

Affin Hwang Growth Fund

Annual Report
28 February 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
AmanahRaya Trustees Berhad (766894-T)

AFFIN HWANG GROWTH FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 28 February 2022

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FUND INFORMATION

Fund Name	Affin Hwang Growth Fund
Fund Type	Capital Growth
Fund Category	Equity
Investment Objective	To generate capital growth over the medium to long term period through diversified investments of equities listed on Bursa Malaysia
Benchmark	FTSE Bursa Malaysia KLCI
Distribution Policy	Distribution (if any) is incidental and will be subject to the availability of income

FUND PERFORMANCE DATA

Category	As at 29 Feb 2022 (%)	As at 29 Feb 2021 (%)	As at 29 Feb 2020 (%)
Portfolio composition			
Quoted equities – local			
- Consumer Products & Services	5.14	7.96	6.77
- Construction	-	-	0.60
- Financial Services	20.55	13.22	12.82
- Industrial Product & Services	28.68	24.21	9.41
- Healthcare	3.26	5.00	8.78
- Energy	1.03	-	10.50
- Plantation	2.29	2.85	1.97
- Property	2.35	1.50	-
- REITs	-	4.03	7.53
- Technology	16.81	20.80	10.28
- Telecommunication	6.60	8.66	4.25
- Transport & logistics	4.84	4.70	-
- Utilities	1.92	1.76	2.07
- Warrant	-	-	0.20
Total quoted equities – local	93.47	94.69	75.18
Cash and cash equivalent	6.53	5.31	24.82
Total	100.00	100.00	100.00
Total NAV (RM'million)	104.098	135.461	151.520
NAV per Unit (RM)	0.3326	0.3568	0.2772
Unit in Circulation (million)	313.022	379.617	546.550
Highest NAV	0.3790	0.3690	0.3011
Lowest NAV	0.3263	0.2254	0.2752
Return of the Fund (%) ⁱⁱⁱ	-2.56	31.80	-3.11
- Capital Growth (%) ⁱ	-6.78	28.72	-3.11
- Income Distribution (%) ⁱⁱ	4.53	2.39	Nil
Gross Distribution per Unit (sen)	1.50	0.70	Nil
Net Distribution per Unit (sen)	1.50	0.70	Nil
Management Expense Ratio (%) ¹	1.60	1.62	1.61
Portfolio Turnover Ratio (times) ²	0.67	1.38	1.12

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 was slightly lower than previous year due to lower average net asset value of the Fund during the financial year.

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

MANAGER'S REPORT

Income Distribution / Unit Split

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
21-Jul-21	20-Jul-21	0.3473	0.0150	0.3312

No unit split were declared for the financial year ended 28 February 2022.

Performance Review (1 March 2021 to 28 February 2022)

For the period 1 March 2021 to 28 February 2022, the Fund registered a -2.56% return compared to the benchmark return of 1.94%. The Fund thus underperformed the Benchmark by 4.50%. The Net Asset Value per unit ("NAV") of the Fund as at 28 February 2022 was RM0.3326 while the NAV as at 28 February 2021 was RM0.3568. During the period under review, the Fund has declared a gross income distribution of RM0.0150 per unit.

Since commencement, the Fund has registered a return of 62.73% compared to the benchmark return of 2.99%, outperforming by 59.74%.

Table 1: Performance of the Fund

	1 Year (1/3/21 - 28/2/22)	3 Years (1/3/19 - 28/2/22)	5 Years (1/3/17 - 28/2/22)	Since Commencement (28/6/11 - 28/2/22)
Fund	(2.56%)	24.43%	31.95%	62.73%
Benchmark	1.94%	(5.82%)	(5.05%)	2.99%
Outperformance	(4.50%)	30.25%	37.00%	59.74%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/21 - 28/2/22)	3 Years (1/3/19 - 28/2/22)	5 Years (1/3/17 - 28/2/22)	Since Commencement (28/6/11 - 28/2/22)
Fund	(2.56%)	7.55%	5.70%	4.66%
Benchmark	1.94%	(1.98%)	(1.03%)	0.28%
Outperformance	(4.50%)	9.53%	6.73%	4.38%

