



SEMI-ANNUAL REPORT
31 March 2023

Affin Hwang **SGD** **Bond Fund**

MANAGER
AHAM Asset Management Berhad
*(Formerly known as Affin Hwang Asset
Management Berhad)*
199701014290 (429786-T)

TRUSTEE
Deutsche Trustees Malaysia Berhad
(763590-H)

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AFFIN HWANG SGD BOND FUND

Semi-Annual Reports and Audited Financial Statements For the 6 Months Financial Period Ended 31 March 2023

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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 2023 (%)		As at 31 Mar 2022 (%)	
Portfolio composition				
Unquoted fixed income securities – foreign	81.09		94.82	
Cash & cash equivalent	18.91		5.18	
Total	100.00		100.00	
Currency class	<u>RM</u> <u>Class</u>	<u>SGD</u> <u>Class</u>	<u>RM</u> <u>Class</u>	<u>SGD</u> <u>Class</u>
Total NAV (RM'million)	12.665	11.286	21.0517	7.426
NAV per Unit (RM)	0.5236	0.4828	0.5006	0.4934
Unit in Circulation (million)	24.190	23.375	42.057	15.051
Highest NAV	0.5310	0.4887	0.5082	0.5032
Lowest NAV	0.505	0.4735	0.4938	0.4900
Return of the Fund (%)	2.75	0.23	-0.99	-1.91
- Capital Growth (%)	2.75	0.23	-0.99	-1.91
- Income Distribution (%)	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil
Total Expense Ratio (%) ¹		0.56		0.56
Portfolio Turnover Ratio (times) ²		0.83		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

¹ The TER of the Fund remains unchanged during the financial period.

² The increased in the Fund's PTR was due to higher trading activities and lower average NAV of the Fund for the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 31 March 2023.

Performance Review

SGD Class

For the period 1 October 2022 to 31 March 2023, the Fund registered a 0.23% return compared to the benchmark return of 0.71%. The Fund thus underperformed the Benchmark by 0.48%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2023 was SGD0.4828 while the NAV as at 30 September 2022 was SGD0.4817.

Since commencement, the Fund has registered a return of -3.44% compared to the benchmark return of 1.02%, underperforming by 4.46%.

MYR Class

For the period 1 October 2022 to 31 March 2023, the Fund registered a 2.75% return compared to the benchmark return of 0.71%. The Fund thus outperformed the Benchmark by 2.04%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2023 was MYR0.5236 while the NAV as at 30 September 2022 was MYR0.5096.

Since commencement, the Fund has registered a return of 4.72% compared to the benchmark return of 1.02%, outperforming by 3.70%.

Table 1: Performance of the Fund

	6 Months (1/10/22 - 31/3/23)	1 Year (1/4/22 - 31/3/23)	Since Commencement (16/3/21 - 31/3/23)
Benchmark	0.71%	0.94%	1.02%
SGD Class	0.23%	(2.15%)	(3.44%)
Outperformance	(0.48%)	(3.09%)	(4.46%)
MYR Class	2.75%	4.59%	4.72%
Outperformance	2.04%	3.65%	3.70%

Source of Benchmark: Monetary Authority of Singapore

Table 2: Average Total Return

	1 Year (1/4/22 - 31/3/23)	Since Commencement (16/3/21 - 31/3/23)
Benchmark	0.94%	0.50%
SGD Class	(2.15%)	(1.70%)
Outperformance	(3.09%)	(2.20%)
MYR Class	4.59%	2.28%
Outperformance	3.65%	1.78%

