

Affin Hwang

Select Balanced Fund

Annual Report
31 March 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (001281T)

AFFIN HWANG SELECT BALANCED FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 31 March 2022

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FUND INFORMATION

Fund Name	Affin Hwang Select Balanced Fund
Fund Type	Growth & Income
Fund Category	Balanced
Investment Objective	To provide investors an affordable access into a diversified investment portfolio containing a 'balanced' mixture of equities and fixed income securities to achieve a balance of growth and income over medium to long-term
Benchmark	The benchmark to be used by the Manager in measuring the performance of the Fund will be a weighted average of FTSE Bursa Malaysian Top 100 Index ("FBM 100") performance (for equity investment) and current Maybank 12-month fixed deposit rate.
Distribution Policy	Subject to the availability of income, the Fund will distribute income on a semi-annual basis. However, the amount of income available for distribution may fluctuate from year to year.

FUND PERFORMANCE DATA

Category	As at 31 Mar 2022 (%)	As at 31 Mar 2021 (%)	As at 31 Mar 2020 (%)
Portfolio composition			
Quoted equities – local			
- Construction	0.09	-	-
- Consumer products & services	8.93	7.24	2.53
- Energy	-	-	-
- Financials services	7.69	4.87	-
- Industrial products & services	0.80	5.14	4.80
- Healthcare	-	-	2.24
- Technology	8.04	4.96	3.91
- Telecommunications & media	-	4.06	-
- Utilities	1.22	-	-
Total quoted equities – local	26.77	26.27	13.48
Quoted equities – foreign			
- Consumer discretionary	6.2	9.38	-
- Consumer staples	2.53	1.95	-
- Consumer goods	-	-	4.04
- Consumer services	-	-	3.92
- Energy	0.5	-	-
- Financial services	0.51	4.60	6.42
- Healthcare	-	-	-
- Industrials	-	1.97	2.23
- Oil & gas	-	-	-
- Real estate	1.95	1.16	-
- Technology	3.92	10.37	10.1
- Telecommunications	-	-	-
- Utilities	-	-	-
Total quoted equities – foreign	15.61	29.43	26.71
Unquoted fixed income securities – local	42.71	39.01	42.84
Collective investment scheme	-	-	-
Cash and cash equivalent	14.91	5.29	16.97
Total	100.00	100.00	100.00
Total NAV (RM'million)	311.271	307.517	214.848
NAV per Unit (RM)	0.7159	0.7777	0.6050
Unit in Circulation (million)	434.800	395.422	355.119
Highest NAV	0.7940	0.8108	0.6633
Lowest NAV	0.6914	0.6017	0.5854
Return of the Fund (%) ⁱⁱⁱ	-4.61	33.90	-2.18
- Capital Growth (%) ⁱ	-7.95	28.55	-6.61
- Income Distribution (%) ⁱⁱ	3.62	4.17	4.74
Gross Distribution per Unit (sen)	2.70	3.00	3.00
Net Distribution per Unit (sen)	2.70	3.00	3.00
Total Expense Ratio (%) ¹	1.60	1.61	1.60
Portfolio Turnover Ratio (times) ²	0.72	1.19	1.17

¹The TER of the Fund was lower than previous year due to higher 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.

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

MANAGER'S REPORT**Income Distribution / Unit Split**

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
15-Jun-21	16-Jun-21	0.7848	0.014	0.7671
14-Dec-21	15-Dec-21	0.7519	0.013	0.7369

No unit splits were declared for the financial year ended 31 March 2022.

Performance Review

For the period 1 April 2021 to 31 March 2022, the Fund registered a -4.61% return compared to the benchmark return of 0.08%. The Fund thus underperformed the Benchmark by 4.69%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2022 was RM0.7159 while the NAV as at 31 March 2021 was RM0.7777. During the period under review, the Fund has declared a total gross income distribution of RM0.0270 per unit.

Since commencement, the Fund has registered a return of 367.52% compared to the benchmark return of 110.15%, outperforming by 257.37%.

Table 1: Performance of the Fund

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (18/8/03 - 31/3/22)
Fund	(4.61%)	24.93%	33.06%	367.52%
Benchmark	0.08%	2.62%	3.48%	110.15%
Outperformance	(4.69%)	22.31%	29.58%	257.37%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	3 Years (1/4/19 - 31/3/22)	5 Years (1/4/17 - 31/3/22)	Since Commencement (18/8/03 - 31/3/22)
Fund	(4.61%)	7.70%	5.88%	8.63%
Benchmark	0.08%	0.87%	0.69%	4.07%
Outperformance	(4.69%)	6.83%	5.19%	4.56%