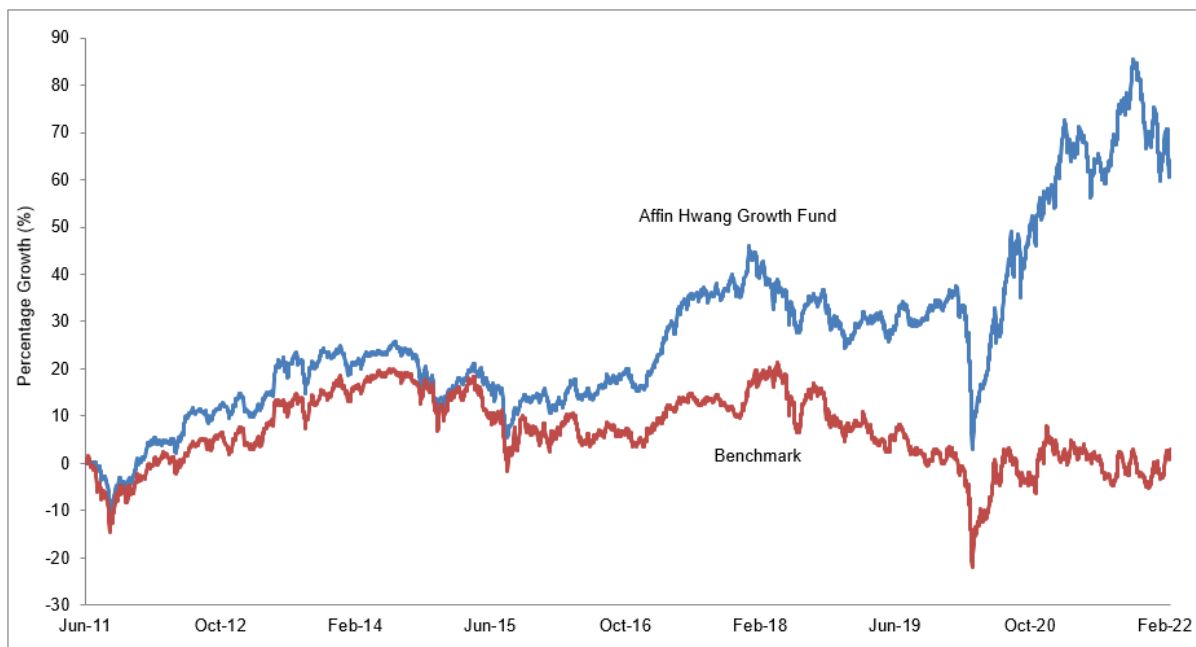
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/3/21 - 28/2/22)	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (1/3/18 - 28/2/19)	FYE 2018 (1/3/17 - 28/2/18)
Fund	(2.56%)	31.80%	(3.11%)	(8.01%)	15.27%
Benchmark	1.94%	6.41%	(13.18%)	(8.00%)	9.59%
Outperformance	(4.50%)	25.38%	10.07%	(0.01%)	5.68%

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: FTSE Bursa Malaysia KLCI

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 Date.

As at 28 February 2022, the Fund's asset allocation in equities stood higher at 93.46%, compared to 94.69% a year ago, while the remaining was held in cash and cash equivalent. During the period under review, the Manager had increased exposures mostly towards the industrials and financial services sector, while reducing exposure to the technology sector and REITs from the portfolio.

Strategies Employed

The Fund raised cash levels at the start of the year amidst prevailing market volatility. As markets stabilize and with the announcement of Covid vaccines, we raised invested levels and remained relatively highly invested throughout the financial year. The Fund had notably added exposure to equities that would benefit from further economic reopening from the Covid movement restrictions. Closer to the end of the financial year, the Fund raised invested levels amidst a market sell off as central banks globally shifts towards a more hawkish stance.

Market Review

Global equities started 2021 on a strong note buoyed by policy easing and optimism surrounding global vaccination rollouts. However, the global recovery grew at an uneven pace as developed markets posted stronger gains compared to emerging markets.

Developed markets have managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility. The S&P 500 index pierced new highs in the year underpinned by a strong earnings rebound as businesses clambered to meet renewed demand.

However, the rally was tested by surging bond yields in the 1Q'2021 as well as the spectre of inflation that would spook investors for the rest of the year. Inflation vaulted strongly from a low-base effect as supply chain disruptions associated with the pandemic led to a sharp increase in input prices.

Markets were soothed initially by dovish comments from the US Federal Reserve which pledged to keep monetary policy accommodative. Fed Chair Jerome Powell held the view that inflation was transitional and that supply-demand imbalances would begin to ease which would cool down inflation.

However with inflation proving stickier than expected, the Fed relented towards the end of year and pivoted towards a hawkish stance. At its policy meeting, the Fed signaled that it would start accelerating its tapering of bond purchases that would pave the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates.

The region was also pulled down by weaker performance in China as authorities cast a wide regulatory dragnet which impacted a range of sectors including technology, education and e-commerce. This was part of a wider 'common prosperity' drive by Beijing to narrow the income gap and increase the political legitimacy of the Communist Party which celebrated its 100th anniversary in 2021.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A litany of concerns sent the stock market on a volatile path with fresh lockdowns, political instability as well as new taxes proposed under Budget 2022.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The appointment provided some clarity by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin who faced a turbulent tenure due to the mishandling of the pandemic as well as a rare royal rebuke.

