

ANNUAL REPORT
30 September 2022

Affin Hwang
SGD Bond Fund

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
Deutsche Trustees Malaysia
Berhad (763590-H)

AFFIN HWANG SGD BOND FUND

Annual Reports and Audited Financial Statements For The Financial Year Ended 30 September 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 30 Sep 2022 (%)	As at 30 Sep 2021 (%)
Portfolio composition		
Unquoted fixed income securities – foreign	95.87	94.88
Cash & cash equivalent	4.13	5.12
Total	100.00	100.00

Currency class	<u>MYR</u> <u>Class</u>	<u>SGD</u> <u>Class</u>	<u>RM</u> <u>Class</u>	<u>SGD</u> <u>Class</u>
Total NAV (million)	18.350	7.376	20.455	6.224
NAV per Unit (in respective currencies)	0.5096	0.4817	0.5056	0.5030
Unit in Circulation (million)	36.008	15.313	40.465	12.374
Highest NAV	0.5176	0.5032	0.5140	0.5043
Lowest NAV	0.4938	0.4817	0.4947	0.4907
Return of the Fund (%)	0.79	-4.23	1.12	0.60
- Capital Growth (%)	0.79	-4.23	1.12	0.60
- 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	1.12		0.75	
Portfolio Turnover Ratio (times)	0.62		1.17	

Basis of calculation and assumption made in calculating the returns:-

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

¹The Fund's TER was higher than the previous year due to higher expenses incurred for the Fund for the financial year.

¹The PTR of the Fund was lower than previous year due to lesser trading activities during the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 30 September 2022.

Performance Review

SGD Class

For the period 1 October 2021 to 30 September 2022, the Fund registered a -4.23% return compared to the benchmark return of 0.27%. The Fund thus underperformed the Benchmark by 4.50%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2022 was SGD0.4817 while the NAV as at 30 September 2021 was SGD0.5030.

Since commencement, the Fund has registered a return of -3.66% compared to the benchmark return of 0.31%, underperforming by 3.97%.

MYR Class

For the period 1 October 2021 to 30 September 2022, the Fund registered a 0.79% return compared to the benchmark return of 0.27%. The Fund thus outperformed the Benchmark by 0.52%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2022 was MYR0.5096 while the NAV as at 30 September 2021 was MYR0.5056.

Since commencement, the Fund has registered a return of 1.92% compared to the benchmark return of 0.31%, outperforming by 1.61%.

Table 1: Performance of the Fund

	1 Year (1/10/21 - 30/9/22)	Since Commencement (16/3/21 - 30/9/22)
Benchmark	0.27%	0.31%
SGD Class	(4.23%)	(3.66%)
Outperformance	(4.50%)	(3.97%)
MYR Class	0.79%	1.92%
Outperformance	0.52%	1.61%

Source of Benchmark: Monetary Authority of Singapore

Table 2: Average Total Return

	1 Year (1/10/21 - 30/9/22)	Since Commencement (16/3/21 - 30/9/22)
Benchmark	0.27%	0.20%
SGD Class	(4.23%)	(2.38%)
Outperformance	(4.50%)	(2.58%)
MYR Class	0.79%	1.24%
Outperformance	0.52%	1.04%

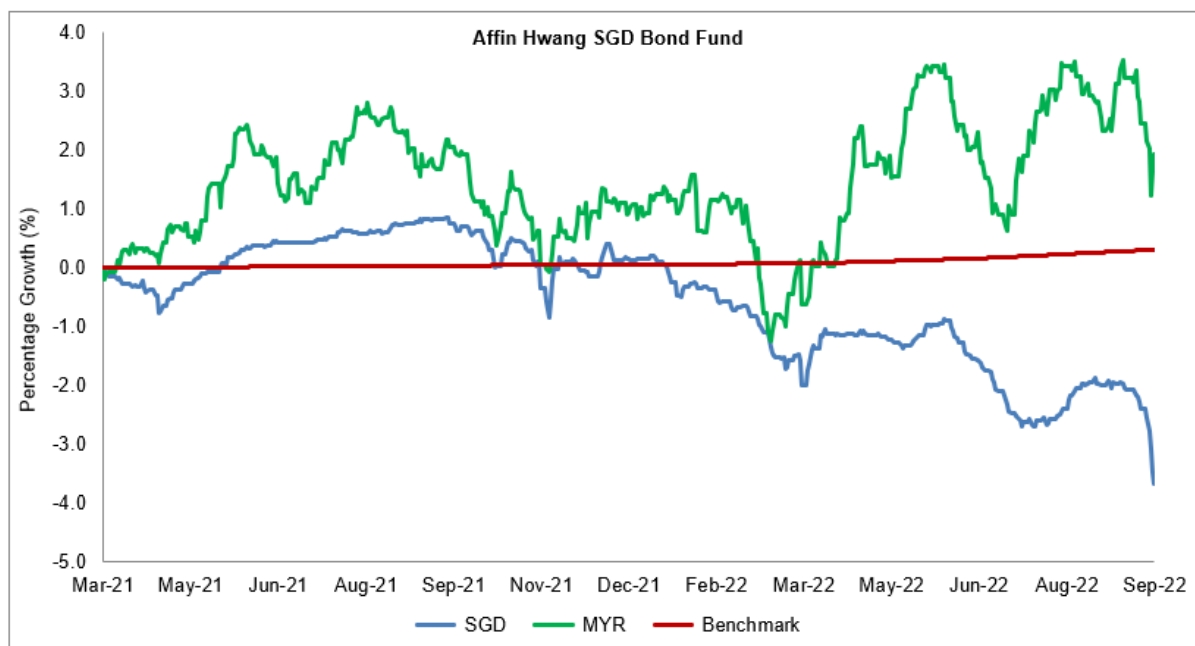
Source of Benchmark: Monetary Authority of Singapore

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 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: 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 30 September 2022, the asset allocation of the Fund stood at 95.87% 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 period/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

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As the last quarter of 2022 draws closer, we have seen numerous interest rates hikes aover the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points within the span of 6 months to address inflationary pressures.

