

Affin Hwang

Select SGD Income Fund

Annual Report
31 March 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG SELECT SGD INCOME FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 31 March 2021

Contents	Page
FUND INFORMATION	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT	V
TRUSTEE'S REPORT	X
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY RM CLASS SIZE AS AT 31 MARCH 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	103	277
5,001 to 10,000	69	523
10,001 to 50,000	158	3,780
50,001 to 500,000	60	9,247
500,001 and above	20	240,428
Total	410	254,255

* Note : Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SGD CLASS SIZE AS AT 31 MARCH 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	4	8
5,001 to 10,000	4	38
10,001 to 50,000	37	965
50,001 to 500,000	71	12,988
500,001 and above	33	158,377
Total	149	172,376

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Mar 2021 (%)		As at 31 Mar 2020 (%)		As at 31 Mar 2019 (%)	
Portfolio composition						
Quoted equities – foreign						
- Basic Materials	1.03		-		-	
- Consumer services	-		0.73		3.04	
- Consumer Discretionary	1.03		-		-	
- Consumer Staples	1.90		-		-	
- Financial services	14.35		17.01		22.97	
- Health care	1.24		-		-	
- REITs	-		-		3.16	
- Real Estate	12.04		-		-	
- Industrials	3.89		3.29		6.54	
- Technology	2.02		1.75		-	
- Telecommunications	1.50		0.97		-	
Total quoted equities – foreign	39.00		23.75		35.71	
Unquoted fixed income securities – foreign						
- Bonds	60.93		62.65		60.33	
Total unquoted fixed income securities – foreign	60.93		62.65		60.33	
Cash and cash equivalent	0.07		13.60		3.96	
Total	100.00		100.00		100.00	
Currency class	RM Class	SGD Class	RM Class	SGD Class	RM Class	SGD Class
Total NAV (million)	177.118	99.995	192.629	90.411	218.745	136.228
NAV per Unit (in respective currencies)	0.6963	0.5801	0.5910	0.5025	0.6427	0.5491
Unit in Circulation (million)	254.374	172.378	325.943	179.932	340.339	248.072
Highest NAV	0.6970	0.5811	0.6872	0.5804	0.6631	0.5751
Lowest NAV	0.5839	0.4949	0.5830	0.4917	0.6229	0.5273
Return of the Fund (%) ⁱⁱⁱ	21.66	19.30	-5.24	-5.58	2.11	-0.05
- Capital Growth (%) ⁱ	17.82	15.44	-8.04	-8.49	-1.05	-3.25
- Income Distribution (%) ⁱⁱ	3.26	3.34	3.05	3.18	3.19	3.28
Gross Distribution per Unit (sen)	2.15	1.85	2.00	1.75	2.00	1.75
Net Distribution per Unit (sen)	2.15	1.85	2.00	1.75	2.00	1.75
Management Expense Ratio (%) ¹		1.65		1.65		1.63
Portfolio Turnover Ratio (times) ²		0.77		0.93		1.21

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

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

An illustration of the above would be as follow:-

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

¹The MER of the Fund remains unchanged for the financial year.

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

MANAGER'S REPORT

Income Distribution / Unit Split

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

RM Class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Jun-20	17-Jun-20	0.6492	0.0025	0.6495
16-Sep-20	17-Sep-20	0.6532	0.0050	0.6506
15-Dec-20	16-Dec-20	0.6777	0.0100	0.6725
16-Mar-21	17-Mar-21	0.6902	0.0040	0.6880

SGD Class

Cum Date	Ex-Date	Cum-distribution (SGD)	Distribution per Unit (SGD)	Ex-distribution (SGD)
16-Jun-20	17-Jun-20	0.5448	0.0025	0.5433
16-Sep-20	17-Sep-20	0.5527	0.0050	0.5484
15-Dec-20	16-Dec-20	0.5720	0.0080	0.5660
16-Mar-21	17-Mar-21	0.5798	0.0030	0.5776

No unit splits were declared for the financial year ended 31 March 2021.

Performance Review

MYR Class

Performance Review (1 April 2020 to 31 March 2021)

For the period 1 April 2020 to 31 March 2021, the Fund registered a 21.66% return compared to the benchmark return of 10.19%. The Fund thus outperformed the Benchmark by 11.47%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2021 was MYR0.6963 while the NAV as at 31 March 2020 was MYR0.5910. During the period under review, the Fund has declared a total gross income distribution of MYR0.0215 per unit.

Since commencement, the Fund has registered a return of 77.12% compared to the benchmark return of 29.73%, outperforming by 47.39%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (20/8/12 - 31/3/21)
Fund	21.66%	17.71%	38.61%	77.12%
Benchmark	10.19%	3.97%	12.93%	29.73%
Outperformance	11.47%	13.74%	25.68%	47.39%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (20/8/12 - 31/3/21)
Fund	21.66%	5.58%	6.74%	6.86%
Benchmark	10.19%	1.31%	2.46%	3.07%
Outperformance	11.47%	4.27%	4.28%	3.79%

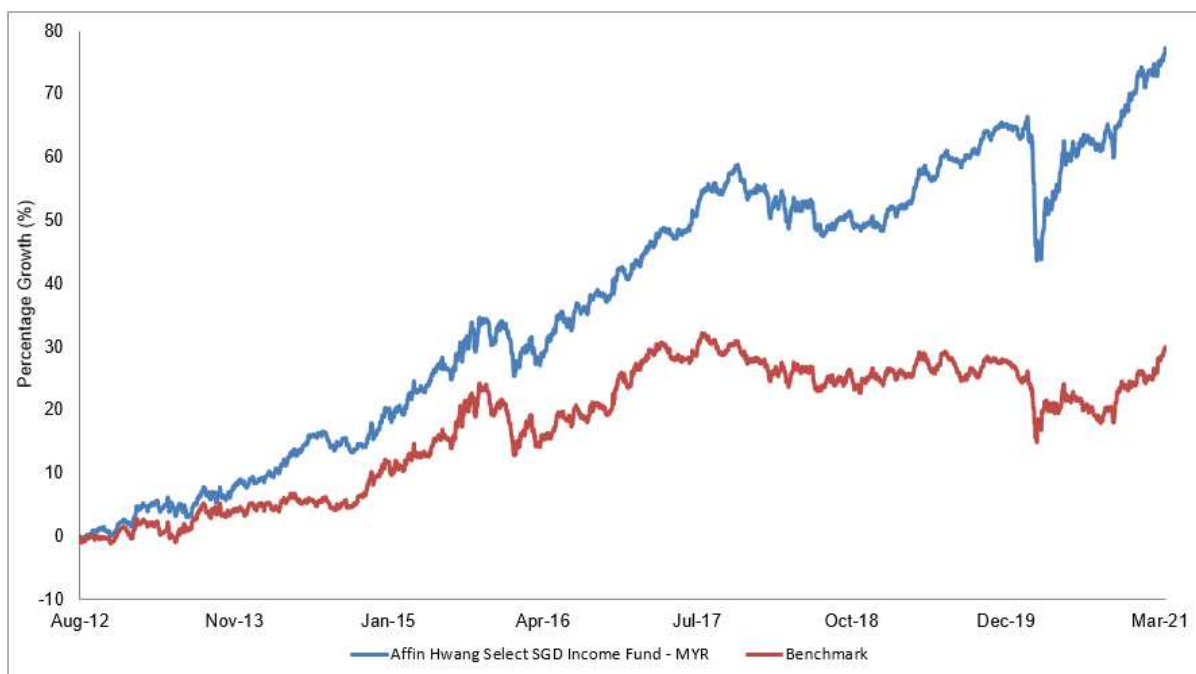
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)	FYE 2017 (1/4/16 - 31/3/17)
Fund	21.66%	(5.24%)	2.11%	1.50%	16.01%
Benchmark	10.19%	(6.22%)	0.62%	(4.30%)	13.50%
Outperformance	11.47%	0.98%	1.49%	5.80%	2.51%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark since commencement.