Markets were also jolted when the government announced a one-off prosperity tax (Cukai Makmur) during the tabling of Budget 2022 for companies that earned super profits. This quelled the initial optimism from economic reopening as earnings forecasts are pared down.

However, the government made U-turns on other tax measures proposed under Budget 2022 including reinstating the exemption of all types of foreign incomes for individuals from tax as well as stamp duty cap. Markets were concerned that these initial measures would dampen sentiment and reduce market vibrancy as well as velocity of trading. However, the local market saw support on the back of easing policy headwinds as investors also price-in better growth prospects.

Coming into February 2022, the FBM 100 index fell 5.1%, buoyed by plantation and commodity-related names which got a boost from the spike in commodities prices over the month. Corporate earnings saw consumer and plantation names beating estimates. As a reopening play, consumer stocks are benefitting from pent-up demand while plantation stocks benefitted from high CPO prices.

Investment Outlook

2022 is set to be a year of transition for markets as investors contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

Market environment is challenging given rising rates, slowing growth and waning earnings expectations. The key indicators of policies, growth and earnings have not inflected. That said, the positives are that valuations have become less excessive and sentiments have turned bearish.

Russia-Ukraine tension is also weighing on sentiments. However, history suggest that the market impact from geopolitical events tend to be short. Moving forward, we expect markets to shift the focus back to tighter monetary conditions and slowing growth.

While a total lockdown caused by the Omicron variant is not a base-case for now, there will probably be need to make adjustments as we go along. However, developments of new medical treatments such as oral pills can help in the fight against COVID. This would lay the planks for a more sustainable reopening of the economy

once we have a complete medical arsenal that is effective against all known variants. There could also be room for the Fed to adjust policy should Omicron turn out to be more destructive than what the market anticipates.

After a wide regulatory dragnet was casted in 2021 by the Chinese government specifically on targeted sectors including education, technology, and e-commerce, recent policy signals by Beijing suggested that the worst of tightening cycle is over. We see the focus of policymakers shifting from that of regulatory tightening to now supporting growth as its economy wanes.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

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

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation, a less hawkish Fed policy, and subside Russia-Ukraine tension as potential turnarounds for the market to improve.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT

For the Financial Year Ended 28 February 2022

To the Unit Holders of AFFIN HWANG GROWTH FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG GROWTH FUND for the financial year ended 28 February 2022. In our opinion, AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG GROWTH FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement; and
- (c) The distribution of income made by AFFIN HWANG GROWTH FUND as declared by the Manager is appropriate and reflects the investment objective.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Kuala Lumpur, Malaysia

15 April 2022

AFFIN HWANG GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

AFFIN HWANG GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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AFFIN HWANG GROWTH FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTMENT INCOME			
Dividend income		2,586,042	2,423,644
Interest income from financial assets at amortised cost		115,547	460,521
Net loss on future contracts at fair value through profit and loss		-	(3,108,600)
Net (loss)/gain on financial assets at fair value through profit or loss	8	(2,392,787)	34,297,483
		<u>308,802</u>	<u>34,073,048</u>
EXPENSES			
Management fee	4	(1,843,729)	(1,862,368)
Trustee fee	5	(98,350)	(99,981)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		-	(4,200)
Transaction costs		(531,501)	(1,125,852)
Other expenses		(16,518)	(62,366)
		<u>(2,497,598)</u>	<u>(3,162,267)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(2,188,796)	30,910,781
Taxation	7	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(2,188,796)</u>	<u>30,910,781</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		4,309,530	7,950,687
Unrealised amount		(6,498,326)	22,960,094
		<u>(2,188,796)</u>	<u>30,910,781</u>

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

AFFIN HWANG GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	9	6,877,048	6,749,734
Amount due from brokers		-	1,407,848
Dividends receivable		87,777	237,583
Financial assets at fair value through profit or loss	8	97,303,901	128,270,353
TOTAL ASSETS		<u>104,268,726</u>	<u>136,665,518</u>
LIABILITIES			
Amount due to brokers		-	978,345
Amount due to Manager			
- management fee		123,271	157,752
- cancellation of units		9,732	27,150
Amount due to Trustee		6,574	8,414
Auditors' remuneration		7,520	7,520
Tax agent's fee		4,977	9,357
Other payables and accruals		18,958	16,251
TOTAL LIABILITIES		<u>171,032</u>	<u>1,204,789</u>
NET ASSET VALUE OF THE FUND		<u>104,097,694</u>	<u>135,460,729</u>
EQUITY			
Unitholders' capital		69,330,173	93,216,807
Retained earnings		34,767,521	42,243,922
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>104,097,694</u>	<u>135,460,729</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>313,022,000</u>	<u>379,617,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3326</u>	<u>0.3568</u>