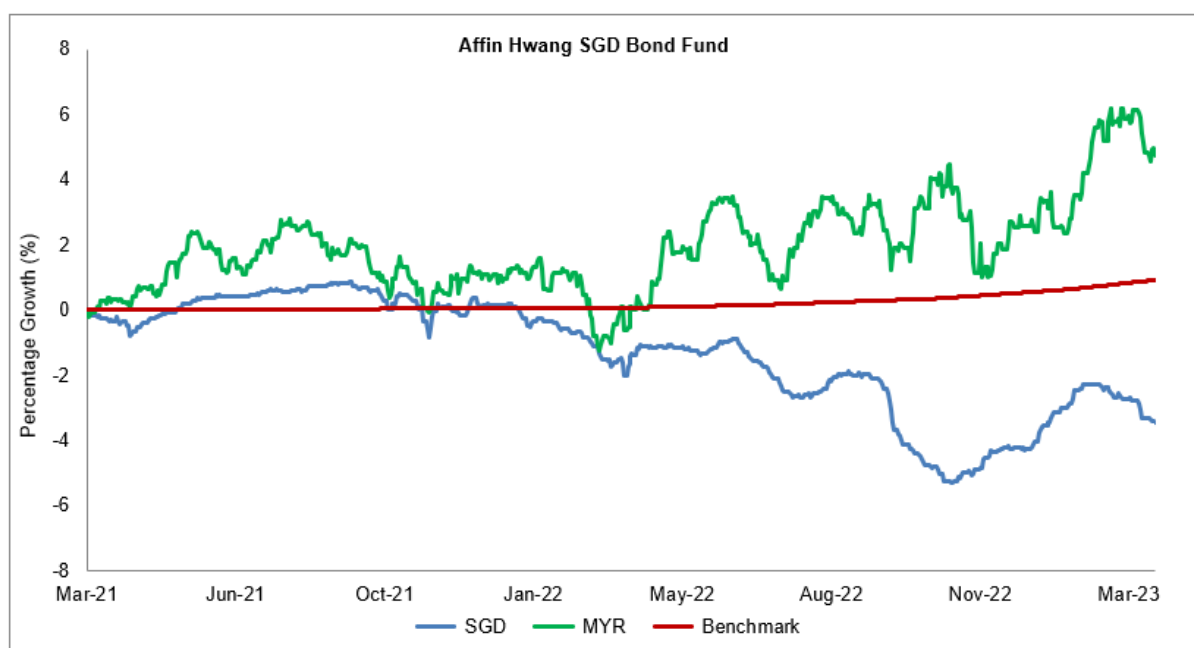
Source of Benchmark: Monetary Authority of Singapore

Table 3: Annual Total Return

	FYE 2022 (1/10/21 - 30/9/22)	FYE 2021 (16/3/21 - 30/9/21)
Benchmark	0.27%	0.04%
SGD Class	(4.23%)	0.60%
Outperformance	(4.50%)	0.56%
MYR Class	0.79%	1.12%
Outperformance	0.52%	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 AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) 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: 12-Month Singapore Commercial Banks Weighted Average FD 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 2023, the asset allocation of the Fund stood at 81.09% 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.

Sustainable and Responsible Investment (“SRI”) Strategy

During the financial year under review, the Fund has complied with the Securities Commission Malaysia’s Guidelines on Sustainable and Responsible Investment (SRI).

The Fund adopted negative or exclusionary screening by excluding investments in companies undertaking business activities or practices in alcohol, coal mining, forestry and logging, fossil fuel, gaming, tobacco, military weapons and other businesses regarded as vice in its investments.

Market Review

Over the financial year ended 31 March 2023, markets experienced some volatility as macro events and continued policy rates increases globally affected stock and bond markets. The MSCI AC World index was down -7.4%, the MSCI AC Asia ex Japan Index was down -11.0%, while the FTSE Bursa Malaysia Top 100 Index was down -8.6% over the period. Bond markets were similarly impacted with the Bloomberg Barclays Global Aggregate Index down -3.9%, while local bond markets saw edge higher with the benchmark 10-year MGS yield closing at 3.91%, 6bps higher compared to the previous year.

Central banks globally continued to raise policy rates from their pandemic era lows, as high inflation continues to be a concern globally. The US Federal Reserve continued to raise their policy rates by 75bps in each consecutive monetary policy committee meetings, before starting to moderate their pace as the year progressed. The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even trigger a potential recession. Further signs of stress in the economy was also seen in March as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggering concerns of contagion to other vulnerable banks.

In China, sentiments continued to dampen for much of the financial year as Covid lockdowns continued to be in place, alongside the downturn in the country’s property sector which continued to be a concern for growth. By December 2022 however, lockdowns measures had been eased lending some positivity to markets for a recovery in growth, though at the expense of further contributing to sticky inflation seen globally. The Chinese government was also seen providing policy support to the property sector which aims to facilitate project completion and ease liquidity conditions. China’s National People’s Congress (NPC) took place in February 2023 where a GDP target of around 5% for 2023 was set. Trade tensions with the US also continues to simmer, with the US seen putting in place measures to prevent exports of advanced technology to China.

Major macro events over the financial year under review had a notable effect on the local market. While Bank Negara similarly raised policy rates to tame domestic inflation, the pace of increase was more measured compared to other major central banks. This led to a strengthening of the US Dollar against the Malaysian Ringgit, causing sustained foreign fund outflows. This is despite fundamentals (earnings growth, growing FDI) remaining strong domestically, as well as the removal of political and policy uncertainties following the general elections in November 2022 which saw Datuk Seri Anwar Ibrahim taking the helm as Prime Minister as well as the position of Finance Minister. Budget 2023 which was tabled in February, was also seen as pragmatic where increased expenditure to drive economic growth were balanced with new tax measures to bolster government revenue.

