572	-	-	36,581,572
- unquoted fixed income securities	-	96,561,564	-	96,561,564
	<u>36,581,572</u>	<u>96,561,564</u>	<u>-</u>	<u>133,143,136</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	(50)	-	(50)
	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(50)</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	74,586,378	-	-	74,586,378
- unquoted fixed income securities	-	126,009,059	-	126,009,059
- forward foreign currency contracts	-	83,620	-	83,620
	<u>74,586,378</u>	<u>126,092,679</u>	<u>-</u>	<u>200,697,057</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

	<u>Level 1</u> SGD	<u>Level 2</u> SGD	<u>Level 3</u> SGD	<u>Total</u> SGD
<u>2019</u> (continued)				
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	(25,541)	-	(25,541)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments.

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

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

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the net asset value (NAV) of the Fund calculated on a daily basis.

For the financial year ended 31 March 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum on the net asset value (NAV) of the Fund, subject to a minimum fee of RM18,000 per annum, excluding of foreign custodian fees and charges.

For the financial year ended 31 March 2020, the Trustee's fee is recognised at a rate of 0.08% (2019: 0.08%) per annum on the NAV of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the Fund's Prospectus.

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

6 TAXATION

	<u>2020</u> SGD	<u>2019</u> SGD
Current taxation – foreign	-	10,830

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

	<u>2020</u> SGD	<u>2019</u> SGD
Net loss before taxation	(8,686,387)	(430,683)
Tax at Malaysian statutory rate of 24% (2019: 24%)	(2,084,733)	(103,364)
Tax effects of:		
Investment loss not brought to tax/ (Investment income not subject to tax)	1,278,496	(892,390)
Expenses not deductible for tax purposes	148,794	215,801
Restriction on tax deductible expenses for Unit Trust Funds	657,443	779,953
Foreign investment income subject to foreign tax rate	-	10,830
Tax expense	-	10,830

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

7 DISTRIBUTIONS

	<u>2020</u> SGD	<u>2019</u> SGD
Distributions to unitholders are derived from the following sources:		
Previous years' realised income	5,468,495	6,733,847
Gross realised income	5,468,495	6,733,847
Less: Expenses	-	-
Net distribution amount	<u>5,468,495</u>	<u>6,733,847</u>
	Gross/net distribution per unit (sen)	
	<u>RM class</u> RM	<u>SGD class</u> SGD
<u>2020</u>		
19.06.2019	0.25	0.25
18.09.2019	0.25	0.25
18.12.2019	1.25	1.00
18.03.2020	0.25	0.25
	<u>2.00</u>	<u>1.75</u>
<u>2019</u>		
13.06.2018	0.25	0.25
19.09.2018	0.25	0.25
10.12.2018	1.25	1.00
20.03.2019	0.25	0.25
	<u>2.00</u>	<u>1.75</u>

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Distribution for the financial year of SGD5,468,495 (2019: SGD6,733,847) was made from previous years' realised income.

There are unrealised losses of SGD15,487,106 during the financial year (2019: SGD5,104,604).

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> SGD	<u>2019</u> SGD
Designated at fair value through profit or loss at inception		
- quoted equities – foreign	36,581,572	74,586,378
- unquoted fixed income securities – foreign	96,561,564	126,009,059
	<u>133,143,136</u>	<u>200,595,437</u>
Net loss on financial assets at fair value through profit or loss		
- realised gain on sale of investments	1,700,096	464,627
- unrealised loss on changes in fair value	(16,549,329)	(4,551,824)
	<u>(14,849,233)</u>	<u>(4,087,197)</u>