Global markets continue to slump lower in September month-on-month as the Fed signalled that there will be no let-up in its quest to quell inflation by tightening monetary policy. As a result, the Standard & Poor (S&P) 500 index fell 9.3% as hopes that the Fed would pivot anytime soon to loosen monetary policy is dampened. At the annual Jackson Hole economic symposium in August this year, Fed Chair Jerome Powell reiterated that the Fed is committed to raising interest rates until it is confident that inflation is sufficiently brought under control. Powell acknowledged that a tighter monetary policy may adversely affect US consumers and businesses due to higher borrowing costs but added that a premature loosening policy could lead to a much worse outcome if inflation continued unchecked.

The euro area annual inflation rate was 9.1% in August, a considerable increase compared to 3.0% a year ago. The highest contributor to the annual inflation rate is the energy sector, followed by food, alcohol and tobacco. The energy crisis across Europe was exacerbated as Russia said it would halt the Nord Stream 1 pipeline. Russia has already cut its gas supplies to European Union (EU) states by 88% over the year.

In Asia the broader Morgan Stanley Capital International (MSCI) Asia ex-Japan index plunged 12.9% in September, 35.18% year to date (YTD) on slowdown fears, Taiwan and Korea being among the worst performers in the region as the two export-driven countries saw waning demand for technology goods on the back of a global slowdown. Indonesia on the other hand was the best-performing major Asia-Pacific index for the year, with the Jakarta composite index up 6.51% (11.10% YTD) since the start of the year.

According to state media, China plans to launch a real estate fund of up to 300.0 billion yuan (US\$44.0 billion) to help developers complete stalled projects. The People’s Bank of China (PBoC) is also said to be issuing 1.0 trillion yuan (US\$148.2 billion) to ease a liquidity crunch in the sector. China went through a sharp slowdown in April and May this year due to strict lockdown in major cities in the country. However, despite having relaxed Covid-19 restrictions as the number of new cases decline, and the government’s effort in stimulating the economy from both monetary and fiscal perspective, the path to economic recovery seems rocky and non-linear. The Shanghai Shenzhen CSI300 Index is down 27.42% YTD as the region continue to reel from a property slump.

Bond yields continue to rise as central banks maintained hawkishness and were active in raising monetary policy rates, resulting in further negative returns in an environment of continued high inflation. The US 10-year Treasury rose from 1.63% at the start of the year to 3.82% in September, with the two-year rising from 0.73% to 4.21%. The UK gilt market performed relatively worse than most government bond markets as inflation in UK hit 10% in July, surprising markets and raised expectations of a faster pace of rate hikes.

In the domestic market, the Kuala Lumpur Composite Index (KLCI) dipped 7.77% in September 2022 in tandem with other markets. Commodity and plantation stocks were amongst the biggest losers on the back of recessionary risks.

On local fixed income, the 10-year MGS yield rose 43 basis points (bps) to end the month at 4.42%. As widely expected by markets, Bank Negara Malaysia (BNM) raised rates by 25 bps, effectively pushing the Overnight Policy Rate (OPR) to 2.75%, a 100 bps increase compared to 1.75% at the start of the year.

Investment Outlook

Markets are set to remain challenging for the rest of 2022. In developed markets, rising inflation and tight monetary policy may continue to hamper the recovery of risk assets. The Fed's hawkish tones continue to curb expectations of a transition to looser monetary policy anytime soon.

Following an order by the U.S. government in early September 2022 preventing chipmakers including Nvidia and Advanced Micro Devices (AMD) from exporting specific advanced chips to China, bilateral relationships between the U.S. and China may worsen further. On a positive note, delisting fears for U.S. listed Chinese stocks have alleviated to some extent on the news of an agreement between both governments over the auditing dispute being reached.

Asian markets may continue to see weakness. Korea and Taiwan have underperformed thus far as manufacturing gauges for both countries slumped in August 2022. Chinese markets were not spared following renewed lockdowns in major cities. Nevertheless, easing COVID-19 restrictions and policymakers signalling an end to the regulatory crackdown have given hope of a recovery in the Chinese markets.

Locally, election rumours have begun circulating. The United Malays National Organisation (UMNO) Supreme Council nominated Datuk Seri Ismail Sabri Yaakob as the Prime Minister for the 15th General Election (GE15) following a meeting between council members. According to political analysts, the timing of GE15 would be highly dependent on whether UMNO would be allowed by the Registrar of Societies (RoS) to amend its party constitution to delay its party polls. Assuming a full-term, Parliament would need to be dissolved by 16 July 2023. By the latest, election would need then to be held by 14 September 2023.

In other news, Malaysia's Consumer Price Index (CPI) for July 2022 accelerated by 4.4% year-on-year, its highest in 14 months as food and beverage prices remained as the main contributor to inflation. The latest reading marks a full percentage jump from June 2022's figures, though largely in line with consensus estimates. Bank Negara Malaysia (BNM) is still expected to remain gradual and accommodative in its current rate hiking cycle.

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 financial year under review.

Soft Commissions received from Brokers

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

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

During the financial year under review, no soft commission was received by the Manager on behalf of the Fund.

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 year under review.

Changes Made To the Fund's Prospectus

A First Supplemental Prospectus dated 8 October 2021 was issued to investors to communicate a change in the information on "Switching Fee".

Although the Prospectus indicates the switching fee as nil, the First Supplemental Prospectus clarifies that the Management does not impose any switching fee however, if the amount of sales charge of the fund (or class) that the Unit Holder intends to switch into is higher than the sales charge imposed by the fund (or class) being switched from, then the difference in the sales charge between the two (2) funds (or classes) shall be borne by the Unit Holder.