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

AFFIN HWANG GROWTH FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 March 2021	93,216,807	42,243,922	135,460,729
Total comprehensive loss for the financial year	-	(2,188,796)	(2,188,796)
Distribution (Note 6)	-	(5,287,605)	(5,287,605)
Movement in unitholders' capital:			
Creation of units arising from application	28,851	-	28,851
Creation of units arising from distribution	5,287,605	-	5,287,605
Cancellation of units	(29,203,090)	-	(29,203,090)
Balance as at 28 February 2022	<u>69,330,173</u>	<u>34,767,521</u>	<u>104,097,694</u>
Balance as at 1 March 2020	137,413,217	14,106,751	151,519,968
Total comprehensive income for the financial year	-	30,910,781	30,910,781
Distribution (Note 6)	-	(2,773,610)	(2,773,610)
Movement in unitholders' capital:			
Creation of units arising from application	566,883	-	566,883
Creation of units arising from distribution	2,773,610	-	2,773,610
Cancellation of units	(47,536,903)	-	(47,536,903)
Balance as at 28 February 2021	<u>93,216,807</u>	<u>42,243,922</u>	<u>135,460,729</u>

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

AFFIN HWANG GROWTH FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		99,811,082	191,323,445
Purchase of investments		(70,807,914)	(167,203,413)
Dividends received		2,735,848	2,295,908
Interest received		115,547	460,521
Management fee paid		(1,878,210)	(1,892,703)
Trustee fee paid		(100,190)	(101,598)
Realised loss on futures		-	(3,108,600)
Payment for other fees and expenses		(557,192)	(1,202,109)
		<hr/>	<hr/>
Net cash flows generated from operating activities		29,318,971	20,571,451
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from creation of units		28,851	566,883
Payments for cancellation of units		(29,220,508)	(47,535,900)
		<hr/>	<hr/>
Net cash flows used in financing activities		(29,191,657)	(46,969,017)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		127,314	(26,397,566)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		6,749,734	33,147,300
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	6,877,048	6,749,734
		<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 GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2021 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

B INCOME RECOGNITION

Dividend income

Dividend income for 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 deposit with licensed financial institutions is recognised based on effective interest rate method on an accrual basis.

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

Realised gains and losses on sale of investments

For 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.

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

C TRANSACTION COSTS

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

D 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.

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, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

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

(ii) Recognition and measurement

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

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

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

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

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is 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.

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, 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.

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

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

G 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.

H 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 F for accounting policy on recognition and measurement.

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

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

I UNITHOLDERS' CAPITAL

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

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

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

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

AFFIN HWANG GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

J 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 of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

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

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

K REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Quantum Fund (the “Fund”) pursuant to the execution of a Deed dated 25 March 2011, First Supplemental Deed dated 22 July 2014, as modified by a Second Supplemental Deed dated 6 August 2015 and a Third Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”). The Fund has changed its name from Affin Quantum Fund to Affin Hwang Growth Fund as amended by the First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 25 March 2011 and will continue its operations until terminated by the Trustee as provided by Division 12.3 of the Deed.

The Fund may invest in securities traded on Bursa Malaysia and other markets considered as eligible markets, collective investment schemes, unlisted securities, futures contracts and any other investments approved by the SC from time to time. All investments will be subjected to the SC’s Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund:

- (i) Listed securities
- (ii) Unlisted securities including, without limitation, securities that have been approved by relevant authorities for the listing of and quotation for such securities;
- (iii) Fixed deposits with financial institutions;
- (iv) Money market instruments;
- (v) Government bonds, treasury bills and other Government approved or guaranteed bonds;
- (vi) Debentures including private debt securities and bonds;
- (vii) Unit/shares in collective investment schemes, both local and foreign which are in line with the objective of the Fund;
- (viii) Equity linked instruments such as warrants and right;
- (ix) Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps;
- (x) Structured product; and
- (xi) Any other form of investments as may be permitted by the Securities Commission from time to time that is in line with the Fund’s Objectives.

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in a diversified investment of equities listed on Bursa Malaysia.