(a) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 March 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost SGD</u>	<u>Fair value SGD</u>	<u>Percentage of NAV %</u>
<u>Consumer Services</u>				
Sheng Siong Group Ltd	950,000	1,108,840	1,121,000	0.73
<u>Financial Services</u>				
Ascendas Real Estate Investment Trust	884,400	2,761,952	2,467,476	1.60
CapitaLand Commercial Trust	898,200	1,853,166	1,356,282	0.88
CapitaLand Retail China Trust	1,715,800	2,521,371	2,076,118	1.35
City Developments Ltd	336,900	3,604,324	2,432,418	1.58
DBS Group Holdings Ltd	68,800	1,744,851	1,276,928	0.83
Frasers Logistic & Indus Trust	3,531,100	3,603,794	3,036,746	1.97
Manulife US Real Estate Investment Trust	3,039,632	3,294,105	3,103,894	2.01
Mapletree North Asia Com Trust	2,283,200	2,578,311	1,837,976	1.19
Prime US REIT	3,379,200	4,121,622	2,968,034	1.93
Singapore Exchange Ltd	440,400	3,846,325	4,029,660	2.61
UOL Group Ltd	247,600	1,871,220	1,626,732	1.06
	<u>16,825,232</u>	<u>31,801,041</u>	<u>26,212,264</u>	<u>17.01</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2020 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost SGD</u>	<u>Fair value SGD</u>	<u>Percentage of NAV %</u>
<u>Industrials</u>				
Singapore Tech Engineering Ltd	454,700	1,546,973	1,418,664	0.92
UMS Holdings Ltd	2,374,100	2,428,065	1,471,942	0.96
Venture Corp Ltd	159,700	2,646,190	2,167,129	1.41
	<u>2,988,500</u>	<u>6,621,228</u>	<u>5,057,735</u>	<u>3.29</u>
<u>Technology</u>				
AEM Holdings Ltd	915,500	1,779,656	1,528,885	0.99
NetLink NBN Trust	1,300,000	1,054,188	1,170,000	0.76
	<u>2,215,500</u>	<u>2,833,844</u>	<u>2,698,885</u>	<u>1.75</u>
<u>Telecommunications</u>				
Singapore Telecom Ltd	589,600	2,021,444	1,491,688	0.97
	<u>589,600</u>	<u>2,021,444</u>	<u>1,491,688</u>	<u>0.97</u>
Total quoted equities – foreign	<u>23,568,832</u>	<u>44,386,397</u>	<u>36,581,572</u>	<u>23.75</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(7,804,825)</u>		
Total quoted equities – foreign		<u>36,581,572</u>		

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 March 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost SGD</u>	<u>Fair value SGD</u>	<u>Percentage of NAV %</u>
<u>Consumer Services</u>				
Genting Singapore PLC	6,166,200	6,489,320	6,351,186	3.04
<u>Financial Services</u>				
Ascendas Real Estate Investment Trust	1,132,700	2,876,208	3,296,157	1.58
Capitaland Ltd	1,800,400	6,109,411	6,571,460	3.15
Cromwell European REIT	2,102,180	1,544,692	1,567,726	0.75
DBS Group Holdings Ltd	500,562	12,353,577	12,614,162	6.04
ESR REIT	528,000	215,262	279,840	0.13
Fraser's Logistic & Indus Trust	1,367,300	1,205,337	1,572,395	0.75
Fraser's Property Ltd	1,334,900	2,424,676	2,402,820	1.15
Great Eastern Holdings Ltd	30,800	801,284	802,956	0.38
Keppel DC REIT	1,599,000	2,189,506	2,398,500	1.15
Keppel-KBS US REIT	4,244,103	4,517,441	3,996,657	1.91
Manulife US Real Estate Investment Trust	2,254,549	2,325,003	2,611,872	1.25
Mapletree Industrial Trust	1,520,200	2,955,269	3,192,420	1.53
Mapletree Logistics Trust	784,679	951,460	1,145,631	0.55
Mapletree North Asia Commercial Trust	1,268,700	1,332,186	1,661,997	0.80
United Overseas Bank Ltd	415,800	10,585,577	10,465,686	5.01
	<u>20,883,873</u>	<u>52,386,889</u>	<u>54,580,279</u>	<u>26.13</u>
<u>Industrials</u>				
HRnetgroup Ltd	433,300	389,970	335,808	0.16
NetLink NBN Trust	2,768,100	2,145,278	2,297,523	1.10
Singapore Tech Engineering Ltd	1,697,600	5,775,549	6,349,024	3.04
Venture Corp Ltd	260,600	4,765,731	4,672,558	2.24
	<u>5,159,600</u>	<u>13,076,528</u>	<u>13,654,913</u>	<u>6.54</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 March 2019 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Total quoted equities – foreign	<u>32,209,673</u>	71,952,737	<u>74,586,378</u>	<u>35.71</u>
Accumulated unrealised gain on quoted equities – foreign		<u>2,633,641</u>		
Total quoted equities – foreign		<u>74,586,378</u>		