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF SGD BOND FUND

We have acted as Trustee of the Fund for the financial year ended 30 September 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Affin Hwang Asset management Berhad has operated and managed the fund during the year covered by these financial statements in accordance with the following:

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

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Jiva Munusamy
Head, Client Management

Kuala Lumpur
15 November 2022

AFFIN HWANG SGD BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

AFFIN HWANG SGD BOND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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AFFIN HWANG SGD BOND FUND

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

		Financial year ended 30.9.2022 SGD	Financial period from 23.2.2021 (date of launch) to 30.9.2021 SGD
	Note		
INVESTMENT (LOSS)/INCOME			
Interest income for financial assets at fair value through profit or loss		652,649	132,735
Net loss on foreign currency exchange		(17,307)	(5,883)
Net (loss)/gain on financial assets at fair value through profit or loss	7	(910,738)	40,308
Net loss on forward foreign currency contracts at fair value through profit or loss	9	(96,898)	(43,493)
		<u>(372,294)</u>	<u>123,667</u>
EXPENSES			
Management fee	4	(139,391)	(45,822)
Trustee fee	5	(4,186)	(1,376)
Auditors' remuneration		(2,763)	(2,723)
Tax agent's fee		(858)	(1,121)
Other expenses		(8,946)	(5,715)
		<u>(156,144)</u>	<u>(56,757)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(528,438)	66,910
Taxation	6	(59,313)	-
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(587,751)</u>	<u>66,910</u>
(Decrease)/increase in net asset attributable to unitholders are made up of the following:			
Realised amount		51,314	98,109
Unrealised amount		(639,065)	(31,199)
		<u>(587,751)</u>	<u>66,910</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

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	<u>Note</u>	<u>2022</u> SGD	<u>2021</u> SGD
ASSETS			
Cash and cash equivalents		425,949	1,389,697
Amount due from dealer		-	282,925
Amount due from Manager			
- creation of units		182,419	64,629
Financial assets at fair value through profit or loss	7	12,503,169	12,216,276
Tax recoverable		3,426	-
Prepaid tax		25,244	-
TOTAL ASSETS		<u>13,140,207</u>	<u>13,953,527</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	9	50,135	14,343
Amount due to dealer		-	745,229
Amount due to Manager			
- management fee		10,840	10,397
- cancellation of units		-	303,503
Amount due to Trustee		325	312
Auditors' remuneration		2,763	2,723
Tax agent's fee		1,055	1,121
Deferred tax liabilities	8	30,770	-
Other payables and accruals		874	641
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>96,762</u>	<u>1,078,269</u>
NET ASSET VALUE OF THE FUND		<u>13,043,445</u>	<u>12,875,258</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>13,043,445</u>	<u>12,875,258</u>

AFFIN HWANG SGD BOND FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (CONTINUED)

	<u>Note</u>	<u>2022</u> SGD	<u>2021</u> SGD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- MYR Class		5,667,549	6,651,015
- SGD Class		7,375,896	6,224,243
		<u>13,043,445</u>	<u>12,875,258</u>
NUMBER OF UNITS IN CIRCULATION			
- MYR Class	10 (a)	36,008,000	40,465,000
- SGD Class	10 (b)	15,313,000	12,374,000
		<u>51,321,000</u>	<u>52,839,000</u>
NET ASSET VALUE PER UNIT (SGD)			
- MYR Class		0.1574	0.1644
- SGD Class		0.4817	0.5030
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR Class		RM0.5096	RM0.5056
- SGD Class		<u>SGD0.4817</u>	<u>SGD0.5030</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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Financial year ended 30.9.2022 SGD	Financial period from 23.2.2021 (date of launch) to 30.9.2021 SGD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR/ DATE OF LAUNCH	12,875,258	-
Movement due to units created and cancelled during the financial year/period:		
Creation of units arising from applications	6,918,811	14,883,443
- MYR Class	1,899,297	8,424,378
- SGD Class	5,019,514	6,459,065
Cancellation of units	(6,162,873)	(2,075,095)
- MYR Class	(2,600,578)	(1,799,406)
- SGD Class	(3,562,295)	(275,689)
Net (decrease)/increase in net assets attributable to unitholders during the financial year/period	(587,751)	66,910
- MYR Class	(282,185)	26,043
- SGD Class	(305,566)	40,867
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR/PERIOD	<u>13,043,445</u>	<u>12,875,258</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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Financial year ended 30.9.2022 SGD	Financial period from 23.2.2021 (date of launch) to 30.9.2021 SGD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	8,396,927	2,556,847
Purchase of investments	(9,891,984)	(14,177,983)
Interest received	487,771	40,207
Management fee paid	(138,948)	(35,425)
Trustee fee paid	(4,173)	(1,064)
Payments for other fees and expenses	(12,360)	(5,074)
Realised loss on forward foreign currency contracts	(61,106)	(29,150)
Net realised loss on foreign currency exchange	(19,622)	(5,732)
Tax paid	(57,213)	-
Net cash flows used in operating activities	(1,300,708)	(11,657,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	6,801,021	14,818,814
Payments for cancellation of units	(6,466,376)	(1,771,592)
Net cash flows generated from financing activities	334,645	13,047,222
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(966,063)	1,389,848
EFFECTS OF FOREIGN CURRENCY EXCHANGE	2,315	(151)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/ DATE OF LAUNCH	1,389,697	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	425,949	1,389,697

Cash and cash equivalents as at 30 September 2022 and 30 September 2021 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 FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year/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 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

AFFIN HWANG SGD BOND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 year/period.

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

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 FINANCIAL YEAR ENDED 30 SEPTEMBER 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 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 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.

AFFIN HWANG SGD BOND FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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.