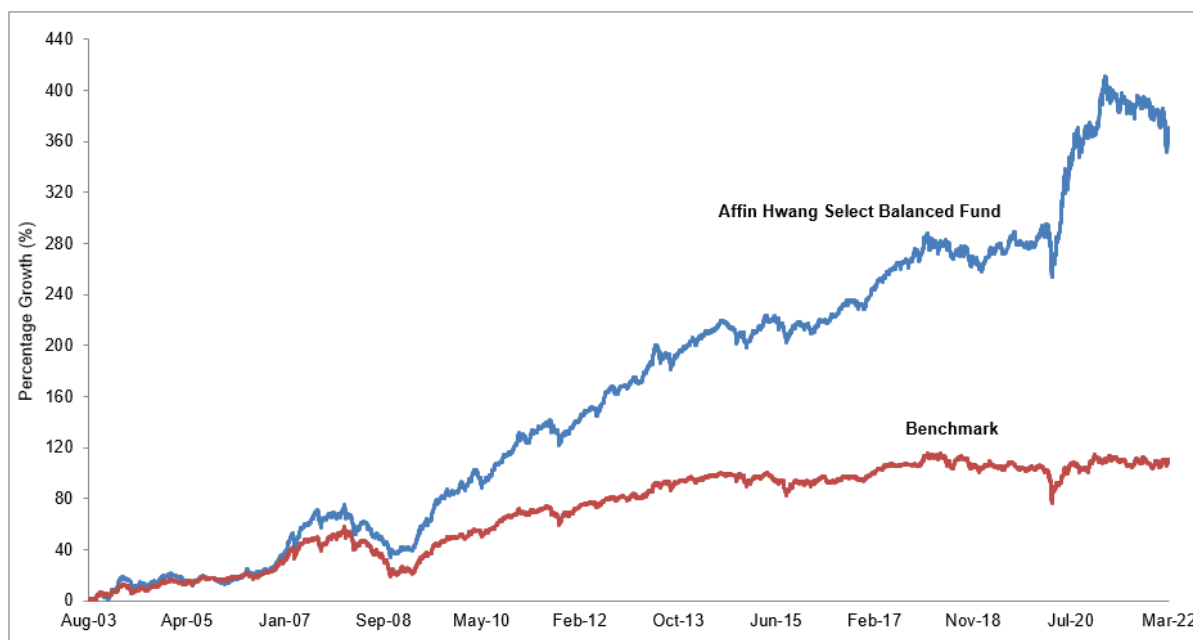
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	(4.61%)	34.52%	(2.18%)	(1.15%)	7.75%
Benchmark	0.08%	12.32%	(8.70%)	(4.07%)	5.12%
Outperformance	(4.69%)	22.20%	6.52%	2.92%	2.63%

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: 50% FTSE Bursa Malaysian Top 100 Index + 50% Maybank 12-month fixed deposit rate

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

Asset Allocation

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

As at 31 March 2022, asset allocation of the Fund stood at 42.38% in equities, 42.71% in fixed income securities, and the balance was held in cash and cash equivalent. During the period under review, the Manager had added exposure towards financial services and domestic technology sector while exiting foreign technology equities. Invested level within the fixed income securities were slightly higher than previous year while cash levels were increased to provide a more defensive position against volatile market conditions.

Strategies Employed

With 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 event of global pandemic.

Market Review

At the start of 2021, global equities started on a strong note due to policy easing and optimism surrounding vaccination rollout. However, global recovery was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook.

The S&P 500 index pierced new highs in the year underpinned by strong earnings rebound as businesses clambered to meet renewed demand. However, although markets were initially soothed by dovish comments from the US Federal Reserve, a change in tone by the Fed to a more hawkish stance spooked markets as the S&P 500 closed 1.3% lower at the end of the year.

With inflation proving to be stickier than expected, the Fed signalled that it would start accelerating its tapering programme of bond purchases to tame inflation, paving the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates. The same trend can be seen continuing through the first quarter of 2022 as weak earnings and renewed delisting fears halted gains. US-listed Chinese companies are locked in a dispute with US regulators for not complying with US accounting and transparency guidelines.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A myriad of concerns sent the stock market on a volatile path. Although the KLCI rose 0.8% in the first quarter of 2022 buoyed by the slated international border reopening, tightening monetary conditions can cause further volatility.

Following the announcement of Prime Minister Datuk Seri Ismail Sabri Yaakob that the minimum wage could be increased to RM1,500 starting in May, sectors that are reliant on low-skilled labour could be vulnerable to higher labour costs.

Other notable news in March 2022 includes an announcement by the government to allow a special Employees Provident Fund ("EPF") withdrawal of up to RM10,000. This is the fourth round of withdrawal of EPF contribution since the pandemic first hit the country back in 2020. In addition to the EPF withdrawals, a hawkish FOMC meeting saw the local bond market traded cautiously for the most part with yields trending slightly higher.

The local bond market endured a relatively softer session at the end of 1Q2022 amid evident selling pressures from foreign investors as well as tighter liquidity conditions in general. On a week-on-week basis, MGS yields rose by some 7-8 bps across the curve.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy. Market environment is challenging given rising rates, slowing growth and uncertain earnings.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs.

Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this seems much less likely this time as battling inflation is seen as a more pressing matter.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia

unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

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

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

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG SELECT BALANCED FUND ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 March 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Affin Hwang Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
17 May 2022