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 March 2020 are as follows:

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Bonds				
4.75% ABN AMRO Bank NV (Call: 01.04.2021)(Baa2)	2,500,000	2,618,118	2,497,038	1.62
6% Banco Bilbao Vizcaya Arg SA (Call: 29.03.2024)(Ba2)	939,240	918,343	791,134	0.51
6.5% Banco Bilbao Vizcaya Arg SA (Call: 05.03.2025)(Ba2)	571,280	558,523	441,930	0.29
3.65% CapitaLand Treasury Ltd (Call: 17.10.2024)(NR)	1,000,000	1,016,700	1,012,100	0.66
4% China Life Insurance Co. Ltd (Call: 03.07.2020)(A3)	2,856,400	2,804,298	2,815,431	1.83
4.85% Ciputra Development Tbk PT (20.09.2021)(BB-)	6,000,000	6,003,872	5,769,567	3.74
5.625% Credit Suisse Group AG (Call: 06.06.2024)(Ba2)	3,250,000	3,324,759	2,869,850	1.86
3.725% Danga Capital Bhd (11.08.2020)(NR)	2,000,000	2,020,558	2,013,005	1.31
3.95% ESR-MTN Pte Ltd (21.05.2020)(Baa3)	2,000,000	2,028,570	2,024,170	1.31
4.125% Ford Motor Credit Co LLC (20.06.2024)(BBB-)	2,500,000	2,521,774	2,474,101	1.61
4% Franshion Brilliant Ltd (Call: 03.01.2023)(Baa3)	714,100	673,380	674,080	0.44
4.98% Frasers Property Treasury Pte (Call: 11.04.2024)(NR)	6,000,000	6,151,061	5,622,623	3.65
4.6% GLL IHT Pte Ltd (Call: 23.01.2023)(NR)	3,000,000	3,012,083	2,825,388	1.83
4.65% Hotel Properties Ltd (Call: 05.05.2022)(NR)	1,000,000	1,023,168	942,155	0.61
4.7% HSBC Holdings PLC (Call: 08.06.2022)(Baa3)	3,000,000	3,044,170	2,774,425	1.80
6.25% HSBC Holdings PLC (Call: 23.03.2023)(Baa3)	2,142,300	2,084,584	1,952,213	1.27
6.375% HSBC Holdings PLC (Call: 17.09.2024)(Baa3)	714,100	699,581	663,227	0.43
5.375% ICICI Bank UK PLC (Call: 26.09.2023)(Ba1)	2,500,000	2,499,656	2,327,209	1.51
3.9% Jollibee Worldwide Pte Ltd (Call: 23.01.2025)(NR)	1,428,200	1,605,814	1,136,633	0.74
5.75% Julius Baer Group Ltd (Call: 20.04.2022)(Baa3)	1,250,000	1,308,811	1,168,794	0.76

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(i) Unquoted fixed income securities – foreign as at 31 March 2020 are as follows:
(continued)

