



**ANNUAL REPORT**  
30 September 2022

# Affin Hwang **Principled Growth** Fund

MANAGER  
AHAM Asset Management Berhad  
199701014290 (429786-T)

TRUSTEE  
AmanahRaya Trustee Berhad  
(766894-T)

**Built On Trust**

[aham.com.my](http://aham.com.my)

# AFFIN HWANG PRINCIPLED GROWTH FUND

## Annual Report and Audited Financial Statements For The Financial Year End 30 September 2022

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## FUND INFORMATION

Fund Name	Affin Hwang Principled Growth Fund
Fund Type	Income & Growth
Fund Category	Equity
Investment Objective	To seek a stable return and generate capital growth over the medium to long term period in diversified portfolio of equities with stocks in gaming, liquor and tobacco to be avoided
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 30 Sep 2022 (%)	As at 30 Sep 2021 (%)	As at 30 Sep 2020 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Construction	-	-	2.50
- Consumer products & services	3.90	7.69	7.20
- Energy	1.88	1.35	3.08
- Financial services	17.44	15.43	11.30
- Health care	3.06	2.76	11.03
- Industrial products & services	20.99	33.64	20.44
- Plantation	12.45	1.30	-
- Property	2.00	2.63	0.94
- REITs	2.12	0.83	4.16
- Technology	7.37	15.88	19.53
- Telecommunications & media	9.58	9.39	4.82
- Transportation & logistics	4.20	3.97	-
- Utilities	0.35	1.76	3.01
<b>Total quoted equities – local</b>	<b>85.34</b>	<b>96.63</b>	<b>88.01</b>
<b>Cash &amp; cash equivalent</b>	<b>14.66</b>	<b>3.37</b>	<b>11.99</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	57.231	96.336	96.291
NAV per Unit (RM)	0.2891	0.3898	0.3329
Unit in Circulation (million)	197.968	247.115	289.242
Highest NAV	0.4100	0.3968	0.3435
Lowest NAV	0.2885	0.3340	0.2305
Return of the Fund (%)	-22.05	21.99	13.50
- Capital Growth (%)	-25.83	17.09	13.50
- Income Distribution (%)	5.10	4.18	Nil
Gross Distribution per Unit (sen)	1.50	1.50	Nil
Net Distribution per Unit (sen)	1.50	1.50	Nil
Total Expense Ratio (%) <sup>1</sup>	1.62	1.61	1.61
Portfolio Turnover Ratio (times) <sup>2</sup>	0.62	1.04	1.37

### **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

<sup>1</sup>The Fund's TER was higher than previous year due to higher expenses incurred during the financial year..

<sup>2</sup> The PTR of the Fund was lower than previous year due to lesser 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)
19 Jul 2022	20 Jul 2022	0.3066	0.0150	0.2944

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

### Performance Review

#### Performance Review (1 October 2021 to 30 September 2022)

For the period 1 October 2021 to 30 September 2022, the Fund registered a -22.05% return compared to the benchmark return of -9.31%. The Fund thus underperformed the Benchmark by 12.74%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2022 was RM0.2891 while the NAV as at 30 September 2021 was RM0.3898. 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 75.93% compared to the benchmark return of 22.61%, outperforming by 53.32%.

Table 1: Performance of the Fund

	1 Year (1/10/21 - 30/9/22)	3 Years (1/10/19 - 30/9/22)	5 Years (1/10/17 - 30/9/22)	Since Commencement (23/7/09 - 30/9/22)
<b>Fund</b>	<b>(22.05%)</b>	<b>7.92%</b>	<b>5.36%</b>	<b>75.93%</b>
<b>Benchmark</b>	<b>(9.31%)</b>	<b>(11.95%)</b>	<b>(20.56%)</b>	<b>22.61%</b>
<b>Outperformance</b>	<b>(12.74%)</b>	<b>19.87%</b>	<b>25.92%</b>	<b>53.32%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/10/21 - 30/9/22)	3 Years (1/10/19 - 30/9/22)	5 Years (1/10/17 - 30/9/22)	Since Commencement (23/7/09 - 30/9/22)
<b>Fund</b>	<b>(22.05%)</b>	<b>2.57%</b>	<b>1.05%</b>	<b>4.37%</b>
<b>Benchmark</b>	<b>(9.31%)</b>	<b>(4.15%)</b>	<b>(4.50%)</b>	<b>1.56%</b>
<b>Outperformance</b>	<b>(12.74%)</b>	<b>6.72%</b>	<b>5.55%</b>	<b>2.81%</b>

