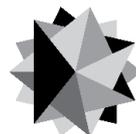


Affin Hwang SGD Bond Fund

Interim Report
30 March 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG SGD BOND FUND

Annual Reports and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 March 2022

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FUND INFORMATION

Fund Name	Affin Hwang SGD Bond Fund
Fund Type	Income
Fund Category	Bond
Investment Objective	The Fund aims to provide regular income
Benchmark	Singapore Dollar Banks Saving Deposits Rate
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis.

FUND PERFORMANCE DATA

Category	As at 31 Mar 2022 (%)
Portfolio composition	
Unquoted fixed income securities – foreign	94.82
Cash & cash equivalent	5.18
Total	100.00

Currency class	<u>RM</u> <u>Class</u>	<u>SGD</u> <u>Class</u>
Total NAV (RM'million)	21.0517	7.426
NAV per Unit (RM)	0.5006	0.4934
Unit in Circulation (million)	42.057	15.051
Highest NAV	0.5082	0.5032
Lowest NAV	0.4938	0.4900
Return of the Fund (%) ⁱⁱⁱ	-0.99	-1.91
- Capital Growth (%) ⁱ	-0.99	-1.91
- Income Distribution (%) ⁱⁱ	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil
Management Expense Ratio (%)		0.56
Portfolio Turnover Ratio (times)		0.29

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

No income distribution or unit split were declared for the financial period ended 31 March 2022.

Performance Review

SGD Class

For the period 1 October 2021 to 31 March 2022, the Fund registered a -1.91% return compared to the benchmark return of 0.03%. The Fund thus underperformed the Benchmark by 1.94%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2022 was SGD0.4934 while the NAV as at 30 September 2021 was SGD0.5030.

Since commencement, the Fund has registered a return of -1.32% compared to the benchmark return of 0.07%, underperforming by 1.39%.

MYR Class

For the period 1 October 2021 to 31 March 2022, the Fund registered a -0.99% return compared to the benchmark return of 0.03%. The Fund thus underperformed the Benchmark by 1.02%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2022 was MYR0.5006 while the NAV as at 30 September 2021 was MYR0.5056.

Since commencement, the Fund has registered a return of 0.12% compared to the benchmark return of 0.07%, outperforming by 0.05%.

Table 1: Performance of the Fund

	6 Months (1/10/21 - 31/3/22)	1 Year (1/4/21 - 31/3/22)	Since Commencement (16/3/21 - 31/3/22)
Benchmark	0.03%	0.07%	0.07%
SGD Class	(1.91%)	(1.00%)	(1.32%)
Outperformance	(1.94%)	(1.07%)	(1.39%)
MYR Class	(0.99%)	(0.28%)	0.12%
Outperformance	(1.02%)	(0.35%)	0.05%

Source of Benchmark: Monetary Authority of Singapore

Table 2: Average Total Return

	1 Year (1/4/21 - 31/3/22)	Since Commencement (16/3/21 - 31/3/22)
Benchmark	0.07%	0.07%
SGD Class	(1.00%)	(1.26%)
Outperformance	(1.07%)	(1.33%)
MYR Class	(0.28%)	0.11%
Outperformance	(0.35%)	0.04%