Investment Outlook

Global equity markets still remain susceptible to shifting sentiment towards geopolitical tensions, inflation, economic growth and ultimately corporate earnings. Valuations have already significantly adjusted to reflect a change in the market environment, and we believe reflect realistic expectations for inflation, rates and risk premia. Consequently, the source of risk has now shifted from valuation to earnings in light of the softer growth and prospects for a recession, which appears increasingly likely.

China is expected to be a strong source of growth and returns for Asia. The Chinese equities as well as credit market took a breather in February after strong rally in the past months. Market sentiment was dampened by the re-intensifying geopolitical tensions between US-China which arose from the balloon controversies and the

plan to expand US troops in Taiwan for military training. On the other hand, macro and economic front continued to deliver encouraging data. Consumption continued to recover in February, stronger and at a faster pace than expected, albeit with more encouraging signs in the services sector over consumer goods. Signs of the rebound were evident over the Chinese New Year holiday, and domestic tourism recorded the strongest visitor and revenue levels since the pandemic. China's official manufacturing PMI rose to 52.6 in February from 50.1 in January, however has dipped slightly to 51.9 in March. Non-manufacturing PMI on the other hand rose to 58.2 in March, the highest since May 2011. The supportive stance continued into 2023 and was recently validated by the 2 sessions that took place in early March. The general positive tone on economic recovery and consumption stimulus remains, alongside with the announcement of the new cabinet and securing of President Xi's third term.

In contrast to the expected slowdown in the developed market economy, Malaysia's economic fundamentals continues to remain strong. Within the financial period under review, the government unveiled its revised budget, focusing on sustainable economic growth, institutional reforms and reducing social inequality. The benchmark KLCI edged 2.11% lower as market reaction to Budget 2023 was neutral. Our view is that newly tabled budget is a pragmatic one that should restore confidence and shore up support in the long run. The absence of any prosperity tax is a huge relief to the market that should augur well for corporate earnings. Notwithstanding macro noises, Malaysia economy is primarily domestic driven and therefore more insulated against external shocks.

Bond investors may see some relief this year after enduring a painful 2022 which saw rates volatility reaching unprecedented highs. In 2023, volatility in rates is expected to temper down as we see a slower pace of adjustment in rates. In addition, a slower growth outlook is beneficial for rates. On local fixed income, credit rating agencies are likely to maintain the sovereign ratings of Malaysia bonds. We expect range bound yields in 1Q23. Local demand for bonds is still healthy and is expected to be anchored by real money investors. Rates volatility will be driven by external development.

China property developers went through an unprecedented phase which caused a widespread default in the USD Asia Credit market. In 2022, USD 67.3bn of defaults emerged from the China high-yield (HY) property sector, which translated to a default rate of close to 66%, or 52% of China HY. The defaults started emerging after a series of tightening policies that were rolled out by the Chinese government in their attempt to rein in financial risks after being the first to emerge out of Covid-19. Some of the tightening measures that the Chinese government used include tighter funding channels, tighter escrow account monitoring, and slower mortgage approvals by the local governments. The Covid-19 lockdowns implemented for the most part of 2022 also dampened property sales in China sharply.

The property sector is an important sector for the Chinese economy given that it accounted for 25% to 30% of China's GDP. While the Chinese Government has cut interest rates and made various announcements that it will support the property sector, it was only in 4Q22 that the Chinese government started rolling out more constructive measures. They introduced the Three Arrows (loans, onshore bonds and equity) and 16-point plan to support for the property market. Several developers were able to issue onshore bonds with credit enhancements like guarantees from China State-owned entities or credit risk management tools.

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

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 Fund has received soft commissions from brokers/dealers who have also executed trades for other funds managed by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad). The soft commissions were utilised for goods and services in the form of research materials, data and quotation services, investment-related publications, market data feed,

industry benchmarking agencies and investment-related publications to assist the Manager in the investment decision-making process. The soft commission received were for the benefit of the fund and there were no churning of trades.