SGD Class

Performance Review (1 April 2020 to 31 March 2021)

For the period 1 April 2020 to 31 March 2021, the Fund registered a 19.30% return compared to the benchmark return of 8.18%. The Fund thus outperformed the Benchmark by 11.12%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2021 was SGD0.5801 while the NAV as at 31 March 2020 was SGD0.5025. During the period under review, the Fund has declared a total gross income distribution of SGD0.0185 per unit.

Since commencement, the Fund has registered a return of 44.77% compared to the benchmark return of 4.95%, outperforming by 39.82%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (20/8/12 - 31/3/21)
Fund	19.30%	12.58%	31.05%	44.77%
Benchmark	8.18%	(0.56%)	5.95%	4.95%
Outperformance	11.12%	13.14%	25.10%	39.82%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (20/8/12 - 31/3/21)
Fund	19.30%	4.03%	5.55%	4.39%
Benchmark	8.18%	(0.19%)	1.16%	0.56%
Outperformance	11.12%	4.22%	4.39%	3.83%

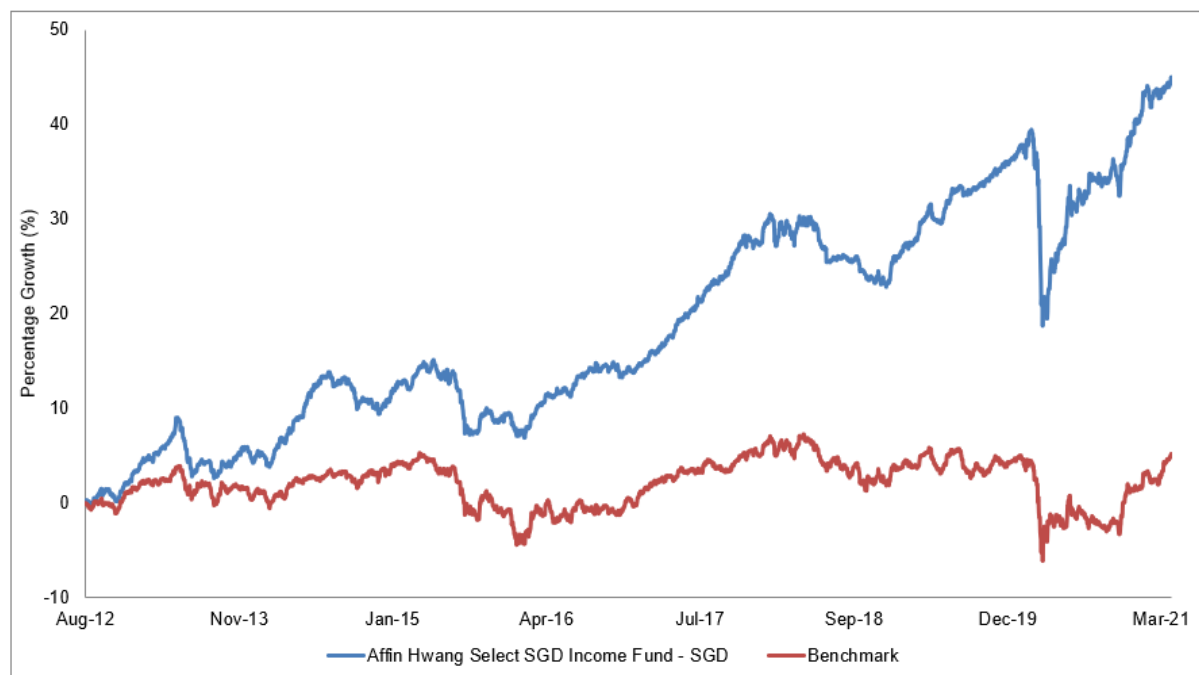
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)	FYE 2017 (1/4/16 - 31/3/17)
Fund	19.30%	(5.58%)	(0.05%)	9.69%	6.12%
Benchmark	8.18%	(6.69%)	(1.49%)	2.67%	3.77%
Outperformance	11.12%	1.11%	1.44%	7.02%	2.35%

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark since commencement.



"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."

Benchmark: 70% 12-month Singapore Banks Average Fixed Deposit Rate + 30% FTSE Straits Times Index

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

Asset Allocation

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

During the period under review, the Manager increased exposure mainly towards the real estate sector, and initiate exposure towards the basic materials and health care sectors. Allocation towards fixed income

securities remains relatively unchanged. As at 31 March 2021, the cash level was only 0.07%, significantly lower than the previous year, as the Manager increased allocation towards equities.

Strategies Employed

As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare event of global pandemic.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which are now facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter.

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

Malaysia's Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transactions are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AFFIN HWANG SELECT SGD INCOME FUND

We have acted as Trustee for Affin Hwang Select SGD Income Fund (the "Fund") for the financial year ended 31 March 2021. To the best of our knowledge, for the financial year under review, Affin Hwang Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:-

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

We are of the view that the distributions made during this financial year ended 31 March 2021 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Gerald Ang
Chief Executive Officer

Kuala Lumpur
17 May 2021

AFFIN HWANG SELECT SGD INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

AFFIN HWANG SELECT SGD INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1 - 2
STATEMENT OF FINANCIAL POSITION	3 - 4
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	5
STATEMENT OF CASH FLOWS	6
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	7 - 14
NOTES TO THE FINANCIAL STATEMENTS	15 - 51
STATEMENT BY THE MANAGER	52
INDEPENDENT AUDITORS' REPORT	53 - 56

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> SGD	<u>2020</u> SGD
INVESTMENT INCOME/(LOSS)			
Dividend income		1,899,115	2,909,635
Interest income for financial assets at fair value through profit or loss		4,210,486	6,720,281
Interest income for financial assets at amortised cost		2,398	58,309
Net loss on foreign currency exchange		(70,319)	(108,488)
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		31,462	(57,572)
Net gain/(loss) on financial assets at fair value through profit or loss	8	25,671,799	(14,849,233)
		<u>31,744,941</u>	<u>(5,327,068)</u>
EXPENSES			
Management fee	4	(2,426,000)	(2,732,538)
Trustee fee	5	(129,764)	(146,762)
Auditors' remuneration		(3,457)	(3,489)
Tax agent's fee		(1,153)	(1,161)
Transaction costs		(426,854)	(349,137)
Other expenses		(100,535)	(126,232)
		<u>(3,087,763)</u>	<u>(3,359,319)</u>
NET PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION		28,657,178	(8,686,387)
FINANCE COST			
Distributions	7	(5,306,841)	(5,468,495)
NET PROFIT/(LOSS) BEFORE TAXATION		<u>23,350,337</u>	<u>(14,154,882)</u>
Taxation	6	-	-
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>23,350,337</u></u>	<u><u>(14,154,882)</u></u>