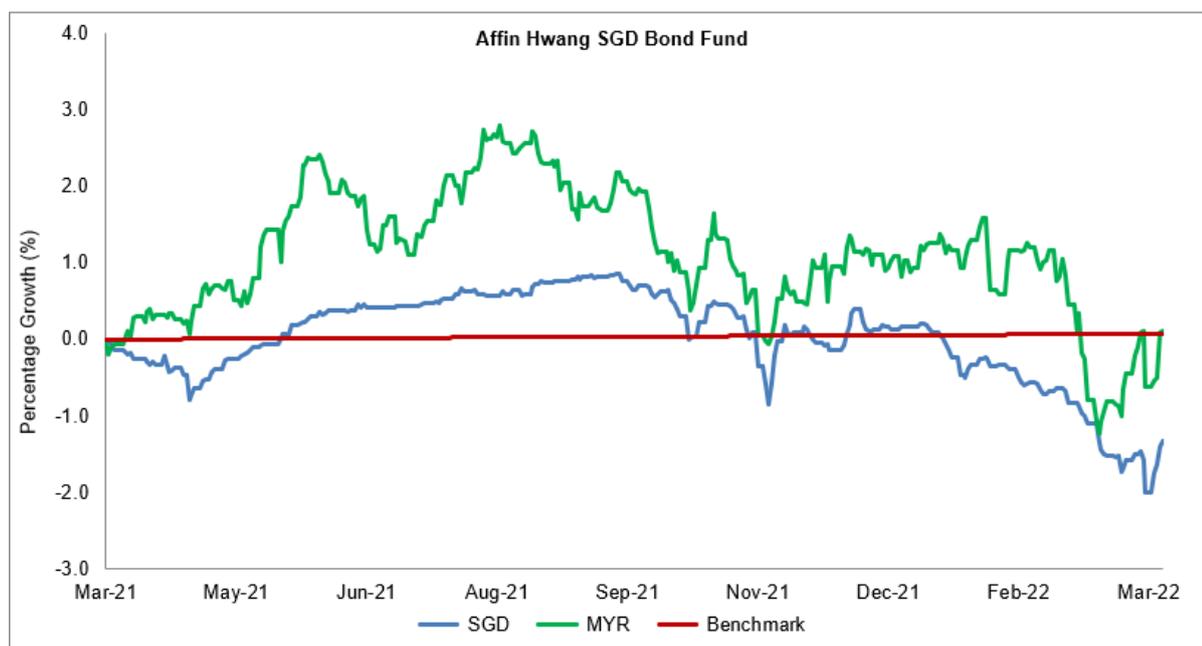
Source of Benchmark: Monetary Authority of Singapore

Table 3: Annual Total Return

	FYE 2021 (16/3/21 - 30/9/21)
Benchmark	0.04%
SGD Class	0.60%
Outperformance	0.56%
MYR Class	1.12%
Outperformance	1.08%

Source of Benchmark: Monetary Authority of Singapore

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 Monetary Authority of Singapore."

Benchmark: Singapore Dollar Banks Saving Deposits Rate

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

Asset Allocation

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

As at 31 March 2022, the asset allocation of the Fund stood at 94.82% of the Fund's NAV in fixed income securities while the remaining was held in cash and cash equivalent.

Strategy Employed

Over the period under review, the Manager maintained a focus on high conviction credit names across both domestic and regional space. To date, the Fund's bond holdings have continued to meet their respective financial obligations in respect of their outstanding debt.

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 slared 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.

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

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

During the financial period under review, 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 UNITHOLDERS OF AFFIN HWANG SGD BOND FUND

We have acted as Trustee for Affin Hwang SGD Bond Fund (the "Fund") for the six months financial period ended 31 March 2022. To the best of our knowledge, for the financial period under review, Affin Hwang Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
17 May 2022

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD 31 MARCH 2022

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD 31 MARCH 2022

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AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022

	<u>Note</u>	6 months financial period ended <u>31.3.2022</u> SGD
INVESTMENT LOSS		
Interest income for financial assets at fair value through profit or loss		259,630
Net loss on foreign currency exchange		(13,134)
Net gain on forward foreign currency contracts at fair value through profit or loss	8	14,898
Net loss on financial assets at fair value through profit or loss	7	(447,343)
		<u>(185,949)</u>
EXPENSES		
Management fee	4	(71,202)
Trustee fee	5	(2,139)
Auditors' remuneration		(1,378)
Tax agent's fee		(568)
Other expenses		(4,526)
		<u>(79,813)</u>
NET LOSS BEFORE TAXATION		(265,762)
Taxation	6	(6,514)
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(272,276)</u>
Decrease in net asset attributable to unitholders are made up of the following:		
Realised amount		34,713
Unrealised amount		(306,989)
		<u>(272,276)</u>