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

The financial statements were authorised for issue by the Manager on 15 April 2022.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	6,877,048	-	6,877,048
Dividends receivable		87,777	-	87,777
Quoted equities	8	-	97,303,901	97,303,901
Total		<u>6,964,825</u>	<u>97,303,901</u>	<u>104,268,726</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		123,271	-	123,271
- cancellation of units		9,732	-	9,732
Amount due to Trustee		6,574	-	6,574
Auditors' remuneration		7,520	-	7,520
Tax agent's fee		4,977	-	4,977
Other payables and accruals		18,958	-	18,958
Total		<u>171,032</u>	<u>-</u>	<u>171,032</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	6,749,734	-	6,749,734
Amount due from brokers		1,407,848	-	1,407,848
Dividends receivable		237,583	-	237,583
Quoted equities	8	-	128,270,353	128,270,353
Total		<u>8,395,165</u>	<u>128,270,353</u>	<u>136,665,518</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Financial instruments of the Fund are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u> (continued)				
<u>Financial liabilities</u>				
Amount due to brokers		978,345	-	978,345
Amount due to Manager				
- management fee		157,752	-	157,752
- cancellation of units		27,150	-	27,150
Amount due to Trustee		8,414	-	8,414
Auditors' remuneration		7,520	-	7,520
Tax agent's fee		9,357	-	9,357
Other payables and accruals		16,251	-	16,251
Total		<u>1,204,789</u>	<u>-</u>	<u>1,204,789</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2022</u> RM	<u>2021</u> RM
Quoted investments		
Quoted equities	<u>97,303,901</u>	<u>128,270,353</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Market risk (continued)

(a) Price risk(continued)

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 4% (2021: 10%) and decreased by 4% (2021: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on (loss)/ profit after <u>tax/NAV</u> RM
<u>2022</u>		
-4%	93,411,745	(3,892,156)
0%	97,303,901	-
+4%	101,196,057	3,892,156
<u>2021</u>		
-10%	115,443,318	(12,827,035)
0%	128,270,353	-
+10%	141,097,388	12,827,035

(b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short-term deposit placements with licensed financial institutions. The Manager overcomes this exposure by way of maintaining deposits on short-term basis.

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

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 payments and cancellation of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

AFFIN HWANG GROWTH FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

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

Liquidity risk (continued)

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Amount due to Manager			
- management fee	123,271	-	123,271
- cancellation of units	9,732	-	9,732
Amount due to Trustee	6,574	-	6,574
Auditors' remuneration	-	7,520	7,520
Tax agent's fee	-	4,977	4,977
Other payables and accruals	-	18,958	18,958
	<u>139,577</u>	<u>31,455</u>	<u>171,032</u>
<u>2021</u>			
Amount due to brokers	978,345	-	978,345
Amount due to Manager			
- management fee	157,752	-	157,752
- cancellation of units	27,150	-	27,150
Amount due to Trustee	8,414	-	8,414
Auditors' remuneration	-	7,520	7,520
Tax agent's fee	-	9,357	9,357
Other payables and accruals	-	16,251	16,251
	<u>1,171,661</u>	<u>33,128</u>	<u>1,204,789</u>

Credit risk

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

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

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Credit risk (continued)

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

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

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

	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Amount due from brokers</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial Services				
- AAA	6,787,036	-	-	6,787,036
- AA3	90,012	-	-	90,012
Industrial Product & Services				
- NR	-	14,257	-	14,257
Plantation				
- NR	-	73,520	-	73,520
	<u>6,877,048</u>	<u>87,777</u>	<u>-</u>	<u>6,964,825</u>
<u>2021</u>				
Financial Services				
- AAA	6,652,200	-	-	6,652,200
- AA2	-	-	1,407,848	1,407,848
- AA3	97,534	-	-	97,534
- NR	-	149,328	-	149,328
REITs				
- NR	-	12,458	-	12,458
Industrial Product & Services				
- NR	-	17,557	-	17,557
Plantation				
- NR	-	58,240	-	58,240
	<u>6,749,734</u>	<u>237,583</u>	<u>1,407,848</u>	<u>8,395,165</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>97,303,901</u>	<u>-</u>	<u>-</u>	<u>97,303,901</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>128,270,353</u>	<u>-</u>	<u>-</u>	<u>128,270,353</u>

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

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

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate of up to 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 28 February 2022, the management fee is recognised at a rate of 1.50% (2021: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee of up to 0.08% per annum of the NAV of the Fund, calculated on a daily basis.

For the financial year ended 28 February 2022, the Trustee fee is recognised at a rate of 0.08% (2021: 0.08%) 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 Trustee in respect of Trustee fee other than amounts recognised above.

6 DISTRIBUTION

	<u>2022</u> RM	<u>2021</u> RM
Distribution to unitholders is from the following sources:		
Previous year realised income	5,287,605	2,773,610
Gross realised income	-	-
Less: Expenses	-	-
Net distribution amount	<u>5,287,605</u>	<u>2,773,610</u>
Gross/Net distribution per unit (sen)	<u>1.50</u>	<u>0.70</u>
Ex-date	<u>21.07.2021</u>	<u>15.07.2020</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

6 DISTRIBUTION (CONTINUED)

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 for the respective classes.

Included in distribution for the financial year is an amount of RM5,287,605 (2021: RM2,773,610) made from previous financial year's realised income.

The Fund has incurred an unrealised loss of RM6,498,326 (2021: RMNil) for the financial year ended 28 February 2022.