AFFIN HWANG SELECT BALANCED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

AFFIN HWANG SELECT BALANCED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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AFFIN HWANG SELECT BALANCED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTMENT (LOSS)/INCOME			
Dividend income		2,720,741	3,223,846
Interest income from financial assets at amortised cost		298,633	192,619
Interest income from financial assets at fair value through profit or loss		5,027,417	4,552,510
Net loss on foreign currency exchange		(106,638)	(371,596)
Net (loss)/gain on financial assets at fair value through profit or loss	8	(17,159,059)	68,781,600
		<u>(9,218,906)</u>	<u>76,378,979</u>
EXPENSES			
Management fee	4	(4,853,149)	(3,874,441)
Trustee fee	5	(226,575)	(181,456)
Auditors' remuneration		(10,500)	(10,500)
Tax agent's fee		(32,342)	(17,413)
Transaction costs		(1,323,918)	(1,713,026)
Other expenses		(138,647)	(206,286)
		<u>(6,585,131)</u>	<u>(6,003,122)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(15,804,037)	70,375,857
Taxation	6	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(15,804,037)</u>	<u>70,375,857</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		11,182,233	45,698,837
Unrealised amount		(26,986,270)	24,677,020
		<u>(15,804,037)</u>	<u>70,375,857</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 BALANCED FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	9	45,242,348	11,036,616
Amount due from brokers		-	7,143,902
Amount due from Manager			
- creation of units		1,742,881	1,278,764
Dividends receivable		782,034	678,212
Financial assets at fair value through profit or loss	8	264,876,356	291,243,063
TOTAL ASSETS		<u>312,643,619</u>	<u>311,380,557</u>
LIABILITIES			
Amount due to brokers		907,829	3,407,457
Amount due to Manager			
- management fee		392,665	391,032
Amount due to Trustee		18,324	18,248
Auditors' remuneration		10,486	10,500
Tax agent's fee		3,800	3,217
Other payables and accruals		39,956	32,688
TOTAL LIABILITIES		<u>1,373,060</u>	<u>3,863,142</u>
NET ASSET VALUE OF THE FUND		<u>311,270,559</u>	<u>307,517,415</u>
EQUITY			
Unitholders' capital		275,187,947	243,930,962
Retained earnings		36,082,612	63,586,453
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>311,270,559</u>	<u>307,517,415</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>434,800,000</u>	<u>395,422,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7159</u>	<u>0.7777</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 BALANCED FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2021	243,930,962	63,586,453	307,517,415
Total comprehensive loss for the financial year	-	(15,804,037)	(15,804,037)
Distributions (Note 7)	-	(11,699,804)	(11,699,804)
Movement in unitholders' capital			
Creation of units arising from applications	66,500,416	-	66,500,416
Creation of units arising from distributions	11,506,186	-	11,506,186
Cancellation of units	(46,749,617)	-	(46,749,617)
Balance as at 31 March 2022	<u>275,187,947</u>	<u>36,082,612</u>	<u>311,270,559</u>
Balance as at 1 April 2020	211,319,107	3,529,036	214,848,143
Total comprehensive income for the financial year	-	70,375,857	70,375,857
Distributions (Note 7)	-	(10,318,440)	(10,318,440)
Movement in unitholders' capital			
Creation of units arising from applications	68,754,427	-	68,754,427
Creation of units arising from distributions	10,106,307	-	10,106,307
Cancellation of units	(46,248,879)	-	(46,248,879)
Balance as at 31 March 2021	<u>243,930,962</u>	<u>63,586,453</u>	<u>307,517,415</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 BALANCED FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		250,530,063	300,630,410
Purchase of investments		(237,299,283)	(358,573,087)
Dividends received		2,616,919	3,019,262
Interest received		5,947,192	4,888,334
Management fee paid		(4,851,516)	(3,768,391)
Trustee fee paid		(226,499)	(176,507)
Payment for other fees and expenses		(1,497,569)	(225,431)
Net realised loss on foreign currency exchange		(103,720)	(84,936)
Net cash flows generated from/(used in) operating activities		<u>15,115,587</u>	<u>(54,290,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		66,036,298	67,533,931
Payments for cancellation of units		(46,749,617)	(46,248,879)
Payment for distributions		(193,618)	(212,133)
Net cash flows generated from financing activities		<u>19,093,063</u>	<u>21,072,919</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>34,208,650</u>	<u>(33,217,427)</u>
EFFECTS OF FOREIGN CURRENCY EXCHANGE		<u>(2,918)</u>	<u>(286,660)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>11,036,616</u>	<u>44,540,703</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>45,242,348</u></u>	<u><u>11,036,616</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 BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

B INCOME RECOGNITION

Dividend income

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

Interest income

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

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

Realised gain and loss 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 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.

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

D DISTRIBUTIONS

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

E TAXATION

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

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

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATION

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

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

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

(ii) Recognition and measurement

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

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

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

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

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

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.

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

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

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

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

(iii) Impairment

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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.

Write-off

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

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

I CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term 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.

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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.

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

K UNITHOLDERS' CAPITAL

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

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

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

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

M 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 BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Balanced Fund (the “Fund”) pursuant to the execution of a Deed dated 1 July 2003, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 15 October 2008, Fourth Supplemental deed dated 18 January 2012, Fifth Supplemental deed dated 27 June 2014, Sixth Supplemental deed dated 28 April 2017 and Seventh Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”). The Fund has changed its name from HwangDBS Select Balanced Fund to Hwang Select Balanced Fund as amended by the Fourth Supplemental Deed dated 18 January 2012 and from Hwang Select Balanced Fund to Affin Hwang Select Balanced Fund as amended by Fifth Supplemental Deed dated 27 June 2014.

The Fund commenced operations on 28 July 2003 and will continue its operations until being terminated by the Trustee as provided under Clause 3.1 of the Deed.

- (i) Securities of companies listed on Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities Commissions;
- (ii) Unlisted securities including, without limitation, securities that have been approved by the relevant authorities for the listing of and quotation for such securities;
- (iii) Debentures;
- (iv) Money market instruments;
- (v) Deposits;
- (vi) Derivatives, for the purpose of hedging only;
- (vii) Warrants;
- (viii) Units or shares in collective investment schemes; and
- (ix) Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund.

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 investors an affordable access into a diversified investment portfolio containing a “balanced” mixture of equities and fixed income securities to achieve a balance of growth and income over medium to long term.

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

The financial statements were authorised for issue by the Manager on 17 May 2022.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	45,242,348	-	45,242,348
Amount due from Manager				
- creation of units		1,742,881	-	1,742,881
Dividends receivable		782,034	-	782,034
Quoted equities	8	-	131,918,163	131,918,163
Unquoted fixed income securities	8	-	132,958,193	132,958,193
Total		<u>47,767,263</u>	<u>264,876,356</u>	<u>312,643,619</u>
<u>Financial liabilities</u>				
Amount due to brokers		907,829	-	907,829
Amount due to Manager				
- management fee		392,665	-	392,665
Amount due to Trustee		18,324	-	18,324
Auditors' remuneration		10,486	-	10,486
Tax agent's fee		3,800	-	3,800
Other payables and accruals		39,956	-	39,956
Total		<u>1,373,060</u>	<u>-</u>	<u>1,373,060</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	11,036,616	-	11,036,616
Amount due from brokers		7,143,902	-	7,143,902
Amount due from Manager				
- creation of units		1,278,764	-	1,278,764
Dividends receivable		678,212	-	678,212
Quoted equities	8	-	171,281,635	171,281,635
Unquoted fixed income securities	8	-	119,961,428	119,961,428
Total		<u>20,137,494</u>	<u>291,243,063</u>	<u>311,380,557</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u> (continued)				
<u>Financial liabilities</u>				
Amount due to brokers		3,407,457	-	3,407,457
Amount due to Manager				
- management fee		391,032	-	391,032
Amount due to Trustee		18,248	-	18,248
Auditors' remuneration		10,500	-	10,500
Tax agent's fee		3,217	-	3,217
Other payables and accruals		32,688	-	32,688
Total		<u>3,863,142</u>	<u>-</u>	<u>3,863,142</u>