Cross Trade

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

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

Changes Made to the Fund's Prospectus

There were no changes made to the Fund's Prospectus during the financial period under review.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AFFIN HWANG SGD BOND FUND (“Fund”)

We have acted as the Trustee of the Fund for the financial period ended 31 March 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

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

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Jiva Munusamy
Head, Client Management

Kuala Lumpur
15 May 2023

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD 31 MARCH 2023

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD 31 MARCH 2023

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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 2023

	<u>Note</u>	6 months financial period ended <u>31.3.2023</u> SGD	6 months financial period ended <u>31.3.2022</u> SGD
INVESTMENT INCOME (LOSS)			
Interest income for financial assets at fair value through profit or loss		292,401	259,630
Net gain/ (loss) on foreign currency exchange		1,486	(13,134)
Net gain on forward foreign currency contracts at fair value through profit or loss	8	116,821	14,898
Net loss on financial assets at fair value through profit or loss	7	(278,206)	(447,343)
		<u>132,502</u>	<u>(185,949)</u>
EXPENSES			
Management fee	4	(61,775)	(71,202)
Trustee fee	5	(1,857)	(2,139)
Auditors' remuneration		(1,309)	(1,378)
Tax agent's fee		(539)	(568)
Other expenses		(3,726)	(4,526)
		<u>(69,206)</u>	<u>(79,813)</u>
NET PROFIT /(LOSS) BEFORE TAXATION		63,296	(265,762)
Taxation	6	(43,491)	(6,514)
INCREASE/ (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>19,805</u>	<u>(272,276)</u>
Increase/ (decrease) in net asset attributable to unitholders are made up of the following:			
Realised amount		321,166	34,713
Unrealised amount		(301,361)	(306,989)
		<u>19,805</u>	<u>(272,276)</u>

The accompanying summary of significant accounting policies and notes to the unaudited semi-annual 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 2023

	<u>Note</u>	<u>2023</u> SGD	<u>2022</u> SGD
ASSETS			
Cash and cash equivalents		1,136,696	753,285
Amount due from dealer		-	251,625
Amount due from Manager			
- creation of units		3,036,014	13,309
Financial assets at fair value through profit or loss	7	12,246,439	13,469,407
TOTAL ASSETS		<u>16,419,149</u>	<u>14,487,626</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	8	2,697	9,226
Amount due to dealer		1,245,939	250,000
Amount due to Manager			
- management fee		10,148	12,185
- cancellation of units		6,329	3,204
Amount due to Trustee		304	365
Auditors' remuneration		1,630	1,378
Tax agent's fee		1,613	1,689
Tax payable		46,874	3,157
Other payables and accruals		692	718
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>1,316,226</u>	<u>281,922</u>
NET ASSET VALUE OF THE FUND		<u>15,102,923</u>	<u>14,205,704</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>15,102,923</u>	<u>14,205,704</u>

AFFIN HWANG SGD BOND FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 (CONTINUED)

	<u>Note</u>	<u>2023</u> SGD	<u>2022</u> SGD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- MYR Class		3,816,726	6,780,162
- SGD Class		11,286,197	7,425,542
		<u>15,102,923</u>	<u>14,205,704</u>
NUMBER OF UNITS IN CIRCULATION			
- MYR Class	9 (a)	24,190,000	42,057,000
- SGD Class	9 (b)	23,375,000	15,051,000
		<u>47,565,000</u>	<u>57,108,000</u>
NET ASSET VALUE PER UNIT (SGD)			
- MYR Class		0.1578	0.1612
- SGD Class		0.4828	0.4934
		<u>0.1578</u>	<u>0.1612</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR Class		RM0.5236	RM0.5006
- SGD Class		SGD0.4828	SGD0.4934
		<u>RM0.5236</u>	<u>RM0.5006</u>

The accompanying summary of significant accounting policies and notes to the unaudited semi-annual 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 2023

	6 months financial period ended <u>31.3.2023</u> SGD	6 months financial period ended <u>31.3.2022</u> SGD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	13,043,445	12,875,258
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	5,340,657	6,203,863
- MYR Class	1,135,438	1,699,567
- SGD Class	4,205,219	4,504,296
Cancellation of units	(3,300,984)	(4,601,141)
- MYR Class	(2,989,589)	(1,428,301)
- SGD Class	(311,395)	(3,172,840)
Net increase/ (decrease) in net assets attributable to unitholders during the financial period	19,805	(272,276)
- MYR Class	3,328	(142,119)
- SGD Class	16,477	(130,157)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>15,102,923</u>	<u>14,205,704</u>

The accompanying summary of significant accounting policies and notes to the unaudited semi-annual 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 2023