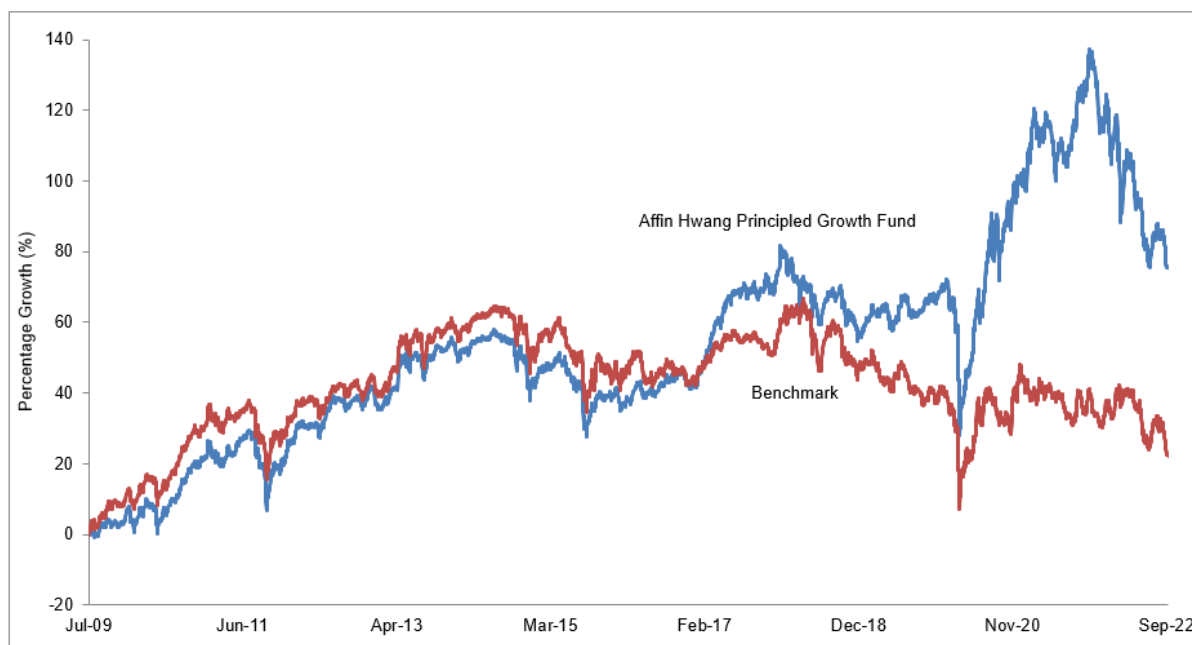
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/10/21 - 30/9/22)	FYE 2021 (1/10/20 - 30/9/21)	FYE 2020 (1/10/19 - 30/9/20)	FYE 2019 (1/10/18 - 30/9/19)	FYE 2018 (1/10/17 - 30/9/18)
<b>Fund</b>	<b>(22.05%)</b>	<b>21.99%</b>	<b>13.50%</b>	<b>(3.77%)</b>	<b>1.45%</b>
<b>Benchmark</b>	<b>(9.31%)</b>	<b>2.19%</b>	<b>(4.99%)</b>	<b>(11.67%)</b>	<b>2.14%</b>
<b>Outperformance</b>	<b>(12.74%)</b>	<b>19.80%</b>	<b>18.49%</b>	<b>7.90%</b>	<b>(0.69%)</b>

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 Data.

As at 30 September 2022, the asset allocation of the Fund stood at 85.34% in equities while the balance was held in cash and cash equivalent. During the period under review, the Manager had added exposures mainly into the plantation and financial services sectors, while reducing exposures mainly in the industrials and technology sector. The cash exposure level was increased to 14.66% of the portfolio as the Manager positioned the Fund more defensively.

### **Strategies Employed**

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tensions. With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. We also added to sectors that benefits from high prices amidst rising inflation, while greatly reducing those exposed to global supply chains. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse. We also kept cash level high as we adopt a defensive position while waiting for potential opportunities to deploy into the market.

### **Market Review**

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As the last quarter of 2022 draws closer, we have seen numerous interest

rates hikes over the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points within the span of 6 months to address inflationary pressures.