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

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

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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

	<u>2022</u> RM	<u>2021</u> RM
Quoted investments		
Quoted equities	<u>131,918,163</u>	<u>171,281,635</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2022</u> RM	<u>2021</u> RM
Unquoted investments*		
Unquoted fixed income securities	132,958,193	119,961,428

* Includes interest receivable of RM1,502,053 (2021: RM1,426,428).

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value ("NAV") to price risk movement. The analysis is based on the assumptions that the market price increased by 2% (2021: 7.5%) and decreased by 2% (2021: 7.5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on (loss)/profit after tax/NAV RM
<u>2022</u>		
-2%	258,106,817	(5,267,486)
0%	263,374,303	-
+2%	268,641,789	5,267,486
<u>2021</u>		
-7.5%	268,080,387	(21,736,248)
0%	289,816,635	-
+7.5%	311,552,883	21,736,248

(b) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk (continued)

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

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

<u>% Change in interest rate</u>	<u>Impact on (loss)/profit after tax/NAV</u>	
	<u>2022</u> RM	<u>2021</u> RM
+ 2%	(474,842)	(513,133)
- 2%	478,269	517,870

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

(c) Currency risk

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Australian Dollar	-	33	-	33
Chinese Yuan	1,562,135	5,868,911	-	7,431,046
Euro	5,099,687	21,095	-	5,120,782
Hong Kong Dollar	29,376,146	10,613,069	-	39,989,215
Singapore Dollar	-	8,892,986	-	8,892,986
Taiwan Dollar	6,474,467	-	23,600	6,498,067
United States Dollar	6,064,208	14,669,920	-	20,734,128
	<u>48,576,643</u>	<u>40,066,014</u>	<u>23,600</u>	<u>88,666,257</u>
			<u>Other payables and accruals</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Euro			<u>29</u>	<u>29</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Amount due from brokers</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2021</u>					
<u>Financial assets</u>					
Australian Dollar	-	33	-	-	33
Chinese Yuan	7,416,803	1,213,020	-	-	8,629,823
Hong Kong Dollar	54,209,606	432,959	5,451,657	-	60,094,222
Korean Won	-	-	-	37,298	37,298
Singapore Dollar	6,568,419	11,397	-	-	6,579,816
Taiwan Dollar	12,452,501	-	-	41,897	12,494,398
United States Dollar	9,849,732	230,651	-	-	10,080,383
	<u>90,497,061</u>	<u>1,888,060</u>	<u>5,451,657</u>	<u>79,195</u>	<u>97,915,973</u>
				<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>					
Hong Kong Dollar				<u>3,407,457</u>	<u>3,407,457</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/profit after tax and NAV 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 (loss)/profit after tax/NAV RM
<u>2022</u>		
Australian Dollar	+/- 7.50	+/- 2
Chinese Yuan	+/- 2.84	+/- 210,925
Euro	+/- 5.30	+/- 271,467
Hong Kong Dollar	+/- 2.91	+/- 1,164,491
Singapore Dollar	+/- 2.76	+/- 245,041
Taiwan Dollar	+/- 3.50	+/- 227,517
United States Dollar	+/- 3.04	+/- 630,295
<u>2021</u>		
Australian Dollar	+/- 11.11	+/- 4
Chinese Yuan	+/- 6.40	+/- 552,309
Hong Kong Dollar	+/- 6.08	+/- 3,446,555
Korean Won	+/- 6.80	+/- 2,536
Singapore Dollar	+/- 4.48	+/- 294,776
Taiwan Dollar	+/- 5.94	+/- 742,167
United States Dollar	+/- 6.14	+/- 618,935

Credit risk

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Credit risk (continued)

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

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.

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 Securities Commission's Guidelines on Unit Trust Funds.

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2022</u>				
Consumer Discretionary				
- AA1	2,001,158	-	-	2,001,158
Consumer Products & Services				
- NR	-	-	305,569	305,569
Consumer Staples				
- AA3	10,164,478	-	-	10,164,478
Financial Services				
- A1	5,152,506	-	-	5,152,506
- AA2	4,940,805	-	-	4,904,805
- AA3	6,776,477	-	-	6,776,477
- AAA	5,524,050	45,242,348	307,887	51,074,285
Government				
- SOV	15,261,764	-	-	15,261,764
Health Care				
- AA-	4,998,265	-	-	4,998,265
Industrials				
- AA-	518,620	-	-	518,620
- AA1	5,630,149	-	-	5,630,149
- AA3	4,141,465	-	-	4,141,465
Quasi-Gov				
- AAA	10,227,635	-	-	10,227,635

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2022</u> (continued)				
Real Estate				
- A2	5,149,784	-	-	5,149,784
- NR	9,134,926	-	-	9,134,926
Technology				
- NR	-	-	168,578	168,578
Telecommunications				
- AA+	5,393,447	-	-	5,393,447
Utilities				
- AA-	10,191,082	-	-	10,191,082
- AA1	3,088,755	-	-	3,088,755
- AA3	7,420,191	-	-	7,420,191
- AAA	17,242,636	-	-	17,242,636
Others				
- NR	-	-	1,742,881	1,742,881
	<u>132,958,193</u>	<u>45,242,348</u>	<u>2,524,915</u>	<u>180,725,456</u>