	<u>Note</u>	6 months financial period ended <u>31.3.2023</u> SGD	6 months financial period ended <u>31.3.2022</u> SGD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		4,285,488	3,246,957
Purchase of investments		(2,973,274)	(5,379,255)
Interest received		231,230	215,811
Management fee paid		(62,467)	(69,414)
Trustee fee paid		(1,878)	(2,086)
Payments for other fees and expenses		(6,331)	(7,172)
Net realized loss on foreign currency exchange		(22,590)	(4,923)
Net realized gain on forward foreign currency contracts		69,383	9,781
Tax paid		-	(3,357)
		<hr/>	<hr/>
Net cash flows generated from/ operating activities		1,519,561	(1,993,658)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		2,487,062	6,255,183
Payments for cancellation of units		(3,294,655)	(4,901,440)
		<hr/>	<hr/>
Net cash flows (used in)/ generated from financing activities		(807,593)	1,353,743
		<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		711,968	(639,915)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(1,221)	3,503
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		425,949	1,389,697
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		1,136,696	753,285
		<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 31 March 2023 and 31 March 2022 comprise of bank balances.

The accompanying summary of significant accounting policies and notes to the unaudited semi-annual 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 2023

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 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial 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 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.

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 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.

The amendments also specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

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

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

B INCOME RECOGNITION

Interest income

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

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

Realised gains and losses on sale of investments

For 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

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

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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.

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.

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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

The Fund classifies cash and cash equivalents, 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 2023 (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 2023 (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 2023 (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 entity and a financial liability or equity instrument of another entity.

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

The fair value of forward foreign currency contracts is determined using forward exchange rates at the statement 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 2023 (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 2023

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 AHAM Asset Management Berhad (formerly known as 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 aims to provide regular income over the medium to long term period.

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. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 15 May 2023.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (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>2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,136,696	-	1,136,696
Amount due from dealer			-	
Amount due from Manager		3,036,014	-	3,036,014
- creation of units			-	
Unquoted fixed income securities	7	-	12,246,439	12,246,439
Total		<u>4,172,710</u>	<u>12,246,439</u>	<u>16,419,149</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	8	-	2,697	2,697
Amount due to dealer		1,245,939	-	1,245,939
Amount due to Manager				
- management fee		10,148	-	10,148
- cancellation of units		6,329	-	6,329
Amount due to Trustee		304	-	304
Auditors' remuneration		1,630	-	1,630
Tax agent's fee		1,613	-	1,613
Other payables and accruals		692	-	692
Total		<u>1,266,655</u>	<u>2,697</u>	<u>1,269,352</u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (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>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 2023 (CONTINUED)

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

Market risk

(a) Price risk

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

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

	<u>2023</u> SGD	<u>2022</u> SGD
Unquoted investments*		
Unquoted fixed income securities	12,246,439	13,469,407

* Includes interest receivable of SGD115,300 (2022: SGD162,022).

The following table summarises the sensitivity of the Fund's profit/ (loss) after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 5% (2022: 2%) and decreased by 5% (2022: 2%) 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/ (loss) after tax <u>NAV</u> SGD
<u>2023</u>		
- 5%	11,524,582	(606,557)
0%	12,131,139	-
+ 5%	12,737,696	606,557
<u>2022</u>		
-2%	13,041,237	(266,148)
0%	13,307,385	-
+2%	13,573,533	266,148

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's profit/ (loss) 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% (200 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit/ (loss) after tax/NAV</u>	
	<u>2023</u>	<u>2022</u>
	SGD	SGD
+ 2% (2022: + 2%)	(239,543)	(284,382)
- 2% (2022: - 2%)	253,827	264,972
	<u> </u>	<u> </u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (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 securities SGD	Cash and cash equivalents SGD	Amount due from Manager SGD	Total SGD
<u>2023</u>				
<u>Financial assets</u>				
Chinese Yuan	-	23,524	-	23,524
Malaysian Ringgit	-	290,361	3,309	293,670
United States Dollar	796,602	47,306	-	843,908
	<u>796,602</u>	<u>361,191</u>	<u>3,309</u>	<u>1,161,102</u>

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

	Foreign forward currency contracts SGD	Other liabilities* SGD	Net assets attributable to unitholders SGD	Total SGD
<u>Financial liabilities</u>				
Malaysian Ringgit		10,262	3,816,726	3,826,988
United States Dollar	2,697	-		2,697
	<u>2,697</u>	<u>10,262</u>	<u>3,816,726</u>	<u>3,829,685</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 2023 (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)