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

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

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

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

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

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

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

## **Investment Outlook**

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

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

Asian markets may continue to see weakness. Korea and Taiwan have underperformed thus far as manufacturing gauges for both countries slumped in August 2022. Chinese markets were not spared

following renewed lockdowns in major cities. Nevertheless, easing COVID-19 restrictions and policymakers signalling an end to the regulatory crackdown have given hope of a recovery in the Chinese markets.

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

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

### **State of Affairs of the Fund**

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

### **Soft Commissions received from Brokers**

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

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

During the financial year under review, the Fund has received soft commissions from brokers/dealers who have also executed trades for other funds managed by Affin Hwang Asset Management. The soft commissions were utilised for goods and services in the form of research materials, data and quotation services, investment-related publications, market data feed, industry benchmarking agencies and investment-related publications to assist the Manager in the investment decision-making process. The soft commission received were for the benefit of the fund and there were no churning of trades.

### **Cross Trade**

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

### **Securities Financing Transactions**

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

### **Changes Made To the Fund's Prospectus**

There were no changes made to the Fund's prospectus during the financial year under review.



## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF AFFIN HWANG PRINCIPLED GROWTH FUND ("FUND")**

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

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

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**AZRIL ABD KADIR**

Senior Manager, Compliance Monitoring Department

Kuala Lumpur, Malaysia

15 November 2022

**AFFIN HWANG PRINCIPLED GROWTH FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

# **AFFIN HWANG PRINCIPLED GROWTH FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

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## AFFIN HWANG PRINCIPLED GROWTH FUND

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

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Dividend income		1,992,349	2,108,398
Interest income from financial assets at amortised cost		149,681	129,418
Net (loss)/gain on financial assets at fair value through profit or loss	8	(18,866,755)	19,518,985
		<u>(16,724,725)</u>	<u>21,756,801</u>
<b>EXPENSES</b>			
Management fee	4	(1,152,949)	(1,474,363)
Trustee fee	5	(61,509)	(78,643)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(4,380)	-
Transaction costs		(386,122)	(641,640)
Other expenses		(21,587)	(56,443)
		<u>(1,634,047)</u>	<u>(2,258,589)</u>
<b>NET (LOSS)/PROFIT BEFORE TAXATION</b>		(18,358,772)	19,498,212
Taxation	6	-	-
<b>NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR</b>		<u>(18,358,772)</u>	<u>19,498,212</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		4,527,470	8,470,987
Unrealised amount		(22,886,242)	11,027,225
		<u>(18,358,772)</u>	<u>19,498,212</u>

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

## AFFIN HWANG PRINCIPLED GROWTH FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	7,961,330	3,260,644
Amount due from brokers		247,563	-
Dividends receivable		285,452	241,295
Financial assets at fair value through profit or loss	8	48,840,482	93,088,605
<b>TOTAL ASSETS</b>		<u>57,334,827</u>	<u>96,590,544</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		73,385	120,366
- cancellation of units		579	110,375
Amount due to Trustee		3,914	6,420
Auditors' remuneration		7,500	7,500
Tax agent's fee		4,380	4,380
Other payables and accruals		14,206	5,835
<b>TOTAL LIABILITIES</b>		<u>103,964</u>	<u>254,876</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>57,230,863</u>	<u>96,335,668</u>
<b>EQUITY</b>			
Unitholders' capital		44,286,645	62,077,003
Retained earnings		12,944,218	34,258,665
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>57,230,863</u>	<u>96,335,668</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>197,968,000</u>	<u>247,115,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2891</u>	<u>0.3898</u>

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

## AFFIN HWANG PRINCIPLED GROWTH FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 October 2021	62,077,003	34,258,665	96,335,668
Total comprehensive loss for the financial year	-	(18,358,772)	(18,358,772)
Distribution (Note 7)	-	(2,955,675)	(2,955,675)
Movement in unitholders' capital:			
Creation of units arising from applications	251,760	-	251,760
Creation of units arising from distribution	2,955,675	-	2,955,675
Cancellation of units	(20,997,793)	-	(20,997,793)
Balance as at 30 September 2022	<u>44,286,645</u>	<u>12,944,218</u>	<u>57,230,863</u>
Balance as at 1 October 2020	77,780,871	18,510,288	96,291,159
Total comprehensive income for the financial year	-	19,498,212	19,498,212
Distribution (Note 7)	-	(3,749,835)	(3,749,835)
Movement in unitholders' capital:			
Creation of units arising from applications	201,034	-	201,034
Creation of units arising from distribution	3,749,835	-	3,749,835
Cancellation of units	(19,654,737)	-	(19,654,737)
Balance as at 30 September 2021	<u>62,077,003</u>	<u>34,258,665</u>	<u>96,335,668</u>