2021

Basic materials				
- NR	-	-	37,298	37,298
Consumer discretionary				
- AA1	7,079,913	-	-	7,079,913
Consumer products & services				
- NR	-	-	459,349	459,349
Consumer staples				
- AA3	5,168,253	-	-	5,168,253
Financial services				
- AAA	5,508,454	11,036,616	101,140	16,646,210
- AA2	4,999,955	-	-	4,999,955
- AA3	6,987,184	-	1,692,245	8,679,429
- A1	5,211,755	-	-	5,211,755
- NR	-	-	6,730,421	6,730,421

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u> (continued)				
Government				
- SOV	20,842,545	-	-	20,842,545
Health Care				
- AA-	5,106,947	-	-	5,106,947
Industrials				
- AA1	5,629,365	-	-	5,629,365
- AA-	3,605,623	-	-	3,605,623
- C	1,872,287	-	-	1,872,287
Real Estate				
- A2	5,243,504	-	-	5,243,504
- NR	9,297,393	-	-	9,297,393
Technology				
- NR	-	-	80,425	80,425
Telecommunications				
- AA+	5,531,447	-	-	5,531,447
Utilities				
- AAA	12,190,537	-	-	12,190,537
- AA1	3,211,035	-	-	3,211,035
- AA3	7,567,501	-	-	7,567,501
- AA-	4,907,730	-	-	4,907,730
	<u>119,961,428</u>	<u>11,036,616</u>	<u>9,100,878</u>	<u>140,098,922</u>

* Other assets consist of dividends receivable, amount due from brokers 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 units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (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> RM	Between <u>one month</u> <u>to one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Amount due to Manager			
- management fee	392,665	-	392,665
Amount due to Trustee	18,324	-	18,324
Amount due to brokers	907,829	-	907,829
Auditors' remuneration	-	10,486	10,486
Tax agent's fee	-	3,800	3,800
Other payables and accruals	-	39,956	39,956
	<u>1,318,818</u>	<u>54,242</u>	<u>1,373,060</u>
<u>2021</u>			
Amount due to Manager			
- management fee	391,032	-	391,032
Amount due to Trustee	18,248	-	18,248
Amount due to brokers	3,407,457	-	3,407,457
Auditors' remuneration	-	10,500	10,500
Tax agent's fee	-	3,217	3,217
Other payables and accruals	-	32,688	32,688
	<u>3,816,737</u>	<u>46,405</u>	<u>3,863,142</u>

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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 prices for financial assets which fall within the bid-ask spread.

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

The fair value of financial assets 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.

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.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	131,918,163	-	-	131,918,163
- unquoted fixed income securities	-	132,958,193	-	132,958,193
	<u>131,918,163</u>	<u>132,958,193</u>	<u>-</u>	<u>264,876,356</u>
<u>2021</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	171,281,635	-	-	171,281,635
- unquoted fixed income securities	-	119,961,428	-	119,961,428
	<u>171,281,635</u>	<u>119,961,428</u>	<u>-</u>	<u>291,243,063</u>

Investments where 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 include unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

4 MANAGEMENT FEE

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

For the financial year ended 31 March 2022, the management fee is recognised at a rate of 1.50% (2021: 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.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 March 2022, the Trustee fee is recognised at a rate of 0.07% (2021: 0.07%) 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.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

6 TAXATION

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

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

	<u>2022</u> RM	<u>2021</u> RM
Net (loss)/profit before taxation	(15,804,037)	70,375,857
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(3,792,969)	16,890,206
Tax effects of:		
Investment loss not brought to tax/(investment income disallowed from tax)	2,212,537	(18,330,955)
Expenses not deductible for tax purposes	410,756	505,243
Restrictions on tax deductible expenses for Unit Trust Funds	1,169,676	935,506
Tax expense	-	-

7 DISTRIBUTIONS

	<u>2022</u> RM	<u>2021</u> RM
Distributions to unitholders are from the following sources:		
Dividend income	-	992,006
Interest income	-	1,276,455
Previous years' realised income	11,699,804	8,049,979
Gross realised income	11,699,804	10,318,440
Less: expenses	-	-
Net distribution amount	11,699,804	10,318,440

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 31 March 2022, distributions were made as follows:

<u>Ex-date</u>	Gross/Net distribution per unit (sen) RM
16.06.2021	1.40
15.12.2021	1.30
	2.70

During the financial year ended 31 March 2021, distributions were made as follows:

<u>Ex-date</u>	Gross/Net distribution per unit (sen) RM
17.06.2020	1.00
16.12.2020	2.00
	3.00

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

Included in distributions for the financial year is an amount of RM11,699,804 (2021: RM8,049,979) made from previous financial years' realised income.