AFFIN HWANG SGD BOND FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

AFFIN HWANG SGD BOND FUND

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

H AMOUNT DUE FROM/(TO) DEALER

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

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

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

I 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 date of 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 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 positive fair value and a negative fair value are presented as financial assets at fair value through profit or loss and financial liabilities as fair value through profit or loss, respectively.

AFFIN HWANG SGD BOND FUND

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

J DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of forward foreign currency contracts are 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 gains or losses 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.

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 and expenses.
- 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 amounts 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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 2022.

AFFIN HWANG SGD BOND FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	At amortised cost SGD	At fair value through profit or loss SGD	Total SGD
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		425,949	-	425,949
Amount due from Manager				
- creation of units		182,419	-	182,419
Unquoted fixed income securities	7	-	12,503,169	12,503,169
Total		<u>608,368</u>	<u>12,503,169</u>	<u>13,111,537</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	50,135	50,135
Amount due to Manager				
- management fee		10,840	-	10,840
Amount due to Trustee		325	-	325
Auditors' remuneration		2,763	-	2,763
Tax agent's fee		1,055	-	1,055
Other payables and accruals		874	-	874
Total		<u>15,857</u>	<u>50,135</u>	<u>65,992</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,389,697	-	1,389,697
Amount due from dealer		282,925	-	282,925
Amount due from Manager				
- creation of units		64,629	-	64,629
Unquoted fixed income securities	7	-	12,216,276	12,216,276
Total		<u>1,737,251</u>	<u>12,216,276</u>	<u>13,953,527</u>

AFFIN HWANG SGD BOND FUND

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

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

Financial instruments are as follows: (continued)

	Note	At amortised cost SGD	At fair value through profit or loss SGD	Total SGD
<u>2021 (continued)</u>				
<u>Financial liabilities</u>				
Forward foreign currency contracts	9	-	14,343	14,343
Amount due to dealer		745,229	-	745,229
Amount due to Manager				
- management fee		10,397	-	10,397
- cancellation of units		303,503	-	303,503
Amount due to Trustee		312	-	312
Auditors' remuneration		2,723	-	2,723
Tax agent's fee		1,121	-	1,121
Other payables and accruals		641	-	641
Total		<u>1,063,926</u>	<u>14,343</u>	<u>1,078,269</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2022</u> SGD	<u>2021</u> SGD
Unquoted investments*		
Unquoted fixed income securities	<u>12,503,169</u>	<u>12,216,276</u>

* Includes interest receivable of SGD129,387 (2021: SGD119,802).

AFFIN HWANG SGD BOND FUND

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

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 1% (2021: 5%) and decreased by 1% (2021: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted and unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> SGD	<u>Impact on</u> <u>(loss)/profit</u> <u>after tax/NAV</u> SGD
<u>2022</u>		
-1%	12,250,044	(123,738)
0%	12,373,782	-
+1%	12,497,520	123,738
	<u> </u>	<u> </u>
<u>2021</u>		
-5%	11,491,650	(604,824)
0%	12,096,474	-
+5%	12,701,298	604,824
	<u> </u>	<u> </u>

(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.

AFFIN HWANG SGD BOND FUND

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

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

Market risk (continued)

(b) Interest rate risk (continued)

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 (loss)/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% (2021: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on (loss)/profit after tax/NAV</u>	
	<u>2022</u> SGD	<u>2021</u> SGD
+ 2%	(106,110)	(23,727)
- 2%	101,490	23,818

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movements 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.

AFFIN HWANG SGD BOND FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

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

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Amount due from <u>Manager</u> SGD	<u>Total</u> SGD
<u>2022</u>				
<u>Financial assets</u>				
Chinese Yuan	203,270	6,647	-	209,917
Malaysian Ringgit	-	12,226	12,289	24,515
United States Dollar	2,116,661	108,045	-	2,224,706
	<u>2,319,931</u>	<u>126,918</u>	<u>12,289</u>	<u>2,459,138</u>
	Forward foreign 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	-	4,692	5,667,549	5,672,241
United States Dollar	50,135	-	-	50,135
	<u>50,135</u>	<u>4,692</u>	<u>5,667,549</u>	<u>5,722,376</u>

* Other liabilities consist of auditors' remuneration, tax agent's fee and other payables and accruals.

AFFIN HWANG SGD BOND FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

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

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>2021</u>				
<u>Financial assets</u>				
Chinese Yuan	213,118	217,313	-	430,431
Malaysian Ringgit	-	286,011	13,826	299,837
United States Dollar	1,768,151	22,375	282,925	2,073,451
	<u>1,981,269</u>	<u>525,699</u>	<u>296,751</u>	<u>2,803,719</u>

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

	Other <u>liabilities**</u> SGD	Net assets attributable to <u>unitholders</u> SGD	<u>Total</u> SGD
<u>Financial liabilities</u>			
Malaysian Ringgit	65,768	6,651,015	6,716,783
	<u>65,768</u>	<u>6,651,015</u>	<u>6,716,783</u>

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

AFFIN HWANG SGD BOND FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's (loss)/profit after tax and 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 (loss)/profit after tax/ NAV SGD
<u>2022</u>		
Chinese Yuan	+/- 3.73	+/- 7,830
Malaysian Ringgit	+/- 3.35	-/+ 189,199
United States Dollar	+/- 4.50	+/- 2,222,450
<u>2021</u>		
Chinese Yuan	+/- 1.92	+/- 8,264
Malaysian Ringgit	+/- 2.22	-/+ 142,456
United States Dollar	+/- 2.87	+/- 59,508

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.