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>2022</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 2023 (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>2023</u>		
Chinese Yuan	+/- 10.00	+/- 2,352
Malaysian Ringgit	+/- 10.00	-/+ 353,332
United States Dollar	+/- 10.00	+/- 84,121
<u>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 dealers 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 2023 (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:

	<u>Cash and cash equivalents</u> SGD	<u>Amount due from Manager</u> SGD	<u>Unquoted fixed income securities</u> SGD	<u>Total</u> SGD
<u>2023</u>				
Consumer discretionary				
- NR	-	-	243,494	243,494
Financial services				
- AAA	1,136,696	-	259,883	1,396,579
- A2	-	-	446,324	446,324
- A3	-	-	722,484	722,484
- Ba1	-	-	236,577	236,577
- Baa1	-	-	2,247,053	2,247,053
- Baa3	-	-	445,229	445,229
- BBB-	-	-	232,079	232,079
- BBB+	-	-	226,346	226,346
- NR	-	-	737,583	737,583
Government				
- AAA	-	-	293,461	293,461
- NR	-	-	686,786	686,786
Others				
- NR	-	3,036,014	-	3,036,014
Real estate				
- Baa2	-	-	474,516	474,516
- BBB-	-	-	236,892	236,892
- NR	-	-	4,285,046	4,285,046
Telecommunications				
- NR	-	-	472,686	472,686
	<u>1,136,696</u>	<u>3,036,014</u>	<u>12,246,439</u>	<u>16,419,149</u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	Unquoted fixed income <u>securities</u> SGD	<u>Total</u> SGD
<u>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>753,285</u>	<u>264,934</u>	<u>13,469,407</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 2023 (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 one month SGD	Between one month to one year SGD	Total SGD
<u>2023</u>			
Forward foreign currency contracts at fair value through profit or loss		2,697	2,697
Amount due to dealer	1,245,939	-	1,245,939
Amount due to Manager			
- management fee	10,148	-	10,148
- cancellation of units	6,329	-	6,329
Amount due to Trustee	304	-	304
Auditors' remuneration	-	1,630	1,630
Tax agent's fee	-	1,613	1,613
Other payables and accruals	-	692	692
Net assets attributable to unitholders*	15,102,923	-	15,102,923
	<u>16,365,643</u>	<u>6,632</u>	<u>16,372,275</u>
<u>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 2023 (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.

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 SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (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> SGD	<u>Level 2</u> SGD	<u>Level 3</u> SGD	<u>Total</u> SGD
<u>2023</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	12,246,439	-	12,246,439
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	2,697	-	2,697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2022</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	13,469,407	-	13,469,407
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	9,226	-	9,226
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These includes unquoted fixed income securities 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 2023 (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 2023, the management fee is recognised at a rate of 1.00% (2022: 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 2023, the Trustee's fee is recognised at a rate of 0.03% (2022: 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.

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

6 TAXATION

	6 months financial period ended <u>31.3.2023</u> SGD	6 months financial period ended <u>31.3.2022</u> SGD
Current taxation	43,491	6,514

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>31.3.2023</u> SGD	6 months financial period ended <u>31.3.2022</u> SGD
Net loss before taxation	63,296	(265,762)
Tax at Malaysian statutory rate of 24% (2022: 24%)	15,191	(63,783)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss not brought to tax	11,691	51,141
Expenses not deductible for tax purposes	15,092	17,407
Restriction on tax deductible expenses for Unit Trust Funds	1,517	1,749
Tax expense	43,491	6,514

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2023</u> SGD	<u>2022</u> SGD
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – foreign	<u>12,246,439</u>	<u>13,469,407</u>
	6 months financial period ended <u>31.3.2023</u> SGD	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	(126,767)	(99,328)
- unrealised loss on changes in fair value	(151,439)	(348,015)
	<u>(278,206)</u>	<u>(447,343)</u>

(a) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 March 2023 is as follows:

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage of NAV %
<u>Bonds</u>				
2.90% AIA Group Ltd				
Call: 11.06.2031 (A2)	250,000	249,810	198,860	1.32
3.75% Barclays PLC Call: 23.05.2025 (Baa1)	250,000	265,938	246,513	1.63
5.9% BNP Paribas SA Call: 28.02.2028 (BBB-)	250,000	250,054	232,079	1.54
4.25% Cagamas Global Plc 27.09.2023 (A3)	250,000	250,145	249,770	1.65
3.00% CapitalLand Ascendas REIT				
Call: 17.09.2025 (Baa2)	500,000	498,616	474,516	3.14
3.375% CapitaRetail China Trust				
Call: 27.10.2025 (NR)	250,000	244,856	235,606	1.56
3.30% DBS Group Holdings Ltd				
Call: 27.02.2025 (Baa1)	265,980	259,070	249,839	1.65
3.98% DBS Group Holdings Ltd				
Call: 12.09.2025 (Baa1)	250,000	263,295	243,770	1.61
2.18% FLCT Treasury Pte Lt				
26.07.2028 (BBB+)	250,000	250,971	226,346	1.50
3.00% Frasers Property AHL				
09.10.2028 (NR)	500,000	507,151	454,301	3.01
4.98% Frasers Property Treasury Pte				
Call: 11.04.2024 (NR)	500,000	521,359	503,634	3.33
3.29% GLL IHT Pte Ltd 26.10.2026 (NR)	250,000	253,538	241,738	1.60
3.40% GLL IHT Pte Ltd 10.08.2025 (NR)	250,000	259,539	244,364	1.62
4.60% GLL IHT Pte Ltd Call: 23.07.2023 (NR)	250,000	252,580	245,567	1.63

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (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 2023 is as follows: (continued)

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
3.995% Housing Development Finance 06.12.2029 (AAA)	250,000	253,183	259,883	1.72
5.25% HSBC Holdings PLC Call: 27.06.2027 (Baa1)	250,000	253,416	252,566	1.67
3.80% Huarong Finance 2017 Co 07.11.2025 (Baa3)	250,000	243,149	217,124	1.44
3.15% Keppel REIT Call: 11.09.2025 (NR)	250,000	245,328	235,503	1.56
4.20% Lendlease Global Commercial REIT Call: 04.06.2026 (NR)	250,000	253,394	235,619	1.56
4.50% Macquarie Group Ltd Call 18.08.2025 (A3)	250,000	251,294	249,294	1.65
3.15% Mapletree Industrial Trust Call: 11.05.2026 (BBB-)	250,000	253,042	236,892	1.57
3.50% Mapletree North Asia Com Trust Call: 08.06.2026 (NR)	500,000	499,633	453,966	3.01
3.95% Mapletree Treasury Services Call: 12.05.2023 (NR)	250,000	255,738	240,113	1.59
0.00% Monetary Auth of S'pore Bill 23.06.2023 (NR)	200,000	198,140	198,280	1.31
0.00% Monetary Auth of S'pore Bill 28.04.2023 (NR)	300,000	299,082	299,190	1.98
4.15% National Australia Bank Ltd Call: 19.05.2023 (Baa1)	500,000	506,925	506,175	3.35
6.15% NWD Finance BVI Ltd Call: 16.03.2025 (NR)	265,980	260,310	253,302	1.68
4.00% Oversea-Chinese Banking Corp Call: 24.08.2023 (Baa1)	250,000	247,486	249,286	1.65
4.10% Paragon Reit Call: 30.08.2024 (NR)	500,000	505,047	485,797	3.22
3.13% Singapore Airlines Ltd 17.11.2026 (NR)	250,000	262,394	243,494	1.61
2.625% Singapore Government Bond 01.08.2032 (NR)	200,000	194,413	195,836	1.30
0.00% Singapore Treasury Bill 03.10.2023 (NR)	500,000	490,425	490,950	3.25
3.30% SingTel Group Treasury Pte Ltd Call: 14.07.2031 (A3)	250,000	259,695	223,420	1.48
5.375% Standard Chartered PLC Call: 03.10.2024 (Ba1)	250,000	267,502	236,577	1.57
3.95% Star Hub Ltd Call: 16.06.2023 (NR)	500,000	511,361	472,686	3.13
4.85% UBS Group AG Call: 04.09.2024 (Baa3)	250,000	258,618	228,105	1.51

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (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 2023 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)				
3.50% United Overseas Bank Ltd Call: 27.02.2024 (A2)	250,000	248,589	247,464	1.63
3.58% United Overseas Bank Ltd Call: 17.07.2026 (Baa1)	250,000	261,690	241,040	1.60
5.25% United Overseas Bank Ltd Call: 19.01.2028 (Baa1)	250,000	252,589	257,864	1.71
0.75% United States Treasury N/B 31.12.2023 (Aaa)	132,990	130,600	129,437	0.86
1.375% United States Treasury N/B 15.11.2040 (Aaa)	106,392	71,573	73,199	0.49
2.875% United States Treasury N/B 15.05.2052 (Aaa)	106,392	109,236	90,825	0.60
2.33% UOL Treasury Services 31.08.2028 (NR)	500,000	501,021	448,721	2.97
4.08% Wing Tai Holdings Ltd Call: 24.05.2024 (NR)	250,000	251,178	246,928	1.63
	<hr/>	<hr/>	<hr/>	<hr/>
Total unquoted fixed income securities – foreign	<u>12,827,734</u>	<u>12,922,973</u>	<u>12,246,439</u>	<u>81.09</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(676,534)</u>		
Total unquoted fixed income securities – foreign		<u><u>12,246,439</u></u>		

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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

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

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

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<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 2023 (CONTINUED)

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

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

(ii) 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 2023 (CONTINUED)

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

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

(ii) 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>		

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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 SGD661,300 (2022: 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.