The Fund has incurred an unrealised loss of RM26,986,270 (2021: RMNil) for the financial year ended 31 March 2022.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	83,341,520	80,784,574
- quoted equities – foreign	48,576,643	90,497,061
- unquoted fixed income securities – local	132,958,193	119,961,428
	<u>264,876,356</u>	<u>291,243,063</u>
	<u>2022</u> RM	<u>2021</u> RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	9,127,526	43,547,887
- unrealised (loss)/gain on changes in fair value	(26,286,585)	25,233,713
	<u>(17,159,059)</u>	<u>68,781,600</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 31 March 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Construction</u>				
Gamuda Bhd	80,300	264,990	277,838	0.09
<u>Consumer Products & Services</u>				
Genting Bhd	2,777,900	13,701,057	12,945,014	4.16
Genting Malaysia Bhd	4,982,500	14,582,939	14,847,850	4.77
	<u>7,760,400</u>	<u>28,283,996</u>	<u>27,792,864</u>	<u>8.93</u>
<u>Financial Services</u>				
AMMB Holdings Bhd	2,928,100	9,311,824	10,863,251	3.49
CIMB Group Holdings Bhd	2,453,286	11,604,375	13,076,014	4.20
	<u>5,381,386</u>	<u>20,916,199</u>	<u>23,939,265</u>	<u>7.69</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 31 March 2022 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products & Services</u>				
SKP Resources Bhd	1,767,750	3,467,537	2,492,528	0.80
<u>Technology</u>				
Frontken Corp Bhd	3,001,000	8,050,879	9,003,000	2.89
Inari Amertron Bhd	3,135,100	10,228,065	9,624,757	3.09
My EG Services Bhd	6,352,100	6,824,028	6,415,621	2.06
	12,488,200	25,102,972	25,043,378	8.04
<u>Utilities</u>				
YTL Corp Bhd	6,433,300	3,983,763	3,795,647	1.22
Total quoted equities – local	33,911,336	82,019,457	83,341,520	26.77
Accumulated unrealised gain on quoted equities – local		1,322,063		
Total quoted equities – local		83,341,520		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 March 2021 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Consumer Products & Services</u>				
Genting Bhd	2,298,000	11,328,877	11,558,940	3.76
Genting Malaysia Bhd	3,492,500	10,122,036	10,687,050	3.48
	<u>5,790,500</u>	<u>21,450,913</u>	<u>22,245,990</u>	<u>7.24</u>
<u>Financial Services</u>				
CIMB Group Holdings Bhd	2,102,700	9,623,790	9,104,691	2.96
Bursa Malaysia Bhd	658,500	6,182,986	5,886,990	1.91
	<u>2,761,200</u>	<u>15,806,776</u>	<u>14,991,681</u>	<u>4.87</u>
<u>Industrial Products & Services</u>				
SKP Resources Bhd	1,414,200	3,467,536	3,111,240	1.01
Press Metal Aluminium Holding Bhd	1,282,300	8,789,541	12,694,770	4.13
	<u>2,696,500</u>	<u>12,257,077</u>	<u>15,806,010</u>	<u>5.14</u>
<u>Technology</u>				
Frontken Corp Bhd	1,376,000	4,684,770	6,880,000	2.24
Greotech Technology Bhd	1,579,900	5,396,807	8,373,470	2.72
	<u>2,955,900</u>	<u>10,081,577</u>	<u>15,253,470</u>	<u>4.96</u>
<u>Telecommunication & Media</u>				
Telekom Malaysia Bhd	2,037,100	12,655,712	12,487,423	4.06
Total quoted equities – local	<u>16,241,200</u>	<u>72,252,055</u>	<u>80,784,574</u>	<u>26.27</u>
Accumulated unrealised gain on quoted equities – local		<u>8,532,519</u>		
Total quoted equities – local		<u>80,784,574</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 March 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Energy</u>				
Sungrow Power Supply Company	22,000	1,776,480	1,562,135	0.50
<u>France</u>				
<u>Consumer Discretionary</u>				
LVMH Moët Hennessy Louis Vuitton	1,682	5,042,753	5,099,687	1.64
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
Haier Smart Home Co Ltd	133,200	2,223,695	1,819,042	0.59
JD.com Inc	35,419	5,159,996	4,443,564	1.43
Li Ning Company Ltd	137,000	5,444,738	4,962,209	1.59
Shenzhou Intl Group Holdings	52,800	2,900,892	2,966,411	0.95
	358,419	15,729,321	14,191,226	4.56
<u>Consumer Staples</u>				
China Mengniu Dairy Co Ltd	348,000	8,329,234	7,870,956	2.53
<u>Financial Services</u>				
AIA Group Ltd	36,000	1,557,060	1,592,736	0.51
<u>Technology</u>				
Baidu Inc	41,000	4,163,100	3,110,885	1.00
Tencent Holdings Ltd	13,000	3,081,662	2,610,343	0.84
	54,000	7,244,762	5,721,228	1.84

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2022 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Real Estate</u>				
Digital Core REIT Mgmt PL	1,300,000	4,847,128	6,064,208	1.95
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing Company Ltd	74,000	3,253,187	6,474,467	2.08
Total quoted equities – foreign	<u>2,194,101</u>	<u>47,779,925</u>	<u>48,576,643</u>	<u>15.61</u>
Accumulated unrealised gain on quoted equities – foreign		<u>796,718</u>		
Total quoted equities – foreign		<u>48,576,643</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 March 2021 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>China</u>				
<u>Consumer Discretionary</u>				
China International Travel Service Corp Ltd	20,000	2,388,843	3,865,052	1.26
<u>Consumer Staples</u>				
Kweichow Moutai Co Ltd	2,800	3,641,880	3,551,751	1.15
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	66,092	7,290,469	7,749,948	2.52
Haier Smart Home Co Ltd	171,600	2,829,311	2,844,493	0.93
JD.com Inc	16,000	2,754,054	2,744,310	0.89
Shenzhou International Group Holdings	38,700	2,052,426	3,323,026	1.08
Wynn Macau Limited	598,400	4,761,442	4,822,482	1.57
Xtep International Holding Ltd	178,000	360,278	430,728	0.14
Yum China Holdings Inc	12,550	2,765,237	3,036,874	0.99
	1,081,342	22,813,217	24,951,861	8.12
<u>Consumer Staples</u>				
China Mengniu Dairy Co Ltd	104,000	2,512,027	2,466,724	0.80
<u>Financial Services</u>				
China Construction Bank Corp	996,000	3,145,721	3,466,568	1.13
Ping An Insurance Group Co China	82,000	3,482,334	4,044,990	1.32
AIA Group Ltd	62,000	2,681,446	3,116,238	1.01
	1,140,000	9,309,501	10,627,796	3.46