AFFIN HWANG SGD BOND FUND

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

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

Liquidity risk (continued)

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

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

	Within <u>one month</u> SGD	Between one month <u>to one year</u> SGD	<u>Total</u> SGD
<u>2022</u>			
Forward foreign currency contracts at fair value through profit or loss	-	50,135	50,135
Amount due to Manager			
- management fee	10,840	-	10,840
Amount due to Trustee	325	-	325
Auditors' remuneration	-	2,763	2,763
Tax agent's fee	-	1,055	1,055
Other payables and accruals	-	874	874
Net assets attributable to unitholders*	13,043,445	-	13,043,445
	<u>13,054,610</u>	<u>54,827</u>	<u>13,109,437</u>
<u>2021</u>			
Forward foreign currency contracts at fair value through profit or loss	-	14,343	14,343
Amount due to dealer	745,229	-	745,229
Amount due to Manager			
- management fee	10,397	-	10,397
- cancellation of units	303,503	-	303,503
Amount due to Trustee	312	-	312
Auditors' remuneration	-	2,723	2,723
Tax agent's fee	-	1,121	1,121
Other payables and accruals	-	641	641
Net assets attributable to unitholders*	12,875,258	-	12,875,258
	<u>13,934,699</u>	<u>18,828</u>	<u>13,953,527</u>

* 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 return.

AFFIN HWANG SGD BOND FUND

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

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

Credit risk

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

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.

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.

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

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

	Unquoted fixed income securities SGD	Cash and cash equivalents SGD	Amount due from Manager SGD	Total SGD
<u>2022</u>				
Basic Materials				
- Baa3	280,459	-	-	280,459
Consumer Discretionary				
- BB+	290,666	-	-	290,666
- NR	494,151	-	-	494,151
Financial Services				
- AA1	276,825	425,949	-	702,774
- A2	210,810	-	-	210,810
- A3	250,380	-	-	250,380
- BB-	249,789	-	-	249,789
- Baa1	792,760	-	-	792,760
- Baa2	247,840	-	-	247,840
- Baa3	462,770	-	-	462,770
- BBB	480,588	-	-	480,588
- BBB+	226,025	-	-	226,025
- BBB-	246,689	-	-	246,689
- NR	748,218	-	-	748,218
Government				
- Aaa	442,972	-	-	442,972
Industrials				
- A-	624,932	-	-	624,932

AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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: (continued)

	Unquoted fixed income securities SGD	Cash and cash equivalents SGD	Other assets* SGD	Total SGD
<u>2022</u> (continued)				
Real Estate				
- A3	252,627	-	-	252,627
- Baa2	470,225	-	-	470,225
- BBB-	233,510	-	-	233,510
- NR	4,741,543	-	-	4,741,543
Telecommunications				
- NR	479,390	-	-	479,390
Others				
- NR	-	-	182,419	182,419
	<u>12,503,169</u>	<u>425,949</u>	<u>182,419</u>	<u>13,111,537</u>
<u>2021</u>				
Consumer discretionary				
- NR	797,766	-	-	797,766
Financial services				
- AA1	-	1,389,697	-	1,389,697
- A2	501,108	-	-	501,108
- A3	258,117	-	-	258,117
- Ba1	267,439	-	-	267,439
- Ba2	531,831	-	-	531,831
- Baa1	527,132	-	-	527,132
- Baa2	518,983	-	282,925	801,908
- Baa3	1,034,056	-	-	1,034,056
- BBB	268,220	-	-	268,220
- BBB+	503,752	-	-	503,752
- NR	508,261	-	-	508,261
Health care				
- NR	276,345	-	-	276,345
Industrials				
- Baa1	401,671	-	-	401,671
- BBB	254,169	-	-	254,169
Real estate				
- A2	268,234	-	-	268,234
- B2	279,243	-	-	279,243
- Baa2	250,863	-	-	250,863
- BBB-	520,395	-	-	520,395

- NR	3,739,501	-	-	3,739,501
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AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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: (continued)

	Unquoted fixed income securities SGD	Cash and cash equivalents SGD	Other assets* SGD	Total SGD
<u>2021</u> (continued)				
Telecommunications				
- NR	509,190	-	-	509,190
Others				
- NR	-	-	64,629	64,629
	<u>12,216,276</u>	<u>1,389,697</u>	<u>347,554</u>	<u>13,953,527</u>

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

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.

AFFIN HWANG SGD BOND FUND

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

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 and financial liabilities 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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (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>2022</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	12,503,169	-	12,503,169
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	50,135	-	50,135
<u>2021</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	12,216,276	-	12,216,276
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	14,343	-	14,343

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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 financial year ended 30 September 2022, the management fee is recognised at a rate of 1.00% (2021: 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 financial year ended 30 September 2022, the Trustee's fee is recognised at a rate of 0.03% (2021: 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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (CONTINUED)

6 TAXATION

	Financial year ended <u>30.9.2022</u> SGD	Financial period from 23.2.2021 (date of launch) to <u>30.9.2021</u> SGD
Current taxation	28,543	-
Deferred Tax (Note 8)	30,770	-
Tax expense	<u>59,313</u>	<u>-</u>

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

	Financial year ended <u>30.9.2022</u> SGD	Financial period from 23.2.2021 (date of launch) to <u>30.9.2021</u> SGD
Net (loss)/profit before taxation	(528,438)	66,910
Tax at Malaysian statutory rate of 24% (2021: 24%)	(126,825)	16,058
Tax effects of:		
Investment loss not brought to tax/ (Investment income not subject to tax)	140,571	(29,681)
Expenses not deductible for tax purposes	3,280	1,793
Restriction on tax deductible expenses for Unit Trust Funds	34,194	11,830
Foreign income subject to different tax rate	8,093	-
Tax expense	<u>59,313</u>	<u>-</u>

AFFIN HWANG SGD BOND FUND

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

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> SGD	<u>2021</u> SGD
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – foreign	12,503,169	12,216,276
	<u>Financial</u> <u>year ended</u> <u>30.9.2022</u> SGD	<u>Financial</u> <u>period from</u> <u>23.2.2021</u> <u>(date of</u> <u>launch) to</u> <u>30.9.2021</u> SGD
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised (loss)/gain on sale of investments	(178,936)	29,739
- unrealised (loss)/gain on changes in fair value	(731,802)	10,569
	<u>(910,738)</u>	<u>40,308</u>