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> SGD	<u>2020</u> SGD
Increase/(decrease) of net assets attributable to unitholders is made up of the following:			
Realised amount		1,971,136	1,332,224
Unrealised amount		21,379,201	(15,487,106)
		<u>23,350,337</u>	<u>(14,154,882)</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>Note</u>	<u>2021</u> SGD	<u>2020</u> SGD
ASSETS			
Cash and cash equivalents	9	1,281,422	21,716,266
Dividend receivables		48,692	7,306
Amount due from Manager			
- creation of units		127,322	98,136
Amount due from brokers		-	16,667
Financial assets at fair value through profit or loss	8	157,347,142	133,143,136
Forward foreign currency contracts at fair value through profit or loss	10	7,452	-
TOTAL ASSETS		<u>158,812,030</u>	<u>154,981,511</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	10	-	50
Amount due to Manager			
- management fee		198,811	209,670
- cancellation of units		482,515	610,164
Amount due to Trustee		11,078	11,582
Amount due to brokers		640,684	-
Auditors' remuneration		5,200	5,484
Tax agent's fee		2,392	2,668
Other payable and accruals		19,022	11,930
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)		<u>1,359,702</u>	<u>851,548</u>
NET ASSET VALUE OF THE FUND		<u>157,452,328</u>	<u>154,129,963</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>157,452,328</u>	<u>154,129,963</u>

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021 (continued)

	<u>Note</u>	<u>2021</u> SGD	<u>2020</u> SGD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- RM class		57,457,254	63,718,932
- SGD class		99,995,074	90,411,031
		<u>157,452,328</u>	<u>154,129,963</u>
NUMBER OF UNITS IN CIRCULATION			
- RM class	11(a)	254,374,000	325,943,000
- SGD class	11(b)	172,378,000	179,932,000
		<u>426,752,000</u>	<u>505,875,000</u>
NET ASSET VALUE PER UNIT (SGD)			
- RM class		0.2259	0.1955
- SGD class		0.5801	0.5025
		<u>0.2259</u>	<u>0.5025</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- RM class		RM0.6963	RM0.5910
- SGD class		SGD0.5801	SGD0.5025
		<u>RM0.6963</u>	<u>SGD0.5025</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>2021</u> SGD	<u>2020</u> SGD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	154,129,963	208,855,086
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	21,674,437	53,745,539
- RM class	8,222,258	39,109,208
- SGD class	13,452,179	14,636,331
Creation of units arising from distributions	4,623,066	4,692,597
- RM class	1,973,827	1,959,839
- SGD class	2,649,239	2,732,758
Cancellation of units	(46,325,475)	(99,008,377)
- RM class	(26,219,265)	(43,794,392)
- SGD class	(20,106,210)	(55,213,985)
Net increase/(decrease) in net assets attributable to unitholders during the financial year	23,350,337	(14,154,882)
- RM class	9,761,502	(6,182,564)
- SGD class	13,588,835	(7,972,318)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>157,452,328</u>	<u>154,129,963</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> SGD	<u>2020</u> SGD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investment		128,202,702	197,761,492
Purchase of investments		(127,876,744)	(144,268,418)
Dividends received		1,857,729	2,902,329
Interest received		5,012,071	5,627,603
Management fee paid		(2,443,938)	(2,809,333)
Management fee rebate received		7,079	19,253
Trustee fee paid		(130,268)	(149,906)
Realised gain on forward foreign currency contracts		23,960	557
Payment for other fees and expenses		(525,469)	(479,035)
Net realised loss on foreign currency exchange		(67,964)	(166,119)
		<hr/>	<hr/>
Net cash generated from operating activities		5,059,158	58,438,423
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		21,645,251	53,699,065
Payments for cancellation of units		(46,453,123)	(99,149,139)
Payment for distributions		(683,775)	(775,898)
		<hr/>	<hr/>
Net cash used in financing activities		(25,491,647)	(46,225,972)
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(20,432,489)	12,212,451
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(2,355)	973
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		21,716,266	9,502,842
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	1,281,422	21,716,266
		<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’

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.
- 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.

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend Income

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

Interest Income

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

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

Realised gains and losses on sale of investments

For quoted equities, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

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

C DISTRIBUTIONS

A distribution to the Fund's unitholders is accounted for as a finance cost in the statement of comprehensive income. A proposed distribution is recognised as a financial liability in the period which it is approved by the Trustee of the Fund.

D TRANSACTION COSTS

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

E TAXATION

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

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

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATIONS

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions.

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

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

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

(ii) Recognition and measurement

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

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

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

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

The debtor meets unlikelihood 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.

I CASH AND CASH EQUIVALENTS

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

J AMOUNT DUE FROM/(TO) BROKERS

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

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

K CREATION AND CANCELLATION OF UNITS

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

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

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

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

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

M DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

N CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

Functional currency

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

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

1 INFORMATION ON THE FUND

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

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

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

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

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

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

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

The financial statements were authorised for issue by the Manager on 17 May 2021.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost SGD	At fair value through profit or loss SGD	<u>Total SGD</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,281,422	-	1,281,422
Quoted equities	8	-	61,422,442	61,422,442
Unquoted fixed income securities	8	-	95,924,700	95,924,700
Dividend receivables		48,692	-	48,692
Amount due from Manager - creation of units		127,322	-	127,322
Forward foreign currency contracts	10	-	7,452	7,452
Total		<u>1,457,436</u>	<u>157,354,594</u>	<u>158,812,030</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		198,811	-	198,811
- cancellation of units		482,515	-	482,515
Amount due to Trustee		11,078	-	11,078
Amount due to brokers		640,684	-	640,684
Auditors' remuneration		5,200	-	5,200
Tax agent fee		2,392	-	2,392
Other payables and accruals		19,022	-	19,022
		<u>1,359,702</u>	<u>-</u>	<u>1,359,702</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Financial instruments are as follows: (continued)

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk

(a) Price risk

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

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

	<u>2021</u> SGD	<u>2020</u> SGD
Quoted investments		
Quoted equities	61,422,442	36,581,572
	<u> </u>	<u> </u>
Unquoted investments*		
Unquoted fixed income securities	95,924,700	96,561,564
	<u> </u>	<u> </u>