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

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		61,679,252	111,751,337
Purchase of investments		(36,931,569)	(101,470,301)
Interest received		149,681	129,418
Dividend received		1,948,192	1,966,944
Management fee paid		(1,199,930)	(1,472,120)
Trustee's fee paid		(64,015)	(78,523)
Payments for other fees and expenses		(25,096)	(63,294)
		<u>25,556,515</u>	<u>10,763,461</u>
Net cash flows generated from operating activities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		251,760	201,034
Payments for cancellation of units		(21,107,589)	(19,556,731)
		<u>(20,855,829)</u>	<u>(19,355,697)</u>
Net cash flows used in financing activities			
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		4,700,686	(8,592,236)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>3,260,644</u>	<u>11,852,880</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u>7,961,330</u>	<u>3,260,644</u>

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

## **AFFIN HWANG PRINCIPLED GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

(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 Fund to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

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

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- 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.



## **AFFIN HWANG PRINCIPLED GROWTH FUND**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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 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 is recognised based on effective interest rate method on an accruals 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.

#### **C DISTRIBUTION**

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in 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 and brokers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

## **AFFIN HWANG PRINCIPLED GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022 (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.

#### **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 Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

#### **G 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 PRINCIPLED GROWTH FUND**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

(i) Classification

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

The Fund classifies amount due to 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, including in the event of a suspension in the quotation of the securities for a year exceeding 14 days, or such shorter year 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 PRINCIPLED GROWTH FUND

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

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (iii) Impairment

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

## **AFFIN HWANG PRINCIPLED GROWTH FUND**

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

#### **H 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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **I AMOUNTS 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 G 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.

#### **J 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 asset 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 a unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at 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 PRINCIPLED GROWTH FUND**

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

#### **K 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.

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.

#### **L 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 PRINCIPLED GROWTH FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022**

#### **1 INFORMATION ON THE FUND**

The Unit Trust Fund was constituted under the name Affin Select Growth Fund (the “Fund”) pursuant to the execution of a Deed dated 30 April 2009, First Supplemental Deed dated 22 July 2014, Second Supplemental Deed dated 6 August 2015 and 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 Select Growth Fund to Affin Hwang Principled Growth Fund as amended by the First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 22 July 2009 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in the following permitted investments subject to the following restrictions imposed or as may be amended from time to time by the SC and/or the relevant authorities and/or the Deeds:

- (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) Units/ 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 rights; and
- (ix) Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund’s objective.

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in diversified portfolio of equities with stocks in gaming, liquor and tobacco to be avoided.

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

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

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	7,961,330	-	7,961,330
Amount due from brokers		247,563	-	247,563
Dividends receivable		285,452	-	285,452
Quoted equities	8	-	48,840,482	48,840,482
Total		<u>8,494,345</u>	<u>48,840,482</u>	<u>57,334,827</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		73,385	-	73,385
- cancellation of units		579	-	579
Amount due to Trustee		3,914	-	3,914
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		4,380	-	4,380
Other payables and accruals		14,206	-	14,206
		<u>103,964</u>	<u>-</u>	<u>103,964</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	3,260,644	-	3,260,644
Dividends receivable		241,295	-	241,295
Quoted equities	8	-	93,088,605	93,088,605
Total		<u>3,501,939</u>	<u>93,088,605</u>	<u>96,590,544</u>



## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

Financial instruments are as follows: (continued)

	<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 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		120,366	-	120,366
- cancellation of units		110,375	-	110,375
Amount due to Trustee		6,420	-	6,420
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		4,380	-	4,380
Other payables and accruals		5,835	-	5,835
		<u>254,876</u>	<u>-</u>	<u>254,876</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
<b>Quoted investments</b>		
Quoted equities	<u>48,840,482</u>	<u>93,088,605</u>

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

##### Market risk (continued)

##### (a) Price risk (continued)

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value to price risk 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	<u>Impact on</u> <u>(loss)/profit</u> <u>after tax/NAV</u> RM
<u>2022</u>		
-4%	46,886,863	(1,953,619)
0%	48,840,482	-
+4%	50,794,101	1,953,619
	<u>                    </u>	<u>                    </u>
<u>2021</u>		
-10%	83,779,744	(9,308,861)
0%	93,088,605	-
+10%	102,397,466	9,308,861
	<u>                    </u>	<u>                    </u>