(a) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 30 September 2022 is as follows:

	<u>Nominal</u> <u>value</u> SGD	<u>Adjusted</u> <u>cost</u> SGD	<u>Fair</u> <u>value</u> SGD	<u>Percentage</u> <u>of NAV</u> %
<u>Bonds</u>				
2.9% AIA Group Ltd Call: 11.06.2031 (A2)	250,000	249,818	210,810	1.62
3.75% Barclays PLC Call: 23.05.2025 (Baa2)	250,000	264,265	247,840	1.90
4.25% Cagamas Global Plc 27.09.2023 (NR)	250,000	250,116	250,341	1.92
3.375% CapitaRetail China Trust Call: 27.10.2025 (NR)	250,000	244,886	239,904	1.84
3% Capland Ascendas REIT Call: 17.09.2025 (Baa2)	500,000	498,576	470,225	3.61
3.35% CNAC HK Finbridge Co Ltd Call: 22.09.2023 (Baa3)	200,000	270,998	280,459	2.15
3.3% DBS Group Holdings Ltd Call: 27.02.2025 (Baa1)	200,000	260,349	262,898	2.02
3.98% DBS Group Holdings Ltd Call: 12.09.2025 (Baa1)	250,000	259,207	248,143	1.90
2.18% FLCT Treasury Pte Lt 26.07.2028 (BBB+)	250,000	251,000	226,025	1.73

AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 30 September 2022 is as follows:
(continued)

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
3.0% Frasers Property AHL 09.10.2028 (NR)	500,000	507,192	453,042	3.47
3.95% Frasers Property Treasury Pte Call: 05.10.2022 (NR)	250,000	246,117	254,793	1.95
4.98% Frasers Property Treasury Pte Call: 11.04.2024 (NR)	500,000	517,267	505,102	3.87
3.29% GLL IHT Pte Ltd 26.10.2026 (NR)	250,000	253,560	242,535	1.86
3.4% GLL IHT Pte Ltd 10.08.2025 (NR)	250,000	256,997	245,861	1.88
4.6% GLL IHT Pte Ltd Call: 23.01.2023 (NR)	500,000	504,396	493,361	3.78
3.3% Henderson Land MTN Ltd 13.05.2023 (NR)	1,000,000	208,559	203,270	1.56
1.5% HPHT Finance Ltd Call: 17.08.2026 (A-)	500,000	651,220	624,932	4.79
5.25% HSBC Holdings PLC Call: 27.06.2027 (A3)	250,000	253,453	252,627	1.94
3.8% Huarong Finance 2017 Co 07.11.2025 (Baa3)	250,000	245,258	217,198	1.67
3.15% Keppel REIT Call: 11.09.2025 (NR)	250,000	245,321	236,857	1.82
4.2% Lendlease Global Commer REIT Call: 04.06.2026 (NR)	250,000	253,423	239,973	1.84
4.25% LS Finance 2022 Ltd 16.10.2022 (BB+)	200,000	270,935	290,666	2.23
4.5% Macquarie Group Ltd Call: 18.08.2025 (A3)	250,000	251,356	250,381	1.92
3.15% Mapletree Industrial Trust Call: 11.05.2026 (BBB-)	250,000	253,085	233,510	1.79
3.5% Mapletree North Asia Com Trust Call: 08.06.2026 (NR)	750,000	749,521	683,646	5.24
3.95% Mapletree Treasury Services Call: 12.11.2022 (NR)	250,000	254,079	243,842	1.87
4.602% Oversea-Chinese Banking Corp Call: 15.06.2027 (Aa1)	200,000	279,183	276,826	2.12
3.13% Singapore Airlines Limited 17.11.2026 (NR)	250,000	260,214	242,637	1.86
0% Singapore Treasury Bill 25.07.2023 (NR)	200,000	194,939	194,920	1.49

AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 30 September 2022 is as follows:
(continued)

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
0% Singapore Treasury Bill 27.12.2022 (NR)	150,000	149,275	148,890	1.14
3.3% SingTel Group Treasury Pte Ltd Call: 14.07.2031 (BBB)	250,000	259,702	227,767	1.75
4.1% SPH REIT Call: 30.08.2024 (NR)	500,000	503,841	488,210	3.74
5.375% Standard Chartered PLC Call: 03.10.2024 (BB-)	250,000	263,172	249,789	1.92
3.95% StarHub Limited Call: 16.12.2022 (NR)	500,000	668,732	479,390	3.68
4.85% UBS Group AG Call: 04.09.2024 (Baa3)	250,000	258,575	245,572	1.88
5.875% UBS Grp Funding Switzerland AG Call: 28.11.2023 (BBB)	250,000	261,408	252,820	1.94
3.58% United Overseas Bank Ltd Call: 17.07.2026 (BBB-)	250,000	259,132	246,689	1.89
3.875% United Overseas Bank Ltd Call: 19.10.2023 (Baa1)	200,000	278,614	281,719	2.16
2.875% United States Treasury N/B 15.05.2052 (NR)	80,000	109,329	99,162	0.76
2.33% UOL Treasury Services 31.08.2028 (NR)	500,000	500,989	454,989	3.49
4.48% Wing Tai Holdings Limited Call: 24.05.2024 (NR)	250,000	251,848	251,514	1.93
4.48% Wing Tai Holdings Limited Call: 24.05.2025 (NR)	250,000	254,495	254,035	1.95
Total unquoted fixed income securities – foreign	<u>13,180,000</u>	<u>13,224,402</u>	<u>12,503,169</u>	<u>95.87</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(721,233)</u>		
Total unquoted fixed income securities – foreign		<u>12,503,169</u>		

AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (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 30 September 2021 is as follows:

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage of NAV %
<u>Bonds</u>				
2.9% AIA Group Ltd Call: 11.06.2031 (A2)	500,000	499,858	501,108	3.89
3% Ascendas Real Estate Inv Trust Call: 17.09.2025 (Baa2)	250,000	252,536	250,863	1.95
3.75% Barclays PLC Call: 23.05.2025 (Baa2)	250,000	265,511	264,890	2.06
4.875% Commerzbank AG Call: 01.03.2022 (BBB+)	250,000	252,095	252,852	1.96
5.625% Credit Suisse Group AG Call: 06.06.2024 (Ba2)	250,000	260,522	262,133	2.04
3.98% DBS Group Holdings Ltd Call: 12.09.2025 (Baa1)	250,000	261,987	264,143	2.05
2.18% FLCT Treasury Pte Lt 26.07.2028 (BBB+)	250,000	251,000	250,900	1.95
3.0% Frasers Property AHL 09.10.2028 (NR)	500,000	500,329	499,229	3.88
4.98% Frasers Property Treasury Pte Call: 11.04.2024 (NR)	250,000	261,301	260,701	2.02
3.4% GLL IHT Pte Ltd 10.08.2025 (NR)	250,000	258,923	257,411	2.00
4.6% GLL IHT Pte Ltd Call: 23.01.2023 (NR)	250,000	254,030	254,530	1.98
3.3% Henderson Land MTN Ltd 13.05.2023 (NR)	211,000	208,649	213,118	1.66
2.25% Hongkong Land Finance Call: 15.04.2031 (A2)	272,140	268,899	268,234	2.08
1.5% HPHT Finance Ltd Call: 17.08.2026 (Baa1)	408,210	401,426	401,671	3.12
4.7% HSBC Holdings PLC Call: 08.06.2022 (Baa3)	250,000	256,838	255,977	1.99
5% HSBC Holdings PLC Call: 24.09.2023 (Baa3)	250,000	255,298	257,265	2.00
5.75% Julius Baer Group Ltd Call: 20.04.2022 (Baa3)	250,000	261,525	261,859	2.03
3.15% Keppel REIT Call: 11.09.2025 (NR)	250,000	245,371	245,371	1.91
3.75% Landesbank Baden- Wuerttemberg Call: 18.05.2022 (Baa2)	250,000	253,633	254,093	1.97

AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (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 30 September 2021 is as follows:
(continued)

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
4.2% Lendlease Global Commercial REIT Call: 04.06.2026 (NR)	250,000	253,423	255,948	1.99
4.25% LS Finance 2022 Ltd 16.10.2022 (NR)	272,140	270,429	277,848	2.16
3.15% Mapletree Industrial Trust Call: 11.05.2026 (BBB-)	250,000	253,085	255,585	1.99
3.5% Mapletree North Asia Com Trust Call: 08.06.2026 (NR)	500,000	503,378	497,264	3.86
4.5% Mapletree Treasury Services Call: 19.01.2022 (NR)	500,000	507,504	508,262	3.95
4.25% Parkway Pantai Ltd Call: 27.07.2022 (NR)	272,140	271,589	276,345	2.15
7.125% Powerlong Real Estate Call: 08.11.2021 (B2)	272,140	284,500	279,243	2.17
5.2% Shimao Group Holdings Ltd Call: 16.09.2024 (BBB-)	272,140	268,804	264,810	2.06
3.13% Singapore Airlines Ltd 17.11.2026 (NR)	250,000	261,871	261,287	2.03
4.25% Singapore Post Ltd Call :02.03.2022 (BBB)	250,000	256,296	254,169	1.97
3.3% SingTel Group Treasury Pte Ltd Call: 14.07.2031 (A3)	250,000	259,719	258,117	2.00
6.125% Societe Generale SA Call: 16.04.2024 (Ba2)	250,000	266,369	269,698	2.09
4.1% SPH REIT Call: 30.08.2024 (NR)	500,000	504,800	504,160	3.92
5.375% Standard Chartered PLC Call: 03.10.2024 (Ba1)	250,000	266,221	267,439	2.08
3.95% Star Hub Ltd Call: 16.06.2022 (NR)	500,000	509,460	509,190	3.95
4.85% UBS Group AG Call: 04.09.2024 (Baa3)	250,000	258,819	258,955	2.01
5.875% UBS Grp Funding Switzerland AG Call: 28.11.2023 (BBB)	250,000	266,668	268,220	2.08
3.58% United Overseas Bank Ltd Call: 17.07.2026 (Baa1)	250,000	260,925	262,989	2.04

AFFIN HWANG SGD BOND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (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 30 September 2021 is as follows:
(continued)

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
2.33% UOL Treasury Services 31.08.2028 (NR)	500,000	500,989	501,389	3.89
4.08% Wing Tai Holdings Ltd Call: 28.06.2022 (NR)	250,000	251,280	250,380	1.94
4.25% Wing Tai Properties Fin Ltd 29.11.2022 (NR)	250,000	259,847	258,630	2.01
Total unquoted fixed income securities – foreign	11,979,910	12,205,707	12,216,276	94.88
Accumulated unrealised gain on unquoted fixed income securities – foreign		10,569		
Total unquoted fixed income securities – foreign		12,216,276		

AFFIN HWANG SGD BOND FUND

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

8 DEFERRED TAX LIABILITIES

	<u>2022</u> SGD	<u>2021</u> SGD
Deferred tax liabilities	30,770	-

The movements in the deferred tax liabilities balances are as follows:

	<u>2022</u> SGD	<u>2021</u> SGD
Foreign interest receivables on financial assets at fair value through profit or loss		
Balance at the beginning of the financial year/date of launch	-	-
Transfer to income statement (Note 6)	30,770	-
Balance as at the end of the financial year/period	30,770	-