* Includes interest receivable of SGD1,234,317 (2020: SGD1,434,543)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 7.5% (2020: 7.5%) and decreased by 7.5% (2020: 7.5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> SGD	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> SGD
<u>2021</u>		
-7.5%	144,404,363	(11,708,462)
0%	156,112,825	-
+7.5%	167,821,287	11,708,462
	<u> </u>	<u> </u>
<u>2020</u>		
-7.5%	121,830,449	(9,878,144)
0%	131,708,593	-
+7.5%	141,586,737	9,878,144
	<u> </u>	<u> </u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (2020: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2021</u>	<u>2020</u>
	SGD	SGD
+ 2% (2020: 2%)	(151,233)	(358,481)
- 2% (2020: 2%)	152,501	360,206

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> SGD	<u>Unquoted fixed Income securities</u> SGD	<u>Forward foreign currency contracts</u> SGD	<u>Cash and cash equivalents</u> SGD	<u>Other assets*</u> SGD	<u>Total</u> SGD
<u>2021</u>						
<u>Financial assets</u>						
Australian Dollar	-	-	-	4	-	4
Euro	-	-	7,452	475,766	-	483,218
Malaysia Ringgit	-	-	-	8,155	127,216	135,371
United States Dollar	3,866,266	14,351,346	-	185,234	-	18,402,846
	<u>3,866,266</u>	<u>14,351,346</u>	<u>7,452</u>	<u>669,159</u>	<u>127,216</u>	<u>19,021,439</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Other payables** SGD</u>	<u>Net assets attributable to unitholders SGD</u>	<u>Total SGD</u>
<u>2021</u> (continued)			
<u>Financial liabilities</u>			
Malaysia Ringgit	137,058	57,457,254	57,594,312
	<u>137,058</u>	<u>57,457,254</u>	<u>57,594,312</u>

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

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> SGD	<u>Unquoted fixed Income securities</u> SGD	<u>Cash and cash equivalents</u> SGD	<u>Other assets*</u> SGD	<u>Total</u> SGD
<u>2020</u>					
<u>Financial assets</u>					
Australian Dollar	-	-	4	-	4
Euro	-	791,134	12,401	-	803,535
Malaysia Ringgit	-	-	647,136	40,646	687,782
United States Dollar	6,004,780	21,625,224	272,213	-	27,902,217
	<u>6,004,780</u>	<u>22,416,358</u>	<u>931,754</u>	<u>40,646</u>	<u>29,393,538</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Forward foreign currency contract</u> SGD	<u>Other payables**</u> SGD	<u>Net assets attributable to unitholders</u> SGD	<u>Total</u> SGD
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Euro	50	-	-	50
Malaysia Ringgit	-	495,789	63,718,932	64,214,721
	<u>50</u>	<u>495,789</u>	<u>63,718,932</u>	<u>64,214,771</u>

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

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(b) Currency risk (continued)

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

	Change in <u>rate</u> %	Impact on profit after <u>tax/NAV</u> SGD
<u>2021</u>		
Australian Dollar	+/- 9.76	+/- 0.4
Euro	+/- 10.79	+/- 52,139
Malaysian Ringgit	+/- 11.11	-/+ 6,383,688
United States Dollar	+/- 13.75	+/- 2,530,391
<u>2020</u>		
Australian Dollar	+/- 8.59	+/- 0.34
Euro	+/- 6.68	+/- 53,673
Malaysian Ringgit	+/- 4.03	-/+ 2,560,136
United States Dollar	+/- 4.64	+/- 1,294,663

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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 placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

For unquoted fixed income securities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unit Trust Funds.

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

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

	Unquoted fixed income securities SGD	Forward foreign currency contracts SGD	Cash and cash equivalents SGD	Other assets* SGD	<u>Total</u> SGD
<u>2021</u>					
Consumer Directory					
- BB+	2,553,318	-	-	-	2,553,318
- NR	3,072,551	-	-	-	3,072,551
Basic Materials					
- Baa2	1,105,615	-	-	-	1,105,615
- Baa3	538,263	-	-	-	538,263
Financial Services					
- AA1	-	-	1,281,422	-	1,281,422
- A3	1,048,634	-	-	-	1,048,634
- Ba1	3,510,303	-	-	-	3,510,303
- Ba2	5,803,881	-	-	-	5,803,881
- Ba3	1,426,143	-	-	-	1,426,143
- B+	1,922,398	-	-	-	1,922,398
- BB+	5,826,454	-	-	-	5,826,454
- BBB	10,730,301	-	-	-	10,730,301
- BBB-	3,192,921	-	-	-	3,192,921
- BBB+	1,417,697	-	-	-	1,417,697
- Baa1	2,029,353	-	-	-	2,029,353
- Baa3	8,191,692	-	-	-	8,191,692
- NR	2,041,307	7,452	-	-	2,048,759

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> SGD	Forward foreign currency <u>contracts</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>2021</u> (continued)					
Government					
- AAA	5,338,968	-	-	-	5,338,968
- NR	525,852	-	-	-	525,852
Health Care					
- NR	682,518	-	-	-	682,518
Industrial					
- NR	2,962,520	-	-	-	2,962,520
Others					
- NR	-	-	-	127,322	127,322
Real Estate					
- A+	2,029,107	-	-	-	2,029,107
- Baa3	685,154	-	-	-	685,154
- NR	29,289,750	-	-	48,692	29,338,442
	<u>95,924,700</u>	<u>7,452</u>	<u>1,281,422</u>	<u>176,014</u>	<u>97,389,588</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Credit risk (continued)

	Unquoted fixed income <u>securities</u> SGD	Cash and cash <u>equivalents</u> SGD	Other <u>assets*</u> SGD	<u>Total</u> SGD
<u>2020</u>				
Consumer Goods				
- BBB-	2,474,101	-	-	2,474,101
- NR	9,489,216	-	-	9,489,216
Consumer Services				
- Ba2	1,639,895	-	-	1,639,895
- NR	4,069,692	-	-	4,069,692
Financial Services				
- AAA	-	639,509	-	639,509
- AA1	-	21,076,757	-	21,076,757
- A3	2,815,431	-	-	2,815,431
- Baa1	3,378,721	-	-	3,378,721
- Baa2	2,497,038	-	-	2,497,038
- Baa3	18,747,594	-	-	18,747,594
- BBB	4,203,328	-	-	4,203,328
- BBB-	644,608	-	-	644,608
- Ba1	7,559,392	-	-	7,559,392
- Ba2	7,616,881	-	-	7,616,881
- Ba3	1,274,673	-	-	1,274,673
- BB-	5,769,567	-	-	5,769,567
- B1	1,342,420	-	-	1,342,420
Health Care				
- NR	711,411	-	-	711,411
Industrials				
- NR	2,832,437	-	-	2,832,437
Quasi-Gov				
- NR	2,013,005	-	-	2,013,005
Real Estate				
- NR	16,243,803	-	-	16,243,803
Telecommunications				
- NR	1,238,349	-	-	1,238,349
Others				
- NR	-	-	98,136	98,136
	<u>96,561,564</u>	<u>21,716,266</u>	<u>122,109</u>	<u>118,399,939</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month SGD</u>	<u>Between one month to one year SGD</u>	<u>Total SGD</u>
<u>2021</u>			
Amount due to Manager			
- management fee	198,811	-	198,811
- cancellation of units	482,515	-	482,515
Amount due to Trustee	11,078	-	11,078
Amount due to brokers	640,684	-	640,684
Auditors' remuneration	-	5,200	5,200
Tax agent fee	-	2,392	2,392
Other payables and accruals	-	19,022	19,022
Net assets attributable to unitholders	157,452,328	-	157,452,328
	<u>158,785,416</u>	<u>26,614</u>	<u>158,812,030</u>
<u>2020</u>			
Amount due to Manager			
- management fee	209,670	-	209,670
- cancellation of units	610,164	-	610,164
Amount due to Trustee	11,582	-	11,582
Auditors' remuneration	-	5,484	5,484
Tax agent fee	-	2,668	2,668
Other payables and accruals	-	11,930	11,930
Forward foreign currency contracts	-	50	50
Net assets attributable to unitholders	154,129,963	-	154,129,963
	<u>154,961,379</u>	<u>20,132</u>	<u>154,981,511</u>