##### (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 is a reasonable estimate of fair value as 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 PRINCIPLED GROWTH FUND

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

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

##### Liquidity risk (continued)

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

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

	<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	73,385	-	73,385
- cancellation of units	579	-	579
Amount due to Trustee	3,914	-	3,914
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	4,380	4,380
Other payables and accruals	-	14,206	14,206
	<u>77,878</u>	<u>26,086</u>	<u>103,964</u>
<u>2021</u>			
Amount due to Manager			
- management fee	120,366	-	120,366
- cancellation of units	110,375	-	110,375
Amount due to Trustee	6,420	-	6,420
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	4,380	4,380
Other payables and accruals	-	5,835	5,835
	<u>237,161</u>	<u>17,715</u>	<u>254,876</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 investment. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

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.

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

##### Credit risk (continued)

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

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

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2022</u>			
Financial Services			
- AAA	7,925,819	95,122	8,020,941
- AA3	35,511	-	35,511
Industrial Products & Services			
- NR	-	84,841	84,841
Plantation			
- NR	-	63,450	63,450
Telecommunication & Media			
- NR	-	42,039	42,039
Utilities			
- NR	-	247,563	247,563
	<u>7,961,330</u>	<u>533,015</u>	<u>8,494,345</u>
<u>2021</u>			
Financial Services			
- AAA	3,156,780	99,901	3,256,681
- AA1	-	43,549	147,413
- AA3	103,864	-	-
Industrial Products & Services			
- NR	-	10,765	10,765
Technology			
- NR	-	17,448	17,448
Utilities			
- NR	-	69,632	69,632
	<u>3,260,644</u>	<u>241,295</u>	<u>3,501,939</u>

\* Other assets consist of amount due from brokers and dividends receivable.

## AFFIN HWANG PRINCIPLED GROWTH FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 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 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 PRINCIPLED GROWTH FUND

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

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The 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	48,840,482	-	-	48,840,482
	<u>48,840,482</u>	<u>-</u>	<u>-</u>	<u>48,840,482</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	93,088,605	-	-	93,088,605
	<u>93,088,605</u>	<u>-</u>	<u>-</u>	<u>93,088,605</u>

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.

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

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 4 MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum calculated daily on the NAV of the Fund.

For the financial year ended 30 September 2022, the management fee is recognised at a rate of 1.50% (2021: 1.50%) per annum calculated daily on the NAV of the Fund 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 Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum calculated daily on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 30 September 2022, the Trustee fee is recognised at a rate of 0.08% (2021: 0.08%) per annum calculated daily on the NAV of the Fund 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 TAXATION

	<u>2022</u> RM	<u>2021</u> RM
Current 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	(18,358,772)	19,498,212
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(4,406,105)	4,679,571
Tax effect of:		
Investment loss not brought to tax/ (Investment income not subject to tax)	4,013,934	(5,221,632)
Expenses not deductible for tax purposes	110,543	185,214
Restriction on tax deductible expenses for Unit Trust Funds	281,628	356,847
Tax expense	-	-

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 7 DISTRIBUTION

	<u>2022</u> RM	<u>2021</u> RM
Distribution to unitholders is from the following source:		
Previous years' realised income	2,955,675	3,749,835
Gross realised income	2,955,675	3,749,835
Less: Expenses	-	-
Net distribution amount	<u>2,955,675</u>	<u>3,749,835</u>
Gross/Net distribution per unit (sen)	<u>1.50</u>	<u>1.50</u>
Ex-date	<u>20.7.2022</u>	<u>21.7.2021</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 is an amount of RM2,955,675 (2021: RM3,749,835) made from previous years' realised income.

The Fund has incurred an unrealised loss of RM22,886,242 (2021: RMNil) for the financial year ended 30 April 2022.