7 TAXATION

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

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

	<u>2022</u> RM	<u>2021</u> RM
Net (loss)/profit before taxation	(2,188,796)	30,910,781
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(525,311)	7,418,587
Tax effects of:		
Investment income not subject to tax	(74,112)	(8,177,532)
Expenses not deductible for tax purposes	153,568	310,177
Restrictions on tax deductible expenses for Unit Trust Funds	445,855	448,768
Tax expense	-	-

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	97,303,901	128,270,353
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised gain on sale of investments	4,105,538	11,337,389
- unrealised (loss)/gain on changes in fair value	(6,498,325)	22,960,094
	<u>(2,392,787)</u>	<u>34,297,483</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 28 February 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Consumer Product & Services</u>				
Guan Chong Bhd	421,900	769,432	1,147,568	1.10
Hong Leong Industries Bhd	446,600	3,166,135	4,202,506	4.04
	<u>868,500</u>	<u>3,935,567</u>	<u>5,350,074</u>	<u>5.14</u>
<u>Energy</u>				
Dayang Enterprise Holdings Bhd	1,267,300	1,649,313	1,070,869	1.03
<u>Financial Services</u>				
AMMB Holdings Bhd	647,600	1,976,410	2,175,936	2.09
CIMB Group Holdings Bhd	558,705	2,403,356	3,184,618	3.06
Hong Leong Bank Bhd	136,200	2,286,408	2,732,172	2.63
Malayan Banking Bhd	706,902	5,988,788	6,192,462	5.95
Public Bank Bhd	633,800	2,572,466	2,814,072	2.70
RHB Bank Bhd	738,728	3,738,038	4,292,010	4.12
	<u>3,421,935</u>	<u>18,965,466</u>	<u>21,391,270</u>	<u>20.55</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 28 February 2022 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Health care</u>				
IHH Healthcare Bhd	520,800	2,861,589	3,395,616	3.26
<u>Industrial Product & Services</u>				
Kobay Technology Bhd	632,300	1,786,703	2,339,510	2.25
PIE Industrial Bhd	367,800	1,283,818	959,958	0.92
Press Metal Aluminium Holding Bhd	326,500	1,710,879	2,229,995	2.14
Scientex Bhd	1,042,400	1,742,420	4,544,864	4.37
Scope Industries Bhd	13,271,300	4,281,940	3,185,112	3.06
Scope Industries Bhd - warrants	3,370,440	-	269,635	0.26
SKP Resources Bhd	2,078,975	2,612,116	3,076,883	2.96
Sunway Bhd	1,296,078	2,072,491	2,190,372	2.10
Supercomnet Technologies Bhd	1,407,600	2,744,820	2,012,868	1.93
Ta Win Holdings Bhd	26,095,000	2,401,118	3,914,250	3.76
Ta Win Holdings Bhd - warrants	15,426,200	-	848,441	0.82
V.S. Industry Bhd	3,564,300	3,270,380	4,063,302	3.90
V.S. Industry Bhd - warrants	712,860	-	217,422	0.21
	<u>69,591,753</u>	<u>23,906,685</u>	<u>29,852,612</u>	<u>28.68</u>
<u>Plantations</u>				
Kuala Lumpur Kepong Bhd	91,900	2,212,198	2,385,724	2.29
<u>Property</u>				
Eco World Development Group Bhd	2,333,200	1,232,542	2,449,860	2.35

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 28 February 2022 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Technology</u>				
Dagang NeXchange Bhd	2,817,200	2,399,718	3,155,264	3.03
D&O Green Technologies Bhd	243,700	1,100,476	1,142,953	1.10
Genetec Technology Bhd	2,524,600	2,291,560	5,831,826	5.60
GHL Systems Bhd	1,191,850	1,094,419	1,835,449	1.76
Greatech Technology Bhd	436,800	1,882,890	1,817,088	1.75
Inari Amertron Bhd	342,000	910,794	1,087,560	1.05
Malaysian Pac Industries Bhd	73,400	735,005	2,626,252	2.52
	<u>7,629,550</u>	<u>10,414,862</u>	<u>17,496,392</u>	<u>16.81</u>
<u>Telecommunication & Media</u>				
Telekom Malaysia Bhd	719,700	4,363,050	3,641,682	3.50
TIME dotCom Berhad	762,000	2,410,542	3,230,880	3.10
	<u>1,481,700</u>	<u>6,773,592</u>	<u>6,872,562</u>	<u>6.60</u>
<u>Transportation & Logistics</u>				
MISC Bhd	362,000	2,414,540	2,657,080	2.55
TASCO Bhd	2,244,200	2,002,978	2,378,852	2.29
	<u>2,606,200</u>	<u>4,417,518</u>	<u>5,035,932</u>	<u>4.84</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 28 February 2022 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Utilities</u>				
YTL Corp Bhd	3,641,800	2,699,410	2,002,990	1.92
	<hr/>	<hr/>	<hr/>	<hr/>
Total quoted equities – local	93,454,638	79,068,742	97,303,901	93.47
	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on quoted equities – local		18,235,159		
		<hr/>		
Total quoted equities – local		97,303,901		
		<hr/> <hr/>		