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Bonds (continued)				
5.9% Julius Baer Group Ltd (Call: 18.11.2020)(Baa3)	6,000,000	6,186,697	5,858,532	3.80
4.5% LS Finance Ltd (26.06.2025)(Ba2)	1,713,840	1,637,064	1,639,895	1.06
4.18% Mapletree Logistics Trust (Call: 25.11.2021)(NR)	1,500,000	1,521,988	1,487,938	0.97
4.5% Mapletree Treasury Services (Call: 19.01.2022)(NR)	1,500,000	1,513,500	1,494,900	0.97
5.75% NWD Finance BVI Ltd (Call: 05.10.2021)(NR)	2,856,400	2,721,524	2,787,248	1.81
4.25% Parkway Pantai Ltd (Call: 27.07.2022)(NR)	714,100	690,560	711,411	0.46
6.125% Shimao Property Holdings Ltd (Call: 21.02.2022)(BBB-)	642,690	618,829	644,608	0.42
4% Singapore Press Holdings Ltd (Call: 12.05.2025)(NR)	2,000,000	2,030,904	1,990,904	1.29
4.3% Societe Generale SA (Call: 19.05.2021)(Baa3)	2,250,000	2,295,664	2,301,944	1.49
6.125% Societe Generale SA (Call: 16.04.2024)(Ba2)	4,000,000	4,112,767	3,513,967	2.28
4.1% SPH REIT (Call: 30.08.2024)(NR)	1,000,000	1,003,707	1,013,607	0.66
5.375% Standard Chartered PLC (Call: 03.10.2024)(Ba1)	3,500,000	4,445,858	3,093,839	2.01
3.95% StarHub Limited (Call: 16.06.2022)(NR)	1,250,000	1,253,897	1,238,349	0.80
6.25% Svenska Handelsbanken AB (Call: 01.03.2024)(Baa3)	1,428,200	1,368,720	1,330,209	0.86
4.85% UBS Group AG (Call: 04.09.2024)(Ba1)	2,500,000	2,530,260	2,138,344	1.39
5.875% UBS Grp Funding Switzerland AG (Call: 28.11.2023)(BBB)	4,500,000	4,618,391	4,203,328	2.73
3.58% United Overseas Bank Ltd (Call: 17.07.2026)(Baa1)	2,000,000	2,014,712	1,999,912	1.30
3.875% United Overseas Bank Ltd (Call: 19.10.2023)(Baa1)	1,428,200	1,305,793	1,378,809	0.89
4.48% Wing Tai Holdings Ltd (Call: 24.05.2024)(NR)	4,000,000	4,037,565	3,896,134	2.53

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(i) Unquoted fixed income securities – foreign as at 31 March 2020 are as follows:
(continued)

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Bonds (continued)				
4.25% Wing Tai Properties Fin Ltd (29.11.2022)(NR)	4,500,000	4,558,551	4,643,273	3.01
4.35% Wing Tai Properties Fin Ltd (Call: 24.08.2020)(NR)	1,000,000	1,001,031	949,810	0.62
6.8% Yanlord Land HK Co Ltd (Call: 27.02.2022)(Ba3)	1,428,200	1,392,641	1,274,673	0.83
7.85% Yinson Juniper Ltd (Call: 05.10.2022)(NR)	714,100	708,477	751,344	0.49
8.1% Yinson Juniper Ltd (Call: 29.03.2024)(NR)	2,142,300	2,028,119	2,081,093	1.35
8.5% Yuzhou Properties Co Ltd (Call: 04.02.2022)(B1)	1,428,200	1,412,939	1,342,420	0.87
Total unquoted fixed income securities – foreign	<u>101,361,850</u>	<u>102,927,981</u>	<u>96,561,564</u>	<u>62.65</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(6,366,417)</u>		
Total unquoted fixed income securities – foreign		<u>96,561,564</u>		

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(ii) Unquoted fixed income securities – foreign as at 31 March 2019 are as follows:

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Bonds				
5.875% UBS Grp Funding Switzerland AG (Call: 28.11.2023) (BBB-)	3,500,000	3,576,053	3,670,656	1.76
3.75% Landesbank Baden-Wuerttemberg (Call: 18.05.2022) (Baa2)	2,500,000	2,534,418	2,532,918	1.21
5.875% Banco Bilbao Vizcaya Arg SA (Call: 24.09.2023) (Ba2)	400,000	604,447	591,969	0.28
6.00% Banco Bilbao Vizcaya Arg SA (Call: 29.03.2024) (Ba2)	600,000	912,318	900,658	0.43
4.70% DBS Group Holdings Ltd (Call: 13.06.2019) (Baa1)	3,000,000	3,053,947	3,059,470	1.47
2.223% Housing & Development Board (28.05.2019) (NR)	2,000,000	2,015,849	2,015,429	0.96
4.88% Frasers Property Treasury Pte (Call: 24.09.2019) (NR)	1,500,000	1,503,168	1,507,404	0.72
3.95% GLL IHT Pte Ltd (01.04.2019) (NR)	1,250,000	1,274,669	1,275,745	0.61
5.00% Ascott Residence Trust (Call: 27.10.2019) (NR)	1,500,000	1,575,368	1,539,894	0.74
5.00% Frasers Property Treasury Pte (Call: 09.03.2020) (NR)	4,000,000	4,018,093	4,049,003	1.94
3.78% Ascott Capital Pte Ltd (16.08.2019) (NR)	2,250,000	2,271,303	2,272,178	1.09
3.95% ESR-MTN Pte Ltd (21.05.2020) (Baa3)	2,000,000	2,028,353	2,030,353	0.97
4.18% Mapletree Logistics Trust (Call: 25.11.2021) (NR)	1,500,000	1,521,816	1,545,966	0.74
4.50% Mapletree Treasury Services (Call: 19.01.2022) (NR)	1,500,000	1,513,315	1,547,965	0.74
3.62% GLL IHT Pte Ltd (30.03.2021) (NR)	1,000,000	998,589	1,005,899	0.48
4.65% Hotel Properties Ltd (Call: 05.05.2022) (NR)	1,000,000	1,024,985	1,022,527	0.49
4.85% Ciputra Development Tbk PT (20.09.2021) (BB-)	6,000,000	6,000,288	5,940,567	2.85
3.08% FH-REIT Treasury Pte Ltd (08.11.2024) (Baa2)	2,000,000	2,026,322	1,999,702	0.96
4.60% GLL IHT Pte Ltd (Call: 23.01.2023) (NR)	4,000,000	4,009,621	3,996,279	1.91
4.00% PSA Corp Ltd (05.06.2019) (NR)	1,000,000	1,016,273	1,015,622	0.49

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(ii) Unquoted fixed income securities – foreign as at 31 March 2019 are as follows:
(continued)

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Bonds (continued)				
5.00% Westpac Banking Corp (Call: 21.09.2027) (Baa2)	500,000	597,667	608,369	0.29
4.875% Pertamina PT (03.05.2022) (Baa2)	2,000,000	2,875,333	2,875,607	1.38
4.875% PTT Exploration & Production (Call: 18.06.2019) (Baa3)	1,800,000	2,505,493	2,474,408	1.18
4.25% Wing Tai Properties Fin Ltd (29.11.2022) (NR)	4,500,000	4,555,872	4,627,899	2.22
5.508% Banco Santander SA (Call: 12.06.2019) (Ba1)	500,000	762,888	750,692	0.36
3.75% United Overseas Bank Ltd (Call: 19.09.2019) (A2)	2,800,000	3,853,099	3,807,733	1.82
6.375% Banco Santander SA (Call: 19.05.2019) (Ba1)	1,600,000	2,210,163	2,168,232	1.04
6.50% Chong Hing Bank Ltd (Call: 25.09.2019) (Ba2)	1,500,000	2,059,925	2,056,387	0.99
4.25% Far East Horizon Ltd (08.10.2019) (BBB-)	4,750,000	4,854,941	4,871,964	2.33
4.50% LS Finance Ltd (26.06.2025) (Ba2)	1,000,000	1,364,841	1,294,358	0.62
4.00% China Life Insurance Co. Ltd (Call: 03.07.2020) (A3)	2,000,000	2,760,888	2,710,129	1.30
2.75% Bank of China Ltd/Singapore (30.06.2019) (A1)	1,250,000	1,260,341	1,260,570	0.60
4.50% COSL Singapore Capital Ltd (30.07.2025) (Baa1)	1,500,000	2,114,748	2,113,584	1.01
5.90% Julius Baer Group Ltd (Call: 18.11.2020) (Baa3)	6,000,000	6,270,198	6,270,962	3.00
4.30% Societe Generale SA (Call: 19.05.2021) (Baa3)	2,250,000	2,304,106	2,316,979	1.11
5.75% NWD Finance BVI Ltd (Call: 05.10.2021) (NR)	2,000,000	2,687,612	2,708,322	1.30
4.25% Dah Sing Bank Ltd (Call: 30.11.2021) (Baa1)	3,180,000	4,419,401	4,387,554	2.10
6.25% Times Property Holdings Ltd (Call: 17.04.2019) (B1)	1,000,000	1,385,230	1,376,375	0.66
4.875% Commerzbank AG (Call: 01.03.2022) (BBB-)	2,500,000	2,555,134	2,516,601	1.20