#### 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	<u>48,840,482</u>	<u>93,088,605</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	4,019,487	8,491,760
- unrealised (loss)/gain on changes in fair value	<u>(22,886,242)</u>	<u>11,027,225</u>
	<u>(18,866,755)</u>	<u>19,518,985</u>



## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local

(i) Quoted equities – local as at 30 September 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products &amp; Services</u>				
Fraser & Neave Holdings Bhd	35,200	789,614	746,240	1.30
Hong Leong Industries Bhd	166,600	1,266,685	1,486,072	2.60
	<u>201,800</u>	<u>2,056,299</u>	<u>2,232,312</u>	<u>3.90</u>
<u>Energy</u>				
Dayang Enterprise Holdings Bhd	977,200	1,270,603	1,074,920	1.88
<u>Financial Services</u>				
Aeon Credit Service M Bhd	106,800	1,660,674	1,448,208	2.53
Alliance Bank Malaysia Bhd	357,000	1,261,130	1,256,640	2.20
AMMB Holdings Bhd	299,700	914,643	1,165,833	2.04
CIMB Group Holdings Bhd	258,787	1,113,161	1,327,577	2.32
Hong Leong Bank Bhd	89,100	1,730,840	1,826,550	3.19
Malayan Banking Bhd	219,570	1,865,157	1,879,519	3.28
RHB Bank Bhd	193,100	1,088,459	1,073,636	1.88
	<u>1,524,057</u>	<u>9,634,064</u>	<u>9,977,963</u>	<u>17.44</u>
<u>Health Care</u>				
IHH Healthcare Bhd	297,200	1,631,448	1,753,480	3.06
<u>Industrial Products &amp; Services</u>				
Petronas Chemicals Group Bhd	136,200	1,221,165	1,142,718	2.00
PIE Industrial Bhd	375,600	1,197,551	1,032,900	1.81
Press Metal Aluminium Holdings Bhd	468,300	2,520,426	1,891,932	3.31
Scientex Bhd	401,300	798,919	1,388,498	2.43
Scope Industries Bhd	10,156,100	3,277,263	1,472,635	2.57
SKP Resources Bhd	1,168,800	1,430,349	1,940,208	3.39
Sunway Bhd	998,658	1,597,118	1,557,906	2.72
V.S. Industry Bhd	1,639,200	1,479,084	1,581,828	2.76
	<u>15,344,158</u>	<u>13,521,875</u>	<u>12,008,625</u>	<u>20.99</u>

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 30 September 2022 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Plantation</u>				
Hap Seng Plantations Holdings Bhd	524,500	1,472,207	1,012,285	1.77
Kuala Lumpur Kepong Bhd	155,700	3,986,369	3,210,534	5.61
Sime Darby Plantation Bhd	448,500	2,319,929	1,834,365	3.21
Ta Ann Holdings Bhd	333,000	1,816,672	1,065,600	1.86
	<u>1,461,700</u>	<u>9,595,177</u>	<u>7,122,784</u>	<u>12.45</u>
<u>Property</u>				
Eco World Development Group Bhd	1,894,200	1,024,758	1,145,991	2.00
<u>REITs</u>				
Atrium Real Estate Invest Trust	886,200	1,240,680	1,214,094	2.12
<u>Technology</u>				
D&O Green Technologies Bhd	229,800	1,024,236	921,498	1.61
Genetec Technology Bhd	589,900	1,527,217	1,392,164	2.43
My EG Services Bhd	1,491,400	1,206,683	1,260,233	2.20
Pentamaster Corporation Bhd	157,000	638,312	648,410	1.13
	<u>2,468,100</u>	<u>4,396,448</u>	<u>4,222,305</u>	<u>7.37</u>
<u>Telecommunications &amp; Media</u>				
Telekom Malaysia Bhd	467,100	2,831,731	2,541,024	4.44
TIME dotCom Bhd	638,400	2,093,988	2,943,024	5.14
	<u>1,105,500</u>	<u>4,925,719</u>	<u>5,484,048</u>	<u>9.58</u>

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 30 September 2022 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Transportation &amp; Logistics</u>				
MISC Bhd	276,900	1,846,923	1,871,844	3.27
TASCO Bhd	665,600	593,795	529,152	0.93
	<u>942,500</u>	<u>2,440,718</u>	<u>2,400,996</u>	<u>4.20</u>
<u>Utilities</u>				
YTL Corporation Bhd	365,700	271,068	202,964	0.35
Total quoted equities – local	<u>27,468,315</u>	52,008,857	<u>48,840,482</u>	<u>85.34</u>
Accumulated unrealised loss on quoted equities – local		<u>(3,168,375)</u>		
Total quoted equities – local		<u>48,840,482</u>		