9 FORWARD FOREIGN CURRENCY CONTRACTS

As at 30 September 2022, there are 1 (2021: 2) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to SGD2,205,838 (2021: SGD2,054,036). The forward foreign currency contracts entered into during the financial year/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 year/period, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

	<u>2022</u> SGD	<u>2021</u> SGD
Financial liabilities at fair value through profit or loss: - forward foreign currency contracts	50,135	14,343

AFFIN HWANG SGD BOND FUND

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

9 FORWARD FOREIGN CURRENCY CONTRACTS (CONTINUED)

	Financial year ended <u>30.9.2022</u> SGD	Financial period from 23.2.2021 (date of launch) to <u>30.9.2021</u> SGD
Net loss on forward foreign currency contracts at fair value through profit or loss:		
- realised loss on forward foreign currency contracts	(61,106)	(29,150)
- unrealised loss on changes in fair value	(35,792)	(14,343)
	<u>(96,898)</u>	<u>(43,493)</u>

(a) Forward foreign currency contracts

(i) Forward foreign currency contracts as at 30 September 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 #	<u>2,205,838</u>	<u>2,255,973</u>	<u>(50,135)</u>	<u>(0.38)</u>
Total forward foreign currency contracts	<u>2,205,838</u>	<u>2,255,973</u>	<u>(50,135)</u>	<u>(0.38)</u>

(ii) Forward foreign currency contracts as at 30 September 2021 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 #	<u>2,054,036</u>	<u>2,068,379</u>	<u>(14,343)</u>	<u>(0.11)</u>
Total forward foreign currency contracts	<u>2,054,036</u>	<u>2,068,379</u>	<u>(14,343)</u>	<u>(0.11)</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.

AFFIN HWANG SGD BOND FUND

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

10 NUMBER OF UNITS IN CIRCULATION

(a) MYR Class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year/date of launch	40,465,000	-
Creation of units arising from applications	11,645,000	51,491,000
Cancellation of units	(16,102,000)	(11,026,000)
At the end of the financial year/period	<u>36,008,000</u>	<u>40,465,000</u>

(b) SGD Class units in circulation

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year/date of launch	12,374,000	-
Creation of units arising from applications	10,077,000	12,922,000
Cancellation of units	(7,138,000)	(548,000)
At the end of the financial year/period	<u>15,313,000</u>	<u>12,374,000</u>

AFFIN HWANG SGD BOND FUND

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

11 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top dealers for the financial year ended 30 September 2022 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %
DBS Bank Ltd	2,469,244	17.42
Citibank Bhd	1,755,755	12.38
Standard Chartered Bank Malaysia Bhd	1,492,300	10.53
HSBC Singapore	1,392,254	9.82
HSBC Bank Malaysia Bhd	1,269,327	8.95
JP Morgan Chase Bank Bhd	831,902	5.87
Euroclear Bank S.A / N.V	764,471	5.39
United Overseas Bank (Malaysia) Bhd	745,325	5.26
Barclays Capital Inc	517,368	3.65
Others	2,939,595	20.73
	<u>14,177,541</u>	<u>100.00</u>

- (ii) Details of transactions with the top dealers for the financial period from 23 February 2021 (date of launch) to 30 September 2021 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %
Standard Chartered Bank Malaysia	4,127,832	24.61
DBS Bank Ltd	3,291,115	19.61
OCBC Bank Malaysia Bhd	1,787,750	10.65
United Overseas Bank (M) Bhd	1,272,850	7.59
Nomura Singapore Ltd	1,063,822	6.34
HSBC Bank Malaysia Bhd	1,020,200	6.08
OCBC Ltd	1,015,500	6.05
Mizuho Securities Asia Ltd	943,060	5.62
HSBC Corporation Ltd	668,550	3.98
Others	1,589,921	9.47
	<u>16,780,600</u>	<u>100.00</u>

AFFIN HWANG SGD BOND FUND

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

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

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

<u>Related parties</u>	<u>Relationship</u>
CVC Capital Partners Asia V L.P., CVC Capital Partners Investment Asia L.P. and CVC Capital Partners Asia V Associates L.P. (collectively known as "CVC Asia V")	Ultimate holding companies of the Manager
CVC Capital Partners Asia V Limited	General Partner of the ultimate holding companies
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
Affin Hwang Asset Management Berhad ("AHAM")	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding companies 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 Affin Hwang Asset Management Berhad	Directors of the Manager

AFFIN HWANG SGD BOND FUND

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

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

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

	<u>2022</u>		<u>2021</u>	
	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	2,622	413	2,673	439
- SGD Class	3,274	1,577	2,393	1,204
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 TOTAL EXPENSE RATIO ("TER")

	Financial year ended <u>30.9.2022</u> %	Financial period from 23.2.2021 (date of launch) to <u>30.9.2021</u> %
TER	<u>1.12</u>	<u>0.75</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 SGD13,953,242 (2021: SGD7,607,502).

AFFIN HWANG SGD BOND FUND

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

14 PORTFOLIO TURNOVER RATIO ("PTR")

	Financial year ended 30.9.2022	Financial period from 23.2.2021 (date of launch) to 30.9.2021
PTR (times)	0.62	1.17

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = SGD9,146,755 (2021: SGD14,923,212)
total disposal for the financial year/period = SGD8,292,938 (2021: SGD2,810,033)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Change in corporate shareholding of 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 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, Affin Hwang Asset Management Berhad has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

16 SUBSEQUENT EVENT

On 10 November 2022, the Manager, Affin Hwang Asset Management Berhad changed its name to AHAM Asset Management 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, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 41 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 30 September 2022 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 30 September 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
15 November 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang SGD Bond Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 September 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2022, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 41.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG SGD BOND FUND (CONTINUED)**

OTHER MATTERS

This report is made solely to the unitholders of the Fund, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
15 November 2022

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AHAM Asset Management Berhad

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