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(ii) Unquoted fixed income securities – foreign as at 31 March 2019 are as follows:
(continued)

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
Bonds (continued)				
3.20% Huarong Finance 2017 Co (27.04.2021) (Baa1)	4,500,000	4,562,373	4,530,495	2.17
4.70% HSBC Holdings PLC (Call: 08.06.2022) (Baa3)	3,000,000	3,043,688	3,095,638	1.48
4.25% Parkway Pantai Ltd (Call: 27.07.2022) (NR)	2,500,000	3,451,416	3,335,759	1.60
4.35% Wing Tai Properties Fin Ltd (Call: 24.08.2020) (NR)	1,250,000	1,241,058	1,215,613	0.58
7.85% Yinson Juniper Ltd (Call: 05.10.2022) (NR)	500,000	707,072	714,523	0.34
2.75% HPHT Finance Ltd (11.09.2022) (Baa1)	2,500,000	3,354,427	3,328,212	1.59
3.875% United Overseas Bank Ltd (Call: 19.10.2023) (Baa1)	1,000,000	1,284,803	1,325,743	0.63
3.00% Manulife Financial Corp (Call: 21.11.2024) (A-)	4,250,000	4,227,598	4,151,260	1.99
5.375% ICICI Bank UK PLC (Call: 26.09.2023) (Ba1)	3,500,000	3,498,613	3,497,842	1.68
5.00% HSBC Holdings PLC (Call: 24.09.2023) (Baa3)	2,000,000	2,002,192	2,064,192	0.99
6.25% Svenska Handelsbanken AB (Call: 01.03.2024) (Baa3)	1,000,000	1,371,282	1,372,940	0.66
6.125% Shimao Property Holdings Ltd (Call: 21.02.2022) (BBB-)	450,000	614,953	626,564	0.30
8.10% Yinson Juniper Ltd (Call: 29.03.2024) (NR)	1,500,000	2,028,065	2,033,349	0.97
Total unquoted fixed income securities – foreign	<u>113,080,000</u>	<u>126,264,615</u>	<u>126,009,059</u>	<u>60.33</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(255,556)</u>		
Total unquoted fixed income securities – foreign		<u>126,009,059</u>		

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2020</u> SGD	<u>2019</u> SGD
Cash and bank balances	21,076,757	3,590,879
Deposits with licensed financial institutions	639,509	5,911,963
	<u>21,716,266</u>	<u>9,502,842</u>

Weighted average effective interest rates per annum of deposits with licensed financial institutions are as follows

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	<u>2.55</u>	<u>2.39</u>

Deposits with licensed financial institutions of the Fund have an average maturity of 1 day (2019: 2 days).

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there is 1 outstanding forward foreign currency contract (2019: 11). The notional principal amount of the outstanding forward foreign currency contracts amounted to SGD627,080 (2019: SGD25,055,098). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in United States Dollar. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

11 NUMBER OF UNITS IN CIRCULATION

(a) RM class units in circulation

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	340,339,000	345,103,000
Creation of units arising from applications during the financial year	179,468,424	43,711,399
Creation of units arising from distribution during the financial year	9,047,037	9,615,799
Cancellation of units during the financial year	(202,911,461)	(58,091,198)
At the end of the financial year	<u>325,943,000</u>	<u>340,339,000</u>

(b) SGD class units in circulation

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	248,072,000	264,284,000
Creation of units arising from applications during the financial year	25,791,683	21,397,655
Creation of units arising from distribution during the financial year	4,913,089	7,052,895
Cancellation of units during the financial year	(98,844,772)	(44,662,550)
At the end of the financial year	<u>179,932,000</u>	<u>248,072,000</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transaction with the top 10 brokers and dealers for the financial year ended 31 March 2020 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %	Brokerage fees SGD	Percentage of total <u>brokerage</u> %
Euroclear Bank S.A/N.V	132,801,994	41.71	-	-
Macquarie Bank Ltd. (Hong Kong)	36,256,383	11.39	45,323	12.98
DBS Vickers Securities (Singapore) Pte Ltd.	26,030,838	8.18	98,708	28.27
Citigroup Global Markets Ltd.	25,008,052	7.85	65,463	18.75
CLSA Singapore Pte Ltd.	21,438,985	6.73	49,438	14.16
JP Morgan Securities (Asia Pacific)	17,817,785	5.60	20,005	5.73
CIMB Securities (Singapore) Pte Ltd	15,712,019	4.93	37,709	10.80
DBS Bank Ltd.	8,250,000	2.59	-	-
Australia And New Zealand Banking Group Ltd.	5,636,226	1.77	-	-
Standard Chartered Bank Malaysia Berhad	4,906,250	1.54	-	-
Others#	24,535,102	7.71	32,491	9.31
	<u>318,393,634</u>	<u>100.00</u>	<u>349,137</u>	<u>100.00</u>