(ii) Quoted equities – local as at 30 September 2021 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Consumer Products &amp; Services</u>				
Guan Chong Bhd	322,900	588,944	952,555	0.99
Hong Leong Industries Bhd	359,800	2,735,615	3,187,828	3.31
Malayan Flour Mills Bhd	4,292,100	3,648,857	3,261,996	3.39
	<u>4,974,800</u>	<u>6,973,416</u>	<u>7,402,379</u>	<u>7.69</u>
<u>Energy</u>				
Dayang Enterprise Holdings Bhd	1,356,000	1,892,293	1,301,760	1.35

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(iii) Quoted equities – local as at 30 September 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Financial Services</u>				
AMMB Holdings Bhd	958,400	2,924,903	3,047,712	3.16
CIMB Group Holdings Bhd	417,137	1,794,556	1,993,915	2.07
Hong Leong Bank Bhd	104,500	1,748,681	1,962,510	2.04
Malayan Banking Bhd	356,791	3,091,732	2,872,168	2.98
Public Bank Bhd	483,200	1,977,061	1,966,624	2.04
RHB Bank Bhd	554,348	2,800,104	3,021,197	3.14
	<u>2,874,376</u>	<u>14,337,037</u>	<u>14,864,126</u>	<u>15.43</u>
<u>Health Care</u>				
IHH Healthcare Bhd	398,900	2,189,719	2,660,663	2.76
<u>Industrial Products &amp; Services</u>				
ATA IMS Bhd	748,300	1,542,846	1,960,546	2.04
Kobay Technology Bhd	618,000	1,746,569	3,028,200	3.14
PIE Industrial Bhd	281,700	983,283	1,042,290	1.08
Press Metal Aluminium Holdings Bhd	361,000	1,852,188	2,072,140	2.15
Scientex Bhd	1,018,400	2,027,459	4,654,088	4.83
Scope Industries Bhd	8,602,900	2,861,627	3,097,044	3.21
SKP Resources Bhd	1,589,800	1,945,558	2,909,334	3.02
Sunway Berhad	1,076,458	1,721,541	1,819,214	1.89
Supercomnet Technologies Bhd	1,450,500	2,828,475	2,567,385	2.67
Ta Win Holdings Bhd	29,471,100	2,711,834	3,978,598	4.13
Ta Win Holdings Bhd - Warrant	11,788,440	-	648,364	0.67
V.S. Industry Bhd	2,725,500	2,459,274	4,333,545	4.50
V.S. Industry Bhd - Warrant	545,100	-	299,805	0.31
	<u>60,277,198</u>	<u>22,680,654</u>	<u>32,410,553</u>	<u>33.64</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	62,400	1,446,136	1,250,496	1.30
<u>Property</u>				
Eco World Development Group Bhd	3,208,600	1,598,840	2,534,794	2.63

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 September 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>REITs</u>				
IGB Commercial REIT	1,285,000	912,350	796,700	0.83
<u>Technology</u>				
Genetec Technology Bhd	148,300	1,749,940	5,335,834	5.54
GHL Systems Bhd	910,800	836,555	1,703,196	1.77
Greatch Technology Bhd	272,600	1,131,963	1,938,186	2.01
Inari Amertron Bhd	697,900	2,228,630	2,568,272	2.67
Malaysian Pac Industries Bhd	56,200	564,755	2,530,124	2.63
Unisem M Bhd	142,700	864,788	1,217,231	1.26
	<u>2,228,500</u>	<u>7,376,631</u>	<u>15,292,843</u>	<u>15.88</u>
<u>Telecommunications &amp; Media</u>				
Telekom Malaysia Bhd	1,063,900	6,449,750	6,064,230	6.29
TIME dotCom Bhd	657,000	2,071,387	2,989,350	3.10
	<u>1,720,900</u>	<u>8,521,137</u>	<u>9,053,580</u>	<u>9.39</u>
<u>Transportation &amp; Logistics</u>				
MISC Bhd	276,900	1,846,923	1,899,534	1.97
TASCO Bhd	1,716,200	1,531,056	1,922,144	2.00
	<u>1,993,100</u>	<u>3,377,979</u>	<u>3,821,678</u>	<u>3.97</u>
<u>Utilities</u>				
YTL Corp Bhd	2,785,300	2,064,546	1,699,033	1.76
Total quoted equities – local	<u>83,165,074</u>	<u>73,370,738</u>	<u>93,088,605</u>	<u>96.64</u>
Accumulated unrealised gain on quoted equities – local		<u>19,717,867</u>		
Total quoted equities – local		<u>93,088,605</u>		