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> SGD	<u>Level 2</u> SGD	<u>Level 3</u> SGD	<u>Total</u> SGD
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	61,422,442	-	-	61,422,442
- unquoted fixed income securities	-	95,924,700	-	95,924,700
- forward foreign currency contracts	-	7,452	-	7,452
	<u>61,422,442</u>	<u>95,932,152</u>	<u>-</u>	<u>157,354,594</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	36,581,572	-	-	36,581,572
- unquoted fixed income securities	-	96,561,564	-	96,561,564
	<u>36,581,572</u>	<u>96,561,564</u>	<u>-</u>	<u>133,143,136</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

	<u>Level 1</u> SGD	<u>Level 2</u> SGD	<u>Level 3</u> SGD	<u>Total</u> SGD
<u>2020</u> (continued)				
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	50	-	50

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

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

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

4 MANAGEMENT FEE

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

For the financial year ended 31 March 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

5 TRUSTEE FEE

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

For the financial year ended 31 March 2021, the Trustee's fee is recognised at a rate of 0.08% (2020: 0.08%) per annum on the NAV of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the Fund's Prospectus.

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

6 TAXATION

	<u>2021</u> SGD	<u>2020</u> SGD
Current taxation – foreign	-	-

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

	<u>2021</u> SGD	<u>2020</u> SGD
Net profit/(loss) before taxation	28,657,178	(8,686,387)
Tax at Malaysian statutory rate of 24% (2020: 24%)	6,877,723	(2,084,733)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss not brought to tax	(7,618,786)	1,278,496
Expenses not deductible for tax purposes	156,413	148,794
Restriction on tax deductible expenses for Unit Trust Funds	584,650	657,443
Tax expense	-	-

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

7 DISTRIBUTIONS

	<u>2021</u> SGD	<u>2020</u> SGD
Distributions to unitholders are derived from the following sources:		
Previous years' realised income	5,306,841	5,468,495
Gross realised income	5,306,841	5,468,495
Less: Expenses	-	-
Net distribution amount	<u>5,306,841</u>	<u>5,468,495</u>

	Gross/net distribution per unit (sen)	
	<u>RM class</u> RM	<u>SGD class</u> SGD
<u>2021</u>		
17.06.2020	0.25	0.25
17.09.2020	0.50	0.50
16.12.2020	1.00	0.80
17.03.2021	0.40	0.30
	<u>2.15</u>	<u>1.85</u>
<u>2020</u>		
19.06.2019	0.25	0.25
18.09.2019	0.25	0.25
18.12.2019	1.25	1.00
18.03.2020	0.25	0.25
	<u>2.00</u>	<u>1.75</u>

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

Distribution for the financial year of SGD5,306,841 (2020: SGD5,468,495) was made from previous years' realised income.

There is no unrealised losses during the financial year (2020: SGD15,487,106).

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> SGD	<u>2020</u> SGD
Financial assets at fair value through profit or loss:		
- quoted equities – foreign	61,422,442	36,581,572
- unquoted fixed income securities – foreign	95,924,700	96,561,564
	<u>157,347,142</u>	<u>133,143,136</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	4,883,733	1,700,096
- unrealised gain/(loss) on changes in fair value	20,788,066	(16,549,329)
	<u>25,671,799</u>	<u>(14,849,233)</u>

(a) Quoted equities – foreign

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

	<u>Quantity</u>	<u>Aggregate cost SGD</u>	<u>Fair value SGD</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Basic Materials</u>				
Nanofilm Technologies Intl PL	324,500	852,137	1,622,500	1.03
<u>Consumer Discretionary</u>				
ComfortDelGro Corporation Ltd	951,000	1,510,307	1,626,210	1.03
<u>Consumer Staples</u>				
First Resources Ltd	1,009,100	1,692,463	1,402,649	0.89
Wilmar International Ltd	293,000	1,316,921	1,588,060	1.01
	<u>1,302,100</u>	<u>3,009,384</u>	<u>2,990,709</u>	<u>1.90</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

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

	<u>Quantity</u>	<u>Aggregate cost SGD</u>	<u>Fair value SGD</u>	<u>Percentage of NAV %</u>
<u>Singapore (continued)</u>				
<u>Financial Services</u>				
DBS Group Holdings Ltd	312,666	6,966,763	9,001,654	5.72
Oversea-Chinese Banking Corp	284,600	3,109,088	3,344,050	2.12
Singapore Exchange Ltd	181,700	1,574,723	1,811,549	1.15
United Overseas Bank Ltd	326,600	6,857,252	8,436,079	5.36
	<u>1,105,566</u>	<u>18,507,826</u>	<u>22,593,332</u>	<u>14.35</u>
<u>Health Care</u>				
Q & M Dental Group Singapore	3,079,000	1,781,711	1,955,165	1.24
<u>Industrials</u>				
Aztech Global Ltd	588,200	752,896	705,840	0.45
Credit Bureau Asia Ltd	1,314,900	1,222,857	1,722,519	1.09
SATS Ltd	601,400	2,440,141	2,616,090	1.66
Singapore Tech Engineering Ltd	282,000	959,479	1,094,160	0.69
	<u>2,786,500</u>	<u>5,375,373</u>	<u>6,138,609</u>	<u>3.89</u>
<u>Real Estate</u>				
Ascendas Real Estate InvTrust	518,966	1,624,494	1,582,846	1.01
CapitaLand China Trust	1,135,784	1,637,553	1,544,666	0.98
CapitaLand Integrated Com Trust	1,096,800	2,283,101	2,380,056	1.51
Capitaland Ltd	207,900	791,413	781,704	0.50
City Developments Ltd	435,300	4,383,701	3,473,694	2.21
Frasers Centrepoint Trust	936,863	2,247,510	2,304,683	1.46
Hongkong Land Holdings Ltd	225,900	1,569,114	1,490,718	0.95
Keppel REIT	700,000	791,000	854,000	0.54
Mapletree North Asia Com Trust	2,330,254	2,449,832	2,470,069	1.57
UOL Group Ltd	261,500	1,945,686	2,065,850	1.31
	<u>7,849,267</u>	<u>19,723,404</u>	<u>18,948,286</u>	<u>12.04</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