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

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>Note</u>	As at <u>31.3.2022</u> SGD
ASSETS		
Cash and cash equivalents		753,285
Amount due from dealer		251,625
Amount due from Manager		
- creation of units		13,309
Financial assets at fair value through profit or loss	7	13,469,407
TOTAL ASSETS		<u>14,487,626</u>
LIABILITIES		
Forward foreign currency contracts at fair value through profit or loss	8	9,226
Amount due to dealer		250,000
Amount due to Manager		
- management fee		12,185
- cancellation of units		3,204
Amount due to Trustee		365
Auditors' remuneration		1,378
Tax agent's fee		1,689
Tax payable		3,157
Other payables and accruals		718
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>281,922</u>
NET ASSET VALUE OF THE FUND		<u><u>14,205,704</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>14,205,704</u></u>

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022 (CONTINUED)

	<u>Note</u>	As at <u>31.3.2022</u> SGD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS		
- MYR Class		6,780,162
- SGD Class		7,425,542
		<u>14,205,704</u>
NUMBER OF UNITS IN CIRCULATION		
- MYR Class	9 (a)	42,057,000
- SGD Class	9 (b)	15,051,000
		<u>57,108,000</u>
NET ASSET VALUE PER UNIT (SGD)		
- MYR Class		0.1612
- SGD Class		0.4934
		<u>0.6546</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- MYR Class		RM0.5006
- SGD Class		SGD0.4934
		<u>RM0.9940</u>

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

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022

	6 months financial period ended <u>31.3.2022</u> SGD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	12,875,258
Movement due to units created and cancelled during the financial period:	
Creation of units arising from applications	6,203,863
- MYR Class	1,699,567
- SGD Class	4,504,296
Cancellation of units	(4,601,141)
- MYR Class	(1,428,301)
- SGD Class	(3,172,840)
Net decrease in net assets attributable to unitholders during the financial period	(272,276)
- MYR Class	(142,119)
- SGD Class	(130,157)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<hr/> <u><u>14,205,704</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 SGD BOND FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022

	<u>Note</u>	6 months financial period ended <u>31.3.2022</u> SGD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments		3,246,957
Purchase of investments		(5,379,255)
Interest received		215,811
Management fee paid		(69,414)
Trustee fee paid		(2,086)
Payments for other fees and expenses		(7,172)
Net realised loss on foreign currency exchange		(4,923)
Net realised gain on forward foreign currency contracts		9,781
Tax paid		(3,357)
		<hr/>
Net cash flows used in operating activities		(1,993,658)
		<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units		6,255,183
Payments for cancellation of units		(4,901,440)
		<hr/>
Net cash flows generated from financing activities		1,353,743
		<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(639,915)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		3,503
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		1,389,697
		<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		753,285
		<hr/> <hr/>

Cash and cash equivalents as at 31 March 2022 comprise of bank balances.

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

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 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 – 2021 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 SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 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

Interest income

Interest income from unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

Realised gains and losses on sale of investments

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

C TAXATION

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

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 investments 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.

D FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

E 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

The Fund classifies cash and cash equivalents, amount due from dealer and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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

(ii) Recognition and measurement

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

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

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

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

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances which are subject to an insignificant risk of changes in value.

H AMOUNT DUE FROM/(TO) DEALER

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

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

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

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

I CREATION AND CANCELLATION OF UNITS

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

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

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

J DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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.

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.

Functional currency

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

- i) Significant portion of the Fund's investment is in unquoted investments denominated in SGD.
- ii) Significant portion of cash is denominated in SGD for the purpose of making settlement of the foreign trades.
- iii) Significant portion of the Fund's expenses are denominated in SGD.

M REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The analysis of realised and unrealised increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang SGD Bond Fund (the “Fund”) pursuant to the execution of a Deed dated 30 October 2020 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 16 March 2021 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed.

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

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

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

The main objective of the Fund is to provide regular income.

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

The financial statements were authorised for issue by the Manager on 15 November 2021.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost SGD	At fair value through profit or loss SGD	<u>Total SGD</u>
<u>As at 31.3.2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		753,285	-	753,285
Amount due from dealer		251,625	-	251,625
Amount due from Manager				
- creation of units		13,309	-	13,309
Unquoted fixed income securities	7	-	13,469,407	13,469,407
Total		<u>1,018,219</u>	<u>13,469,407</u>	<u>14,487,626</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	8	-	9,226	9,226
Amount due to dealer		250,000	-	250,000
Amount due to Manager				
- management fee		12,185	-	12,185
- cancellation of units		3,204	-	3,204
Amount due to Trustee		365	-	365
Auditors' remuneration		1,378	-	1,378
Tax agent's fee		1,689	-	1,689
Other payables and accruals		718	-	718
Total		<u>269,539</u>	<u>9,226</u>	<u>278,765</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.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk

(a) Price risk

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

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

	As at <u>31.3.2022</u> SGD
Unquoted investments*	
Unquoted fixed income securities	13,469,407

* Includes interest receivable of SGD162,022.

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

<u>% Change in price</u>	<u>Market value</u> SGD	Impact on profit after <u>tax/NAV</u> SGD
<u>As at 31.3.2022</u>		
-2%	13,041,237	(266,148)
0%	13,307,385	-
+2%	<u>13,573,533</u>	<u>266,148</u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>
	As at
	<u>31.3.2022</u>
	SGD
+ 2%	(284,382)
- 2%	264,972

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Singapore Dollar, 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 Singapore Dollar based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>As at 30.9.2021</u>				
<u>Financial assets</u>				
Chinese Yuan	218,339	18	-	218,357
Malaysian Ringgit	-	12,420	5,446	17,866
United States Dollar	1,733,375	5,962	-	1,739,337
	<u>1,951,714</u>	<u>18,400</u>	<u>5,446</u>	<u>1,975,560</u>

* Other assets consist of amount due from dealer and amount due from Manager.

	Foreign forward currency <u>contracts</u> SGD	Other <u>liabilities*</u> SGD	Net assets attributable to <u>unitholders</u> SGD	<u>Total</u> SGD
<u>Financial liabilities</u>				
Malaysian Ringgit	-	6,990	6,780,162	6,787,152
United States Dollar	9,226	-	-	9,226
	<u>9,226</u>	<u>6,990</u>	<u>6,780,162</u>	<u>6,796,378</u>

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

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/ NAV SGD
<u>As at 31.3.2022</u>		
Chinese Yuan	+/- 10.00	+/- 21,836
Malaysian Ringgit	+/- 10.00	-/+ 676,928
United States Dollar	+/- 10.00	+/- 173,011

Credit risk

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

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

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

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 Deed and SC's Guidelines on Unit Trust Funds.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 concentration and counterparties of the Fund:

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>As at 31.3.2022</u>				
Consumer discretionary				
- NR	780,526	-	-	780,526
Financial services				
- AAA	-	753,285	-	753,285
- A2	234,305	-	-	234,305
- A3	247,970	-	-	247,970
- Ba1	260,277	-	-	260,277
- Ba2	519,450	-	-	519,450
- Baa1	511,809	-	-	511,809
- Baa2	509,230	-	-	509,230
- Baa3	1,773,117	-	-	1,773,117
- BBB	261,790	-	-	261,790
- BBB+	233,296	-	-	233,296
- NR	254,638	-	-	254,638
Government				
- AAA	504,475	-	-	504,475
Health care				
- NR	808,007	-	-	808,007
Industrials				
- Baa1	375,470	-	-	375,470
Real estate				
- B2	276,171	-	-	276,171
- Baa2	490,116	-	-	490,116
- BBB-	247,042	-	-	247,042
- NR	4,675,482	-	-	4,675,482
Telecommunications				
- NR	506,236	-	-	506,236
Others				
- NR	-	-	264,934	264,934
	<u>13,469,407</u>	<u>753,285</u>	<u>264,934</u>	<u>14,487,626</u>