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 28 February 2021 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Consumer Product & Services</u>				
Guan Chong Bhd	502,600	916,607	1,331,890	0.98
Hong Leong Industries Bhd	446,600	3,166,135	3,644,256	2.69
Kumpulan Powernet Bhd	543,500	382,998	1,146,785	0.85
Malayan Flour Mills Bhd	5,622,800	4,783,140	4,666,924	3.44
	<u>7,115,500</u>	<u>9,248,880</u>	<u>10,789,855</u>	<u>7.96</u>
<u>Financial Services</u>				
Allianz Malaysia Bhd	173,200	2,488,539	2,372,840	1.75
Bursa Malaysia Bhd	439,200	3,945,266	3,983,544	2.94
Hong Leong Bank Bhd	218,700	3,671,347	3,857,868	2.85
Malayan Banking Bhd	481,828	4,223,026	3,869,079	2.86
RHB Bank Bhd	711,500	3,611,283	3,820,755	2.82
	<u>2,024,428</u>	<u>17,939,461</u>	<u>17,904,086</u>	<u>13.22</u>
<u>Health care</u>				
Duopharma Biotech Bhd	763,700	2,640,897	2,344,559	1.73
Hartalega Holdings Bhd	202,100	2,644,054	2,021,000	1.49
IHH Healthcare Bhd	474,500	2,620,829	2,410,460	1.78
	<u>1,440,300</u>	<u>7,905,780</u>	<u>6,776,019</u>	<u>5.00</u>
<u>Industrial Product & Services</u>				
Ann Joo Resources Bhd	868,400	1,351,739	2,040,740	1.51
ATA IMS Bhd	688,100	1,171,905	1,906,037	1.41
Petronas Chemicals Group Bhd	184,100	1,071,825	1,367,863	1.01
Press Metal Aluminium Hldg Bhd	382,500	2,866,489	3,633,750	2.68
Sarawak Consolidated Ind Bhd	790,000	559,302	1,524,700	1.13
Scientex Bhd	1,571,100	2,626,166	6,300,111	4.65
SKP Resources Bhd	1,723,500	2,706,851	3,929,580	2.90
Sunway Bhd	1,383,578	2,213,693	2,033,860	1.50
Supercomnet Technologies Bhd	2,492,000	4,859,400	4,535,440	3.35
V.S. Industry Bhd	1,852,300	3,399,110	5,519,854	4.07
	<u>11,935,578</u>	<u>22,826,480</u>	<u>32,791,935</u>	<u>24.21</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 28 February 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Plantations</u>				
Kuala Lumpur Kepong Bhd	166,400	3,856,643	3,860,480	2.85
<u>Property</u>				
Eco World Development Group Bhd	4,195,700	2,090,713	2,034,914	1.50
<u>REITs</u>				
IGB REIT	1,716,000	2,810,985	2,882,880	2.13
Sunway REIT	1,704,200	2,865,173	2,573,342	1.90
	<u>3,420,200</u>	<u>5,676,158</u>	<u>5,456,222</u>	<u>4.03</u>
<u>Technology</u>				
Frontken Corp Bhd	514,400	1,762,677	2,680,024	1.98
GHL Systems Bhd	1,191,850	1,094,419	2,085,738	1.54
Greotech Technology Bhd	937,200	2,498,375	5,707,548	4.21
Inari Amertron Bhd	872,300	1,651,112	3,140,280	2.32
JHM Consolidation Bhd	1,066,700	1,706,109	2,474,744	1.83
Malaysian Pac Industries Bhd	130,900	1,310,792	4,843,300	3.57
My EG Services Bhd	1,289,100	2,299,609	2,732,892	2.02
Pentamaster Corporation Bhd	445,700	1,367,946	2,803,453	2.07
Unisem M Berhad	195,300	1,183,551	1,710,828	1.26
	<u>6,643,450</u>	<u>14,874,590</u>	<u>28,178,807</u>	<u>20.80</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 28 February 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Telecommunication & Media</u>				
Telekom Malaysia Bhd	1,300,400	7,909,569	7,945,444	5.87
TIME dotCom Berhad	272,400	2,585,164	3,780,912	2.79
	<u>1,572,800</u>	<u>10,494,733</u>	<u>11,726,356</u>	<u>8.66</u>
<u>Transportation & Logistics</u>				
Malaysia Airports Holdings Bhd	233,500	1,262,131	1,398,665	1.03
MISC Bhd	362,000	2,414,540	2,418,160	1.79
TASCO Bhd	629,500	2,247,349	2,549,475	1.88
	<u>1,225,000</u>	<u>5,924,020</u>	<u>6,366,300</u>	<u>4.70</u>
<u>Utilities</u>				
YTL Corp Bhd	3,641,800	2,699,410	2,385,379	1.76
	<u>43,381,156</u>	103,536,868	<u>128,270,353</u>	<u>94.69</u>
Total quoted equities – local				
Accumulated unrealised gain on quoted equities – local		<u>24,733,485</u>		
Total quoted equities – local		<u>128,270,353</u>		