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 March 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong (continued)</u>				
<u>Real Estate</u>				
Sun Hung Kai Properties Ltd	57,000	2,938,655	3,578,882	1.16
<u>Technology</u>				
Meituan Dianping	21,300	3,407,198	3,383,164	1.10
Tencent Holdings Ltd	28,300	5,022,292	9,201,179	2.99
	49,600	8,429,490	12,584,343	4.09
<u>Singapore</u>				
<u>Financial Services</u>				
DBS Group Holdings Ltd	39,500	3,377,277	3,505,548	1.14
<u>Technology</u>				
AEM Holdings Ltd	240,000	3,031,664	3,062,871	1.00
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing Company Ltd	146,000	6,418,450	12,452,501	4.05

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 March 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United States of America</u>				
<u>Industrials</u>				
Visa Inc	6,913	5,936,211	6,072,658	1.97
<u>Technology</u>				
Baidu Inc	4,192	3,225,700	3,777,074	1.23
Total quoted equities – foreign	<u>2,891,347</u>	<u>74,022,915</u>	<u>90,497,061</u>	<u>29.43</u>
Accumulated unrealised gain on quoted equities – foreign		<u>16,474,146</u>		
Total quoted equities – foreign		<u>90,497,061</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(c) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 March 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,150,081	5,260,325	1.69
4.10% Bumitama Agri Ltd 22.07.2024 (AA3)	5,000,000	5,168,494	5,107,380	1.64
4.20% Bumitama Agri Ltd 22.07.2026 (AA3)	5,000,000	5,161,834	5,057,098	1.63
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,145,974	5,393,448	1.73
2.96% Danga Capital Bhd 25.01.2028 (AAA)	5,000,000	4,812,038	4,769,012	1.53
3.42% Danum Capital Bhd 21.02.2035 (AAA)	5,000,000	5,018,149	4,491,471	1.44
4.30% Danum Capital Bhd 13.02.2026 (AAA)	1,000,000	1,025,774	1,032,579	0.33
6.50% Eco World Capital Services Bhd 12.08.2022 (NR)	9,000,000	9,073,011	9,134,926	2.93
5.85% Edra Energy Sdn Bhd 05.01.2026 (AA3)	5,000,000	5,487,688	5,394,268	1.73
4.86% Genting Capital Bhd 08.06.2027 (AA1)	2,000,000	2,030,320	2,001,158	0.64
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,087,400	5,152,505	1.66
4.64% IJM Corporation Bhd 02.06.2023 (AA3)	4,000,000	4,138,147	4,141,465	1.33
5.73% IJM Land Bhd Call: 19.03.2027 (A2)	5,000,000	5,008,639	5,149,784	1.65
2.97% Imtiaz Sukuk II Bhd 07.10.2025 (AA2)	5,000,000	5,079,020	4,940,805	1.59
5.74% Jimah East Power Sdn Bhd 04.06.2029 (AA-)	5,000,000	5,490,415	5,426,461	1.74
6.40% MEX II Sdn Bhd 28.04.2034 (D)	5,000,000	5,428,688	-	-
4.00% Pengurusan Air SPV Bhd 30.10.2034 (AAA)	5,000,000	5,084,251	4,851,134	1.56
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,788	1,516,152	0.49
5.65% Sarawak Energy Bhd 23.06.2026 (AAA)	5,000,000	5,557,488	5,458,623	1.75
4.47% Sarawak Hidro Sdn Bhd 11.08.2027 (AAA)	5,000,000	5,417,749	5,163,654	1.66

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

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

(i) Unquoted fixed income securities – local as at 31 March 2022 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
4.56% Sarawak Hidro Sdn Bhd 10.08.2029 (AAA)	5,000,000	5,329,238	5,166,958	1.66
5.04% Southern Power Generation SB 28.04.2028 (AA-)	4,500,000	4,595,647	4,764,621	1.53
5.25% Tanjung Bin Energy Sdn Bhd 15.09.2022 (AA3)	2,000,000	2,013,158	2,025,923	0.65
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,017,179	4,998,265	1.61
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	2,009,971	2,060,890	0.66
5.90% TRIpIc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,496,454	5,630,149	1.81
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	511,952	518,620	0.17
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,061,806	3,088,755	0.99
4.13% GII 09.07.2029 (SOV)	9,000,000	9,861,813	9,232,787	2.97
3.885% MGS 15.08.2029 (SOV)	6,000,000	6,598,265	6,028,977	1.94
Total unquoted fixed income securities – local	<u>134,500,000</u>	<u>140,361,430</u>	<u>132,958,193</u>	<u>42.71</u>
Accumulated unrealised loss on unquoted fixed income securities – local		<u>(7,403,237)</u>		
Total unquoted fixed income securities – local		<u>132,958,193</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