	<u>2023</u> SGD	<u>2022</u> SGD
Financial liabilities at fair value through profit or loss:		
- forward foreign currency contracts	2,697	9,226
	<u>2,697</u>	<u>9,226</u>
	6 months financial period ended <u>31.3.2023</u> SGD	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	69,384	9,781
- unrealised gain on changes in fair value	47,437	5,117
	<u>116,821</u>	<u>14,898</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 31 March 2023 is as follows:

	<u>Receivables</u> SGD	<u>Payables</u> SGD	<u>Fair</u> <u>value</u> SGD	<u>Percentage</u> <u>of NAV</u> %
Affin Hwang Investment Bank Bhd#	661,300	663,997	(2,697)	(0.02)
Total forward foreign currency contracts	<u>661,300</u>	<u>663,997</u>	<u>(2,697)</u>	<u>(0.02)</u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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

(a) Forward foreign currency contracts

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

	<u>Receivables</u> SGD	<u>Payables</u> SGD	<u>Fair</u> <u>value</u> SGD	<u>Percentage</u> <u>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 former holding company of the Manager have been entered in the normal course of business at agreed terms between the related parties.

9 NUMBER OF UNITS IN CIRCULATION

(a) MYR Class units in circulation

	<u>2023</u> No. of units	<u>2022</u> No. of units
At beginning of the financial period	36,008,000	40,465,000
Creation of units arising from applications	7,208,000	10,396,000
Cancellation of units	(19,026,000)	(8,804,000)
At the end of the financial period	<u>24,190,000</u>	<u>42,057,000</u>

(b) SGD Class units in circulation

	<u>2023</u> No. of units	<u>2022</u> No. of units
At beginning of the financial period	15,313,000	12,374,000
Creation of units arising from applications	8,706,000	9,023,000
Cancellation of units	(644,000)	(6,346,000)
At the end of the financial period	<u>23,375,000</u>	<u>15,051,000</u>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

10 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top dealers for the 6 months financial period 31 March 2023 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %
DBS Bank Ltd	2,160,016	30.23
HSBC Bank Malaysia Bhd	899,855	12.60
OCBC Ltd	837,432	11.72
United Overseas Bank (M) Bhd	697,515	9.76
Standard Chartered Bank Malaysia Bhd	692,653	9.70
BNP Paribas Sec. (S) Pte Ltd	495,068	6.93
HSBC Corp Ltd	389,294	5.45
Haitong International Sec Singapore Ltd	262,505	3.67
Citibank Berhad	260,383	3.64
Citigroup Global Markets Inc	248,750	3.48
Others	201,369	2.82
	<u>7,144,840</u>	<u>100.00</u>

- (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>

AFFIN HWANG SGD BOND FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2023 (CONTINUED)

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>
CVC Capital Partners Asia V L.P. ("CVC Asia V")	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn. Bhd.	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as 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 2023 (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:

	As at 31.3.2023		As at 31.3.2022	
	No. of units	SGD	No. of units	SGD
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)				
- MYR Class	2,999	473	2,261	364
- SGD Class	2,953	1,426	2,957	1,459
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12 TOTAL EXPENSE RATIO (“TER”)

	6 months financial period ended <u>31.3.2023</u> %	6 months financial period ended <u>31.3.2022</u> %
TER	<u>0.56</u>	<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 SGD12,412,701 (2022: 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 2023 (CONTINUED)

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended 31.3.2023	6 months financial period ended 31.3.2022
PTR (times)	0.83	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 = SGD20,555,800 (2022: SGD4,884,026)
total disposal for the financial period = SGD126,767 (2022: SGD3,326,699)

14 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Change in corporate shareholding of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

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, **AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 39 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 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the 6 months financial period ended 31 March 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AHAM ASSET MANAGEMENT BERHAD
(FORMERLY KNOWN AS AFFIN HWANG ASSET MANAGEMENT BERHAD)

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 May 2023

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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