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	90,012	97,534
Deposits with licensed financial institutions	6,787,036	6,652,200
	<u>6,877,048</u>	<u>6,749,734</u>

The weighted average effective interest rates per annum of deposits with licensed financial institutions are as follows:

	<u>2022</u> %	<u>2021</u> %
Deposits with licensed financial institutions	<u>1.75</u>	<u>1.75</u>

Deposits with licensed financial institutions have an average maturity of 1 day (2021: 1 day).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year	379,617,000	546,550,000
Creation of units arising from applications	82,000	1,774,000
Creation of units arising from distributions	15,783,896	9,382,984
Cancellation of units	(82,460,896)	(178,089,984)
At the end of the financial year	<u>313,022,000</u>	<u>379,617,000</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

11 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the financial year ended 28 February 2022 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	63,067,916	38.73	199,510	39.06
Public Investment Bank Bhd	13,162,957	8.08	42,806	8.38
Malayan Banking Bhd	9,626,943	5.91	32,416	6.35
Hong Leong Investment Bank Bhd	8,130,655	4.99	21,855	4.28
RHB Investment Bank Berhad	7,367,247	4.52	22,516	4.41
CGS – Cimb Securities Sdn Bhd	7,297,647	4.48	23,959	4.69
CLSA Securities Malaysia Sdn Bhd	7,294,256	4.48	22,786	4.46
Kaf Seagroatt & Campbell Securities Sdn Bhd	6,622,622	4.07	20,543	4.02
TA Securities Berhad	6,439,401	3.95	19,299	3.78
Macquarie Capital Securities (Malaysia) Sdn Bhd	6,023,856	3.70	19,129	3.74
Others	27,822,428	17.09	85,939	16.83
	<u>162,855,928</u>	<u>100.00</u>	<u>510,758</u>	<u>100.00</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers for the financial year ended 28 February 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	147,530,193	41.41	446,498	41.63
Public Investment Bank Bhd	25,794,707	7.24	79,630	7.43
Malayan Banking Bhd	23,933,378	6.72	71,637	6.68
Hong Leong Investment Bank Bhd	22,254,553	6.25	68,357	6.37
CGS – CIMB Securities Sdn. Bhd	21,791,511	6.11	67,879	6.33
UOB Kay Hian Securities (M) Sdn Bhd	20,991,399	5.89	60,931	5.68
Rhb Investment Bank Bhd	20,545,290	5.77	58,007	5.41
Alliance Investment Bank Bhd	12,282,183	3.45	38,148	3.56
KAF Seagroatt & Campbell Securities Sdn Bhd	9,939,216	2.79	31,013	2.89
Kenanga Investment Bank Bhd	9,726,519	2.73	30,178	2.81
Others	41,454,693	11.64	120,237	11.21
	<u>356,243,642</u>	<u>100.00</u>	<u>1,072,515</u>	<u>100.00</u>

Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting RM63,067,916 (2021: RM147,530,193). The Manager is of the opinion that the transactions with the related company have been entered at agreed terms between the related parties.

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

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

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

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

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

	<u>2022</u>	<u>2021</u>
	No. of units	No. of units
	RM	RM
<u>The Manager:</u>		
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	3,284	3,009
	<u>1,092</u>	<u>1,074</u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>		
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	438,555	-
	<u>145,845</u>	<u>-</u>

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

13 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2022</u> %	<u>2021</u> %
MER	1.60	1.62

MER is derived from the following calculation:

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

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

The average net asset value of the Fund for the financial year calculated on daily basis is RM123,047,713 (2021: RM125,308,225).

AFFIN HWANG GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	0.67	1.38

PTR is derived from the following calculation:

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

where: total acquisition for the financial year =RM69,829,569 (2021: RM168,181,758)
total disposal for the financial year =RM94,297,696 (2021: RM176,788,416)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG GROWTH 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 34 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 28 February 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 28 February 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 April 2022

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG GROWTH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Growth Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 28 February 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 28 February 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 34.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards 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 GROWTH 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 GROWTH FUND (CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
15 April 2022

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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