(c) Unquoted fixed income securities – local

(ii) Unquoted fixed income securities – local as at 31 March 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,226,277	5,447,725	1.77
4.10% Bumitama Agri Ltd 22.07.2024 (AA3)	5,000,000	5,223,695	5,168,253	1.68
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,152,474	5,531,447	1.80
3.42% Danum Capital Bhd 21.02.2035 (AAA)	5,000,000	5,017,681	4,457,153	1.45
4.30% Danum Capital Bhd 13.02.2026 (AAA)	1,000,000	1,030,467	1,051,301	0.34
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,071,715	9,297,393	3.02
5.85% Edra Solar Sdn Bhd 05.01.2026 (AA3)	5,000,000	5,590,282	5,495,118	1.79
4.78% GENM Capital Bhd 31.03.2022 (AA1)	5,000,000	5,000,648	5,045,455	1.64
4.86% Genting Capital Bhd 08.06.2027 (AA1)	2,000,000	2,030,335	2,034,458	0.66
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,087,402	5,211,755	1.69
5.73% IJM Land Berhad Call: 19.03.2027 (A2)	5,000,000	5,010,203	5,243,504	1.71
2.97% Imtiaz Sukuk II Bhd 07.10.2025 (AA2)	5,000,000	5,080,999	4,999,955	1.63
3.885% MGS 15.08.2029 (SOV)	6,000,000	6,667,833	6,290,097	2.05
3.828% MGS 05.07.2034 (SOV)	5,000,000	5,375,300	5,005,471	1.63
4.13% GII 09.07.2029 (SOV)	9,000,000	9,956,957	9,546,977	3.11
6.40% MEX II Sdn Bhd 28.04.2034 (C)	5,000,000	5,587,439	1,872,287	0.61
4.00% Pengurusan Air SPV Bhd 30.10.2034 (AAA)	5,000,000	5,083,703	4,838,536	1.57
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,590	1,539,459	0.50
4.47% Sarawak Hidro Sdn Bhd 11.08.2027 (AAA)	5,000,000	5,483,666	5,266,054	1.71
5.04% Southern Power Generation SB 28.04.2028 (AA-)	4,500,000	4,595,044	4,907,730	1.60

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

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

(ii) Unquoted fixed income securities – local as at 31 March 2021 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u> (continued)				
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,018,315	2,072,383	0.67
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,018,257	5,106,947	1.66
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,999,964	2,085,947	0.68
5.90% TRIpIc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,516,513	5,629,365	1.83
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,065,819	3,083,336	1.00
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	512,562	522,287	0.17
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,061,823	3,211,035	1.04
Total unquoted fixed income securities – local	<u>118,500,000</u>	<u>123,965,963</u>	<u>119,961,428</u>	<u>39.01</u>
Accumulated unrealised loss on unquoted fixed income securities – local		<u>(4,004,535)</u>		
Total unquoted fixed income securities – local		<u>119,961,428</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	40,511,270	2,266,246
Deposit with a licensed financial institution	4,731,078	8,770,370
	<u>45,242,348</u>	<u>11,036,616</u>

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

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

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

10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	395,422,000	355,119,000
Creation of units arising from applications	87,010,342	89,820,000
Creation of units arising from distributions	15,331,254	13,917,768
Cancellation of units	<u>(62,963,596)</u>	<u>(63,434,768)</u>
At the end of the financial year	<u>434,800,000</u>	<u>395,422,000</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS

(i) Details of transactions with the top 10 brokers and dealers for the financial year ended 31 March 2022 are as follows:

<u>Name of brokers and dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	45,648,347	9.82	114,121	11.90
Macquarie (M) Sdn Bhd, Malaysia	25,601,723	5.51	47,523	4.95
DBS Securities (S) Pte Ltd	25,048,208	5.39	62,621	6.53
Robert W.Baird & Co.Inc. NY	22,940,364	4.93	2,577	0.27
RHB Investment Bank Bhd	21,985,037	4.73	29,706	3.10
Merrill Lynch Intl-Equity Ldn	19,882,947	4.28	84,371	8.80
Citigroup Global Mkts Ltd Ldn	18,219,013	3.92	75,215	7.84
Maybank Investment Bank Bhd	13,373,533	2.88	33,434	3.48
Haitong Intl Securities Company Ltd	12,701,288	2.73	25,403	2.65
CLSA Sec Malaysia Sdn Bhd	12,196,348	2.62	14,453	1.51
Others	247,366,955	53.19	469,659	48.97
	<u>464,963,763</u>	<u>100.00</u>	<u>959,083</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers and dealers for the financial year ended 31 March 2021 are as follows:

<u>Name of brokers and dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	139,301,170	21.23	338,521	24.20
Macquarie Bank Ltd Hong Kong	30,764,841	4.69	60,868	4.35
China International Capital Corporation HK Securities	27,577,459	4.20	56,779	4.06
CIMB Investment Bnk Bhd	26,971,064	4.11	66,894	4.78
RHB Investment Bank Bhd	25,165,212	3.84	40,773	2.91
Kenanga Investment Bank Bhd	24,499,948	3.73	61,250	4.38
CMB International Securities Ltd	23,538,298	3.59	91,144	6.52
CLSA Ltd	21,912,120	3.34	53,838	3.85
Public Investment Bank Bhd	21,785,079	3.32	54,463	3.89
DBS Securities (S) Pte Ltd	21,695,178	3.31	54,238	3.88
Others	292,834,423	44.64	520,007	37.18
	<u>656,044,792</u>	<u>100.00</u>	<u>1,398,775</u>	<u>100.00</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

Included in transactions with brokers and dealers are trades conducted with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM45,648,347 (2021: RM139,301,170). The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

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

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

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

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

	<u>2022</u>		<u>2021</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The unit are held legally for booking purposes)	113,901	81,542	462,115	359,387
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	2,931,362	2,098,562	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

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

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

	<u>2022</u>		<u>2021</u>	
	No. of units	RM	No. of units	RM
<u>Subsidiary and associated companies of the penultimate holding company of the Manager: (continued)</u>				
AXA Affin Life Insurance Bhd (The units are held beneficially)	<u>99,305,083</u>	<u>71,092,509</u>	<u>77,872,729</u>	<u>60,561,621</u>

13 TOTAL EXPENSE RATIO ("TER")

	<u>2022</u>	<u>2021</u>
	%	%
TER	<u>1.60</u>	<u>1.61</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM323,640,023 (2021: RM259,031,475).

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2022</u>	<u>2021</u>
PTR (times)	<u>0.72</u>	<u>1.19</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM234,799,655 (2021: RM352,895,928)
total disposal for the financial year = RM234,258,635 (2021: RM265,118,524)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT BALANCED FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 47 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 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 May 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Balanced Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2022, 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 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 46.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BALANCED 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 BALANCED 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 BALANCED 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
17 May 2022

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