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

	<u>Quantity</u>	Aggregate cost SGD	Fair value SGD	Percentage of NAV %
<u>Singapore</u> (continued)				
<u>Technology</u>				
AEM Holdings Ltd	194,100	794,615	803,574	0.51
<u>Telecommunications</u>				
Singapore Telecom Ltd	970,700	2,350,808	2,368,508	1.50
<u>United States</u>				
<u>Technology</u>				
Sea Ltd	7,924	1,404,299	2,375,549	1.51
Total quoted equities – foreign	<u>18,570,657</u>	55,309,864	<u>61,422,442</u>	<u>39.00</u>
Accumulated unrealised gain on quoted equities – foreign		<u>6,112,578</u>		
Total quoted equities – foreign		<u>61,422,442</u>		

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

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

	<u>Quantity</u>	<u>Aggregate cost SGD</u>	<u>Fair value SGD</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Consumer Services</u>				
Sheng Siong Group Ltd	950,000	1,108,840	1,121,000	0.73
<u>Financial Services</u>				
Ascendas Real Estate Investment Trust	884,400	2,761,952	2,467,476	1.60
CapitaLand Commercial Trust	898,200	1,853,166	1,356,282	0.88
CapitaLand Retail China Trust	1,715,800	2,521,371	2,076,118	1.35
City Developments Ltd	336,900	3,604,324	2,432,418	1.58
DBS Group Holdings Ltd	68,800	1,744,851	1,276,928	0.83
Frasers Logistic & Indus Trust	3,531,100	3,603,794	3,036,746	1.97
Manulife US Real Estate Investment Trust	3,039,632	3,294,105	3,103,894	2.01
Mapletree North Asia Com Trust	2,283,200	2,578,311	1,837,976	1.19
Prime US REIT	3,379,200	4,121,622	2,968,034	1.93
Singapore Exchange Ltd	440,400	3,846,325	4,029,660	2.61
UOL Group Ltd	247,600	1,871,220	1,626,732	1.06
	<u>16,825,232</u>	<u>31,801,041</u>	<u>26,212,264</u>	<u>17.01</u>
<u>Industrials</u>				
Singapore Tech Engineering Ltd	454,700	1,546,973	1,418,664	0.92
UMS Holdings Ltd	2,374,100	2,428,065	1,471,942	0.96
Venture Corp Ltd	159,700	2,646,190	2,167,129	1.41
	<u>2,988,500</u>	<u>6,621,228</u>	<u>5,057,735</u>	<u>3.29</u>
<u>Technology</u>				
AEM Holdings Ltd	915,500	1,779,656	1,528,885	0.99
NetLink NBN Trust	1,300,000	1,054,188	1,170,000	0.76
	<u>2,215,500</u>	<u>2,833,844</u>	<u>2,698,885</u>	<u>1.75</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

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

	<u>Quantity</u>	Aggregate <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
<u>Singapore</u> (continued)				
<u>Telecommunications</u>				
Singapore Telecom Ltd	589,600	2,021,444	1,491,688	0.97
	<u>23,568,832</u>	<u>44,386,397</u>	<u>36,581,572</u>	<u>23.75</u>
Accumulated unrealised loss on quoted equities – foreign		(7,804,825)		
Total quoted equities – foreign		<u>36,581,572</u>		

(b) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 March 2021 are as follows:

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
<u>Bonds</u>				
3.65% CapitaLand Treasury Ltd Call: 17.10.2024 (NR)	1,000,000	1,016,600	1,023,800	0.65
3.35% CNAC HK Finbridge Co Ltd Call: 22.09.2023 (Baa3)	400,000	529,099	538,263	0.34
3.9% CNRC Capital Ltd Call: 02.06.2022 (Baa2)	800,000	1,086,978	1,105,615	0.70
4.2% Commerzbank AG Call: 18.09.2023 (Baa3)	2,500,000	2,513,804	2,502,277	1.59
4.875% Commerzbank AG Call: 01.03.2022 (NR)	500,000	505,961	506,120	0.32
5.625% Credit Suisse Group AG Call: 06.06.2024 (Ba1)	3,250,000	3,320,782	3,291,199	2.09
4.125% Ford Motor Credit Co LLC 20.06.2024 (BBB-)	2,500,000	2,523,084	2,553,318	1.62
4% Franshion Brilliant Ltd Call: 03.01.2023 (Baa3)	500,000	679,563	685,154	0.44

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
2.5% Frasers Property Treasury Pte 21.07.2021 (NR)	550,000	738,590	742,717	0.47
4.98% Frasers Property Treasury Pte Call: 11.04.2024 (NR)	6,000,000	6,148,047	6,308,204	4.01
4.6% GLL IHT Pte Ltd Call: 23.01.2023 (NR)	3,000,000	3,016,405	3,056,310	1.94
4.65% Hotel Properties Ltd Call: 05.05.2022 (NR)	1,000,000	1,021,014	958,327	0.61
4.7% HSBC Holdings PLC Call: 08.06.2022 (Baa3)	3,000,000	3,043,886	3,083,038	1.96
5% HSBC Holdings PLC Call: 24.09.2023 (Baa3)	2,250,000	2,301,977	2,297,916	1.46
6.25% HSBC Holdings PLC Call: 23.03.2023 (Baa3)	1,500,000	2,069,700	2,136,729	1.36
6.375% HSBC Holdings PLC Call: 17.09.2024 (Baa3)	500,000	696,466	731,590	0.46
3.2% Huarong Finance 2017 Co 27.04.2021 (Baa1)	2,000,000	2,030,353	2,029,353	1.29
5.375% ICICI Bank UK PLC Call: 26.09.2023 (Ba2)	2,500,000	2,500,330	2,591,709	1.65
3.9% Jollibee Worldwide Pte Ltd Call: 23.01.2025 (NR)	1,000,000	1,554,238	1,331,989	0.85
5.75% Julius Baer Group Ltd Call: 20.04.2022 (Baa3)	2,500,000	2,581,134	2,664,695	1.69
5.275% Kasikornbank Public Co Ltd Call: 14.10.2025 (Ba1)	1,000,000	1,389,986	1,449,862	0.92
3.75% Landesbank Baden-Wuerttemberg Call: 18.05.2022 (Baa2)	2,000,000	2,020,605	2,029,134	1.29
4.18% Mapletree Logistics Trust Call: 25.11.2021 (NR)	2,500,000	2,543,401	2,556,610	1.62
4.5% Mapletree Treasury Services Call: 19.01.2022 (NR)	1,000,000	1,008,877	1,021,577	0.65
5.75% NWD Finance BVI Ltd Call: 05.10.2021 (NR)	2,000,000	2,748,725	2,791,239	1.77
4.25% Parkway Pantai Ltd Call: 27.07.2022 (NR)	500,000	690,242	682,518	0.43
3.16% Singapore Airlines Ltd 25.10.2023 (NR)	750,000	779,460	782,234	0.50