* Other assets consist of amount due from dealer and amount due from Manager.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders. Liquid assets comprise of cash and other instruments, which are capable of being converted into cash within 7 days.

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

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

	Within <u>one month</u> SGD	Between <u>one month</u> <u>to one year</u> SGD	<u>Total</u> SGD
<u>As at 31.3.2022</u>			
Forward foreign currency contracts at fair value through profit or loss	9,226	-	9,226
Amount due to dealer	250,000	-	250,000
Amount due to Manager			
- management fee	12,185	-	12,185
- cancellation of units	3,204	-	3,204
Amount due to Trustee	365	-	365
Auditors' remuneration	-	1,378	1,378
Tax agent's fee	-	1,689	1,689
Other payables and accruals	-	718	718
Net assets attributable to unitholders*	14,205,704	-	14,205,704
	<u>14,480,684</u>	<u>3,785</u>	<u>14,484,469</u>

* Outstanding units are cancelled on demand at the unitholders' option (Note I). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders of these instruments typically retain them for the medium to long term.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

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

	<u>Level 1</u> SGD	<u>Level 2</u> SGD	<u>Level 3</u> SGD	<u>Total</u> SGD
<u>As at 31.3.2022</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	13,469,407	-	13,469,407
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	9,226	-	9,226

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

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

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 5.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the 6 months financial period ended 31 March 2022, the management fee is recognised at a rate of 1.00% 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 0.10% per annum on the NAV of the Fund (excluding foreign custodian fees and charges).

For the 6 months financial period ended 31 March 2022, the Trustee's fee is recognised at a rate of 0.03% per annum on the NAV of the Fund (excluding foreign custodian fees and charges), calculated on a daily basis as stated in the Fund's Prospectus.

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

6 TAXATION

	6 months financial period ended <u>31.3.2022</u> SGD
Current taxation	6,514

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

6 TAXATION (CONTINUED)

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

	6 months financial period ended <u>31.3.2022</u> SGD
Net loss before taxation	(265,762)
Tax at Malaysian statutory rate of 24%	(63,783)
Tax effects of:	
Investment loss not brought to tax	44,627
Expenses not deductible for tax purposes	17,407
Restriction on tax deductible expenses for Unit Trust Funds	1,749
Foreign income subject to tax	6,514
Tax expense	<u>6,514</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <u>31.3.2022</u> SGD
Financial assets at fair value through profit or loss:	
- unquoted fixed income securities – foreign	<u>13,469,407</u>
	6 months financial period ended <u>31.3.2022</u> SGD
Net loss on financial assets at fair value through profit or loss	
- realised loss on sale of investments	(99,328)
- unrealised loss on changes in fair value	(348,015)
	<u>(447,343)</u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

(a) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 March 2022 is as follows:

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
<u>Bonds</u>				
2.90% AIA Group Ltd Call: 11.06.2031 (A2)	250,000	249,834	234,305	1.65
3.00% Ascendas Real Estate Investment Trust Call: 17.09.2025 (Baa2)	500,000	498,613	490,116	3.45
3.75% Barclays PLC Call: 23.05.2025 (Baa2)	250,000	264,843	255,688	1.80
5.625% Credit Suisse Group AG Call: 06.06.2024 (Ba2)	250,000	259,438	258,394	1.82
3.98% DBS Group Holdings Ltd Call: 12.09.2025 (Baa1)	250,000	260,660	257,970	1.82
2.18% FLCT Treasury Pte Lt 26.07.2028 (BBB+)	250,000	250,971	233,296	1.64
3.00% Frasers Property AHL 09.10.2028 (NR)	500,000	507,808	488,008	3.43
3.95% Frasers Property Treasury Pte Call: 05.10.2022 (NR)	250,000	246,092	250,266	1.76
4.98% Frasers Property Treasury Pte Call: 11.04.2024 (NR)	500,000	518,915	514,934	3.62
3.29% GLL IHT Pte Ltd 26.10.2026 (NR)	250,000	253,538	251,313	1.77
3.40% GLL IHT Pte Ltd 10.08.2025 (NR)	250,000	257,922	252,739	1.78
4.60% GLL IHT Pte Ltd Call: 23.01.2023 (NR)	250,000	253,282	251,067	1.77
3.30% Henderson Land MTN Ltd 13.05.2023 (NR)	213,492	212,227	218,339	1.54
1.50% HPHT Finance Ltd Call: 17.08.2026 (Baa1)	406,052	401,628	375,470	2.64
4.70% HSBC Holdings PLC Call: 08.06.2022 (Baa3)	750,000	763,759	761,385	5.36
5.00% HSBC Holdings PLC Call: 24.09.2023 (Baa3)	250,000	254,444	255,074	1.80
3.80% Huarong Finance 2017 Co 07.11.2025 (Baa3)	250,000	244,006	240,098	1.69
3.15% Keppel REIT Call: 11.09.2025 (NR)	250,000	245,335	243,703	1.72
3.75% Landesbank Baden- Wuerttemberg Call: 18.05.2022 (Baa2)	250,000	254,550	253,542	1.78
4.20% Lendlease Global Commercial REIT Call: 04.06.2026 (NR)	250,000	253,394	249,319	1.75

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

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

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

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
<u>Bonds</u> (continued)				
4.25% LS Finance 2022 Ltd 16.10.2022 (NR)	270,701	270,483	273,727	1.93
3.15% Mapletree Industrial Trust Call: 11.05.2026 (BBB-)	250,000	253,042	247,042	1.74
3.50% Mapletree North Asia Com Trust Call: 08.06.2026 (NR)	750,000	749,439	736,224	5.18
3.95% Mapletree Treasury Services Call: 12.11.2022 (NR)	250,000	255,056	254,638	1.79
4.25% Parkway Pantai Ltd Call: 27.07.2022 (NR)	812,103	815,577	808,007	5.69
7.125% Powerlong Real Estate Call: 06.04.2022 (B2)	541,402	395,915	276,171	1.94
3.13% Singapore Airlines Ltd 17.11.2026 (NR)	250,000	261,007	250,144	1.76
1.75% Singapore Government Bond 01.04.2022	500,000	504,390	504,475	3.55
3.3% SingTel Group Treasury Pte Ltd Call: 14.07.2031 (A3)	250,000	259,688	247,970	1.75
6.125% Societe Generale SA Call: 16.04.2024 (Ba2)	250,000	264,600	261,056	1.84
4.1% SPH REIT Call: 30.08.2024 (NR)	500,000	504,215	499,697	3.52
5.375% Standard Chartered PLC Call: 03.10.2024 (Ba1)	250,000	264,679	260,277	1.83
3.95% Star Hub Ltd Call: 16.06.2022 (NR)	500,000	506,823	506,236	3.56
4.85% UBS Group AG Call: 04.09.2024 (Baa3)	500,000	517,250	516,560	3.64
5.875% UBS Grp Funding Switzerland AG Call: 28.11.2023 (BBB)	250,000	263,989	261,790	1.84
3.58% United Overseas Bank Ltd Call: 17.07.2026 (Baa1)	250,000	259,988	253,839	1.79
2.33% UOL Treasury Services 31.08.2028 (NR)	500,000	501,021	470,321	3.31
4.08% Wing Tai Holdings Ltd Call: 28.06.2022 (NR)	250,000	251,253	249,552	1.76