- (ii) Details of transaction with the top 10 brokers and dealers for the financial year ended 31 March 2019 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %	Brokerage fees SGD	Percentage of total <u>brokerage</u> %
Euroclear Bank	102,288,202	23.78	-	-
Citigroup Global Markets Ltd	48,345,189	11.24	123,052	20.19
Clsa Singapore Pte Ltd	36,210,915	8.42	78,800	12.92
Macquarie Bank Ltd (Hong Kong)	33,384,893	7.76	79,047	12.96
DBS Bank Ltd	33,127,750	7.70	-	-
DBS Vickers Securities (Singapore) Pte Ltd	21,566,107	5.01	68,751	11.27
Standard Chartered Bank Malaysia Bhd	20,007,525	4.65	-	-

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

(ii) Details of transaction with the top 10 brokers and dealers for the financial year ended 31 March 2019 are as follows: (continued)

<u>Name of brokers/dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %	Brokerage <u>fees</u> SGD	Percentage of total <u>brokerage</u> %
Morgan Stanley and Co. International Plc	17,476,006	4.06	41,609	6.82
Sanford Bernstein	15,772,810	3.67	37,855	6.21
JP Morgan Securities (Asia Pacific)	14,493,161	3.37	55,398	9.08
Others#	87,510,216	20.34	125,277	20.55
	<u>430,182,774</u>	<u>100.00</u>	<u>609,789</u>	<u>100.00</u>

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

<u>Name of brokers/dealers</u>	<u>2020</u> SGD	<u>2019</u> SGD
Nomura Singapore Ltd	-	718,500
RHB Investment Bank Bhd	-	1,193,079
RHB Bank Bhd	276,547	-
	<u>276,547</u>	<u>1,911,579</u>

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

	<u>2020</u> SGD	<u>2019</u> SGD
Affin Hwang Flexible Maturity Income Fund 5	-	449,008
Affin Hwang Flexible Maturity Income Fund 6	-	744,071
Affin Hwang Select Bond Fund	-	718,500
Private mandate	276,547	-
	<u>276,547</u>	<u>1,911,579</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

13 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>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager

The units held by the Manager and parties related to the Manager as at the end of the financial year are as follows:

	<u>2020</u>		<u>2019</u>	
	No. of units	SGD	No. of units	SGD
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purpose)				
- RM class	8,120	1,587	32,800	7,000
- SGD class	2,545	1,279	3,122	1,714
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Director of the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)				
- SGD class	-	-	142,434	78,211
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

14 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2020</u> %	<u>2019</u> %
MER	1.65	1.63

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is SGD183,437,167 (2019: SGD216,697,571).

15 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2020</u> %	<u>2019</u> %
PTR (times)	0.93	1.21

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 = SGD143,967,446 (2019: SGD256,293,865)
total disposal for the financial year = SGD196,021,405 (2019: SGD266,820,367)

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in our opinion as the Manager, the financial statements set out on pages 1 to 48 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 31 March 2020 and of its financial performance, net assets attributable to unitholders and cash flows for the financial year ended 31 March 2020 in accordance with the Malaysia Financial Reporting Standards, International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
18 May 2020

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select SGD Income Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2020, and of its financial performance and its cash flows for the financial year then ended 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 31 March 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders 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 48.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“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 SELECT SGD INCOME 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 the 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 to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE UNITHOLDERS OF AFFIN HWANG SELECT SGD INCOME 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 of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

OTHER MATTERS

This report is made solely to the unit holders 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 May 2020

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