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
2.25% Singapore Government Bond 01.06.2021 (AAA)	1,500,000	1,515,578	1,516,019	0.96
2.25% Singapore Government Bond 01.08.2036 (NR)	500,000	573,819	515,384	0.33
2.375% Singapore Government Bond 01.07.2039 (NR)	500,000	600,262	525,852	0.33
2.875% Singapore Government Bond 01.09.2030 (NR)	3,000,000	3,555,480	3,307,566	2.10
4.30% Societe Generale SA Call: 19.05.2021 (Baa3)	2,250,000	2,286,305	2,293,129	1.46
6.125% Societe Generale SA Call: 16.04.2024 (Ba2)	3,000,000	3,084,072	3,212,172	2.04
4.1% SPH REIT Call: 30.08.2024 (NR)	1,000,000	1,003,595	1,010,395	0.64
5.375% Standard Chartered PLC Call: 03.10.2024 (Ba1)	3,000,000	3,648,285	3,192,921	2.03
3.25% Sun Hung Kai Properties Cap Mk 20.05.2021 (A+)	2,000,000	2,029,439	2,029,107	1.29
3.125% Swiss Re Finance UK Call: 03.07.2025 (A3)	1,000,000	1,035,778	1,048,634	0.67
4.85% UBS Group AG Call: 04.09.2024 (Ba1)	2,000,000	2,024,881	2,060,441	1.31
5.875% UBS Grp Funding Switzerland AG Call: 28.11.2023 (BBB)	3,000,000	3,074,043	3,212,619	2.04
3.875% United Overseas Bank Ltd Call: 19.10.2023 (Baa1)	1,000,000	1,325,181	1,417,697	0.90
4.50% Wharf Finance No 1 Ltd 20.07.2021 (NR)	2,000,000	2,025,069	2,041,307	1.30
4.48% Wing Tai Holdings Ltd Call: 24.05.2024 (NR)	4,000,000	4,042,794	4,104,443	2.61
4.25% Wing Tai Properties Fin Ltd 29.11.2022 (NR)	4,500,000	4,559,751	4,698,475	2.98
4.35% Wing Tai Properties Fin Ltd Call: 24.08.2021 (NR)	2,000,000	1,781,731	1,975,981	1.25
6.8% Yanlord Land HK Co Ltd Call: 27.02.2022 (Ba3)	1,000,000	1,392,100	1,426,143	0.91
7.85% Yinson Juniper Ltd Call: 05.10.2022 (NR)	500,000	706,861	737,973	0.47

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
8.1% Yinson Juniper Ltd Call: 29.03.2024 (NR)	1,500,000	2,028,063	2,224,547	1.41
8.5% Yuzhou Properties Co Ltd Call: 04.02.2022 (B2)	1,500,000	2,068,059	1,922,398	1.22
	<u>87,750,000</u>	<u>95,420,453</u>	<u>95,924,700</u>	<u>60.93</u>
Total unquoted fixed income securities – foreign				
Accumulated unrealised gain on unquoted fixed income securities – foreign		504,247		
Total unquoted fixed income securities – foreign		<u>95,924,700</u>		

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

	Nominal <u>value</u> SGD	Adjusted <u>cost</u> SGD	Fair <u>value</u> SGD	Percentage <u>of NAV</u> %
<u>Bonds</u>				
4.75% ABN AMRO Bank NV (Call: 01.04.2021)(Baa2)	2,500,000	2,618,118	2,497,038	1.62
6% Banco Bilbao Vizcaya Arg SA (Call: 29.03.2024)(Ba2)	939,240	918,343	791,134	0.51
6.5% Banco Bilbao Vizcaya Arg SA (Call: 05.03.2025)(Ba2)	571,280	558,523	441,930	0.29
3.65% CapitaLand Treasury Ltd (Call: 17.10.2024)(NR)	1,000,000	1,016,700	1,012,100	0.66
4% China Life Insurance Co. Ltd (Call: 03.07.2020)(A3)	2,856,400	2,804,298	2,815,431	1.83
4.85% Ciputra Development Tbk PT (20.09.2021)(BB-)	6,000,000	6,003,872	5,769,567	3.74
5.625% Credit Suisse Group AG (Call: 06.06.2024)(Ba2)	3,250,000	3,324,759	2,869,850	1.86
3.725% Danga Capital Bhd (11.08.2020)(NR)	2,000,000	2,020,558	2,013,005	1.31
3.95% ESR-MTN Pte Ltd (21.05.2020)(Baa3)	2,000,000	2,028,570	2,024,170	1.31
4.125% Ford Motor Credit Co LLC (20.06.2024)(BBB-)	2,500,000	2,521,774	2,474,101	1.60
4% Franshion Brilliant Ltd (Call: 03.01.2023)(Baa3)	714,100	673,380	674,080	0.44
4.98% Frasers Property Treasury Pte (Call: 11.04.2024)(NR)	6,000,000	6,151,061	5,622,623	3.65
4.6% GLL IHT Pte Ltd (Call: 23.01.2023)(NR)	3,000,000	3,012,083	2,825,388	1.83
4.65% Hotel Properties Ltd (Call: 05.05.2022)(NR)	1,000,000	1,023,168	942,155	0.61
4.7% HSBC Holdings PLC (Call: 08.06.2022)(Baa3)	3,000,000	3,044,170	2,774,425	1.80
6.25% HSBC Holdings PLC (Call: 23.03.2023)(Baa3)	2,142,300	2,084,584	1,952,213	1.27
6.375% HSBC Holdings PLC (Call: 17.09.2024)(Baa3)	714,100	699,581	663,227	0.43
5.375% ICICI Bank UK PLC (Call: 26.09.2023)(Ba1)	2,500,000	2,499,656	2,327,209	1.51
3.9% Jollibee Worldwide Pte Ltd (Call: 23.01.2025)(NR)	1,428,200	1,605,814	1,136,633	0.74
5.75% Julius Baer Group Ltd (Call: 20.04.2022)(Baa3)	1,250,000	1,308,811	1,168,794	0.76