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

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

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

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
<u>Bonds</u> (continued)				
4.25% Wing Tai Properties Fin Ltd 29.11.2022 (NR)	250,000	257,179	256,655	1.81
Total unquoted fixed income securities – foreign	<u>13,743,750</u>	13,806,853	<u>13,469,407</u>	<u>94.82</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(337,446)</u>		
Total unquoted fixed income securities – foreign		<u>13,469,407</u>		

8 FORWARD FOREIGN CURRENCY CONTRACTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at the date of statement of financial position, there are 1 forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to SGD1,601,621. The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

As at
31.3.2022
SGD

Financial liabilities at fair value through profit or loss:
- forward foreign currency contracts

9,226

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

8 FORWARD FOREIGN CURRENCY CONTRACTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	6 months financial period ended <u>31.3.2022</u> SGD
Net gain on forward foreign currency contracts at fair value through profit or loss	
- realised gain on forward foreign currency contracts	9,781
- unrealised gain on changes in fair value	5,117
	<u>14,898</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 31 March 2022 is as follows:

	<u>Receivables</u> SGD	<u>Payables</u> SGD	<u>Fair value</u> SGD	<u>Percentage of NAV</u> %
Affin Hwang Investment Bank Bhd#	1,601,621	1,592,395	(9,226)	(0.06)
Total forward foreign currency contracts	<u>1,601,621</u>	<u>1,592,395</u>	<u>(9,226)</u>	<u>(0.06)</u>

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

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

9

NUMBER OF UNITS IN CIRCULATION

(a) MYR Class units in circulation

	As at <u>31.3.2022</u> No. of units
At beginning of the financial period	40,465,000
Creation of units arising from applications	10,396,000
Cancellation of units	<u>(8,804,000)</u>
At the end of the financial period	<u><u>42,057,000</u></u>

(b) SGD Class units in circulation

	As at <u>31.3.2022</u> No. of units
At beginning of the financial period	12,374,000
Creation of units arising from applications	9,023,000
Cancellation of units	<u>(6,346,000)</u>
At the end of the financial period	<u><u>15,051,000</u></u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

10

TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top dealers for the 6 months financial period 31 March 2022 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %
Citibank Berhad	1,755,755	22.34
HSBC Bank Malaysia Bhd	1,540,138	19.59
DBS Bank Ltd	1,255,025	15.97
Standard Chartered Bank Malaysia Bhd	1,238,337	15.75
Nomura Singapore Ltd	629,263	8.01
United Overseas Bank (M) Bhd	495,325	6.30
Barclays Capital Inc	267,368	3.40
OCBC Ltd	255,000	3.23
J.P. Morgan Securities (Malaysia) Sdn Bhd	253,551	3.23
UBS Securities Australia Ltd	171,011	2.18
	<u>7,860,773</u>	<u>100.00</u>

11

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
Director of Affin Hwang Asset Management Berhad	Directors of the Manager

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

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

	<u>As at 31.3.2022</u>	
	No. of units	SGD
<u>The Manager:</u>		
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)		
- MYR Class	2,261	364
- SGD Class	2,957	1,459
	<u> </u>	<u> </u>

12 TOTAL EXPENSE RATIO ("TER")

	6 months financial period ended <u>31.3.2022</u> %
TER	<u>0.56</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
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is SGD14,300,996.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

13

PORTFOLIO TURNOVER RATIO (“PTR”)

6 months
financial
period ended
31.3.2022
SGD

PTR (times)

0.29

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = SGD4,884,026
total disposal for the financial period = SGD3,326,699

14

COMPARATIVES

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

15

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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

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

AFFIN HWANG SGD BOND FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 32 are drawn up in accordance with the provisions of the Deed 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 net assets attributable to unitholders and cash flows for the 6 months financial period ended 31 March 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 May 2022

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