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	35,511	103,864
Deposits with licensed financial institutions	7,925,819	3,156,780
	<u>7,961,330</u>	<u>3,260,644</u>

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

	<u>2022</u> %	<u>2021</u> %
Deposits with licensed financial institutions	<u>2.50</u>	<u>1.75</u>

Deposits with licensed financial institutions have an average maturity of 3 days (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	247,115,000	289,242,000
Creation of units from application	708,000	536,000
Creation of units arising from distribution	9,948,418	10,341,520
Cancellation of units	<u>(59,803,418)</u>	<u>(53,004,520)</u>
At the end of the financial year	<u>197,968,000</u>	<u>247,115,000</u>

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 11 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the financial year ended 30 September 2022 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage %
Affin Hwang Investment Bank Bhd #	26,005,372	26.35	101,824	26.52
CGS – CIMB Securities Sdn Bhd	9,466,451	9.59	37,403	9.74
Hong Leong Investment Bank Bhd	8,245,591	8.36	31,871	8.30
Public Investment Bank Bhd	7,790,981	7.90	32,973	8.59
UOB Kay Hian Securities (M) Sdn Bhd	6,817,087	6.91	27,692	7.21
Malayan Banking Bhd	6,654,334	6.74	26,655	6.94
RHB Investment Bank Bhd	5,716,146	5.79	23,166	6.03
CLSA Securities Malaysia Sdn Bhd	5,512,873	5.59	21,095	5.50
Kenanga Investment Bank Bhd	5,235,573	5.31	20,891	5.44
Credit Suisse Securities (M) Sdn Bhd	4,411,508	4.47	16,953	4.41
Others	12,820,276	12.99	43,434	11.32
	<u>98,676,192</u>	<u>100.00</u>	<u>383,957</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers for the financial year ended 30 September 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage %
Affin Hwang Investment Bank Bhd #	81,980,092	39.22	252,891	39.43
Malayan Banking Bhd	15,889,988	7.60	49,682	7.75
CGS – CIMB Securities Sdn Bhd	13,177,434	6.30	41,556	6.48
Public Investment Bank Bhd	11,892,899	5.69	37,969	5.92
Hong Leong Investment Bank Bhd	10,700,825	5.12	30,658	4.78
UOB Kay Hian Securities (M) Sdn Bhd	10,479,345	5.01	31,476	4.91
RHB Investment Bank Bhd	9,301,134	4.45	28,335	4.42
CLSA Securities Malaysia Sdn Bhd	7,250,694	3.47	23,024	3.59
Alliance Investment Bank Bhd	6,523,146	3.12	20,753	3.23
TA Securities Bhd	6,008,934	2.88	18,171	2.83
Others	35,828,037	17.14	106,869	16.66
	<u>209,032,528</u>	<u>100.00</u>	<u>641,384</u>	<u>100.00</u>

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 11 TRANSACTIONS WITH BROKERS (CONTINUED)

# Included in transaction with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, the former holding company of the Manager amounting to RM26,005,372 (2021: RM81,980,092). The Manager is of the opinion that the transactions with the related company have been entered in the normal course of business to at agreed terms between the related parties.

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

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

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



## AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

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

<u>Related parties</u>	<u>Relationships</u>
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

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

	<u>2022</u>		<u>2021</u>	
<u>The Manager:</u>	No. of units	RM	No. of units	RM
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	51,191	14,799	3,769	1,469

Other than the above, there were no units held by the Directors or parties related to the Manager.

#### 13 TOTAL EXPENSE RATIO (“TER”)

	<u>2022</u>	<u>2021</u>
	%	%
TER	1.62	1.61

TER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
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 NAV of the Fund for the financial year calculated on a daily basis was RM77,003,253 (2021: RM98,295,262).

## AFFIN HWANG PRINCIPLED GROWTH FUND

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

#### 14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	0.62	1.04

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 = RM36,792,582 (2021: RM100,908,764)  
total disposal for the financial year = RM58,154,462 (2021: RM103,596,984)

#### 15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

##### Change in corporate shareholding of Affin Hwang Asset Management Berhad

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

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

#### 16 SUBSEQUENT EVENT

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

## **AFFIN HWANG PRINCIPLED 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 31 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 30 September 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**DATO' TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
15 November 2022

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

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

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2022, and the statement of comprehensive income, statement of changes in 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 31.

### 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 PRINCIPLED 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 controls 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.

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.

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

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

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

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

**OTHER MATTERS**

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
15 November 2022

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