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

	Nominal value SGD	Adjusted cost SGD	Fair value SGD	Percentage of NAV %
<u>Bonds</u> (continued)				
5.9% Julius Baer Group Ltd (Call: 18.11.2020)(Baa3)	6,000,000	6,186,697	5,858,532	3.80
4.5% LS Finance Ltd (26.06.2025)(Ba2)	1,713,840	1,637,064	1,639,895	1.06
4.18% Mapletree Logistics Trust (Call: 25.11.2021)(NR)	1,500,000	1,521,988	1,487,938	0.96
4.5% Mapletree Treasury Services (Call: 19.01.2022)(NR)	1,500,000	1,513,500	1,494,900	0.97
5.75% NWD Finance BVI Ltd (Call: 05.10.2021)(NR)	2,856,400	2,721,524	2,787,248	1.81
4.25% Parkway Pantai Ltd (Call: 27.07.2022)(NR)	714,100	690,560	711,411	0.46
6.125% Shimao Property Holdings Ltd (Call: 21.02.2022)(BBB-)	642,690	618,829	644,608	0.42
4% Singapore Press Holdings Ltd (Call: 12.05.2025)(NR)	2,000,000	2,030,904	1,990,904	1.29
4.3% Societe Generale SA (Call: 19.05.2021)(Baa3)	2,250,000	2,295,664	2,301,944	1.49
6.125% Societe Generale SA (Call: 16.04.2024)(Ba2)	4,000,000	4,112,767	3,513,967	2.28
4.1% SPH REIT (Call: 30.08.2024)(NR)	1,000,000	1,003,707	1,013,607	0.66
5.375% Standard Chartered PLC (Call: 03.10.2024)(Ba1)	3,500,000	4,445,858	3,093,839	2.01
3.95% StarHub Limited (Call: 16.06.2022)(NR)	1,250,000	1,253,897	1,238,349	0.80
6.25% Svenska Handelsbanken AB (Call: 01.03.2024)(Baa3)	1,428,200	1,368,720	1,330,209	0.86
4.85% UBS Group AG (Call: 04.09.2024)(Ba1)	2,500,000	2,530,260	2,138,344	1.39
5.875% UBS Grp Funding Switzerland AG (Call: 28.11.2023)(BBB)	4,500,000	4,618,391	4,203,328	2.73
3.58% United Overseas Bank Ltd (Call: 17.07.2026)(Baa1)	2,000,000	2,014,712	1,999,912	1.30
3.875% United Overseas Bank Ltd (Call: 19.10.2023)(Baa1)	1,428,200	1,305,793	1,378,809	0.89
4.48% Wing Tai Holdings Ltd (Call: 24.05.2024)(NR)	4,000,000	4,037,565	3,896,134	2.53

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

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

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2021</u> SGD	<u>2020</u> SGD
Cash and bank balances	1,281,422	21,076,757
Deposits with licensed financial institutions	-	639,509
	<u>1,281,422</u>	<u>21,716,266</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	-	2.55

Deposits with licensed financial institutions of the Fund have an average maturity of Nil day (2020: 1 day).

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there is 1 (2020: 1) outstanding forward foreign currency contract. The notional principal amount of the outstanding forward foreign currency contracts amounted to SGD956,700 (2020: SGD627,080). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Euro. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

11 NUMBER OF UNITS IN CIRCULATION

(a) RM class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	325,943,000	340,339,000
Creation of units arising from applications during the financial year	38,434,000	179,468,424
Creation of units arising from distribution during the financial year	9,044,036	9,047,037
Cancellation of units during the financial year	(119,047,036)	(202,911,461)
At the end of the financial year	<u>254,374,000</u>	<u>325,943,000</u>

(b) SGD class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	179,932,000	248,072,000
Creation of units arising from applications during the financial year	23,907,082	25,791,683
Creation of units arising from distribution during the financial year	4,734,361	4,913,089
Cancellation of units during the financial year	(36,195,443)	(98,844,772)
At the end of the financial year	<u>172,378,000</u>	<u>179,932,000</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS

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

<u>Name of brokers/dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %	<u>Brokerage</u> <u>fees</u> SGD	Percentage of total <u>brokerage</u> %
Euroclear Bank S.A / N.V	56,798,545	23.61	-	-
Citigroup Global Markets Ltd	30,317,876	12.60	75,925	17.79
Sanford C. Bernstein And Co., Llc	18,740,648	7.79	44,977	10.54
Cimb Securities (Singapore) Pte Ltd.	18,639,792	7.75	44,735	10.48
DBS Vickers Securities (Singapore) Pte Ltd	16,357,669	6.80	55,210	12.93
UBS Securities Asia Ltd Hong Kong	13,228,239	5.50	31,748	7.44
CLSA Singapore Pte Ltd.	12,404,528	5.15	24,907	5.84
Credit Suisse (Hong Kong) Ltd	10,693,428	4.44	30,209	7.08
UOB Kay Hian Pte Ltd	10,445,655	4.34	27,419	6.42
Deutsche Bank (Malaysia) Bhd	8,464,500	3.52	24,645	5.77
Others#	44,505,477	18.50	67,079	15.71
	<u>240,596,357</u>	<u>100.00</u>	<u>426,854</u>	<u>100.00</u>

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

<u>Name of brokers/dealers</u>	<u>Value of trade</u> SGD	Percentage of <u>total trade</u> %	<u>Brokerage</u> <u>fees</u> SGD	Percentage of total <u>brokerage</u> %
Euroclear Bank S.A/N.V	132,801,994	41.71	-	-
Macquarie Bank Ltd. (Hong Kong)	36,256,383	11.39	45,323	12.98
DBS Vickers Securities (Singapore) Pte Ltd.	26,030,838	8.18	98,708	28.27
Citigroup Global Markets Ltd.	25,008,052	7.85	65,463	18.75
CLSA Singapore Pte Ltd.	21,438,985	6.73	49,438	14.16
JP Morgan Securities (Asia Pacific)	17,817,785	5.60	20,005	5.73

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

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

<u>Name of brokers/dealers</u>	<u>Value of trade SGD</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees SGD</u>	<u>Percentage of total brokerage %</u>
CIMB Securities (Singapore) Pte Ltd	15,712,019	4.93	37,709	10.80
DBS Bank Ltd.	8,250,000	2.59	-	-
Australia And New Zealand Banking Group Ltd.	5,636,226	1.77	-	-
Standard Chartered Bank Malaysia Berhad	4,906,250	1.54	-	-
Others#	24,535,102	7.71	32,491	9.31
	<u>318,393,634</u>	<u>100.00</u>	<u>349,137</u>	<u>100.00</u>

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

<u>Name of brokers/dealers</u>	<u>2021 SGD</u>	<u>2020 SGD</u>
Market Axess	998,150	-
Nomura Singapore Ltd	3,022,650	-
RHB Bank Bhd	-	276,547
	<u>4,020,800</u>	<u>276,547</u>

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

	<u>2021 SGD</u>	<u>2020 SGD</u>
Affin Hwang Flexible Maturity Income Fund 9	2,518,400	-
Affin Hwang Flexible Maturity Income Fund 11	998,150	-
Affin Hwang Flexible Maturity Income Fund 13	504,250	-
Private mandate	-	276,547
	<u>4,020,800</u>	<u>276,547</u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

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

	<u>2021</u>		<u>2020</u>	
	No. of units	SGD	No. of units	SGD
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purpose)				
- RM class	118,453	26,759	8,120	1,587
- SGD class	2,813	1,632	2,545	1,279
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Director of the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)				
- SGD class	236,912	137,433	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT SGD INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

14 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	1.65	1.65

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is SGD162,178,330 (2020: SGD183,437,167).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2021</u> %	<u>2020</u> %
PTR (times)	0.77	0.93

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = SGD127,517,428 (2020: SGD143,967,446)
total disposal for the financial year = SGD123,308,302 (2020: SGD196,021,405)

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT SGD INCOME 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 51 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2021 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 March 2021 in accordance with the Malaysia Financial Reporting Standards, International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 May 2021

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select SGD Income Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2021, 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 31 March 2021, 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 51.

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.

Information other than the financial statements and auditors’ report thereon

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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 SELECT SGD INCOME FUND
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

OTHER MATTERS

This report is made solely to the 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
17 May 2021

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