

Affin Hwang Tactical 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 TACTICAL 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 Tactical Fund
Fund Type	Capital Growth
Fund Category	Mixed Asset
Investment Objective	To seek a stable return and generate capital growth over medium to long term period in diversified mix of assets
Benchmark	50% FTSE-Bursa Malaysia KLCI (for equities and equity linked instruments) + 50% RAM Quantshop MGS All Index (for fixed income investments)
Distribution Policy	Distribution (if any) is incidental and will be subject to the availability of income

FUND PERFORMANCE DATA

Category	As at 28 Feb 2022 (%)	As at 28 Feb 2021 (%)	As at 29 Feb 2020 (%)
Portfolio composition			
Quoted equities – local			
- Consumer Products & Services	4.14	9.47	10.67
- Construction	-	3.10	-
- Financial Services	8.46	4.67	6.36
- Healthcare	7.95	0.82	8.60
- Industrial Products & Services	6.41	7.28	11.00
- Energy	6.00	-	10.23
- Plantation	4.36	3.01	3.49
- Property	6.77	4.23	-
- Technology	15.74	23.43	7.14
- Telecommunication & Media	5.02	10.65	4.09
- Utilities	-	-	-
- Warrant	-	3.67	-
- REITs	-	-	5.08
Total quoted equities – local	64.85	70.33	66.66
Quoted equities – foreign			
- Consumer Products & Services	-	12.29	-
- Consumer Discretionary	0.15	-	-
- Financial Services	1.92	-	-
- Industrial Products & Services	2.81	-	-
- Technology	7.36	3.95	-
- Real Estate	2.90	-	-
Total quoted equities – foreign	15.14	16.24	-
Unquoted fixed income instruments – local	10.69	11.69	10.09
Cash and cash equivalent	9.32	1.74	23.25
Total	100.00	100.00	100.00
Total NAV (RM'million)	83.190	68.360	21.669
NAV per Unit (RM)	0.3036	0.3382	0.2572
Unit in Circulation (million)	274.039	202.105	84.242
Highest NAV	0.3421	0.3622	0.2840
Lowest NAV	0.2992	0.2029	0.2572
Return of the Fund (%) ⁱⁱⁱ	-5.77	39.29	-0.98
- Capital Growth (%) ⁱ	-10.23	31.49	-6.23
- Income Distribution (%) ⁱⁱ	4.99	5.93	5.60
Gross Distribution per Unit (sen)	1.50	1.50	1.50
Net Distribution per Unit (sen)	1.50	1.50	1.50
Management Expense Ratio (%) ¹	1.61	1.69	1.67
Portfolio Turnover Ratio (times) ²	1.78	4.16	1.26

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 lower due to higher average net asset value of the Fund for 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)
20-Jul-21	21-Jul-21	0.3156	0.0150	0.3004

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 -5.77% return compared to the benchmark return of 1.45%. The Fund thus underperformed the Benchmark by 7.20%. The Net Asset Value per unit ("NAV") of the Fund as at 28 February 2022 was RM0.3036 while the NAV as at 28 February 2021 was RM0.3382. 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 76.06% compared to the benchmark return of 71.28%, outperforming by 4.78%.

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 (10/8/10 - 28/2/22)
Fund	(5.77%)	30.00%	39.53%	76.06%
Benchmark	1.45%	4.27%	9.69%	71.28%
Outperformance	(7.22%)	25.73%	29.84%	4.78%

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 (10/8/10 - 28/2/22)
Fund	(5.77%)	9.13%	6.89%	5.01%
Benchmark	1.45%	1.40%	1.87%	4.76%
Outperformance	(7.22%)	7.73%	5.02%	0.25%

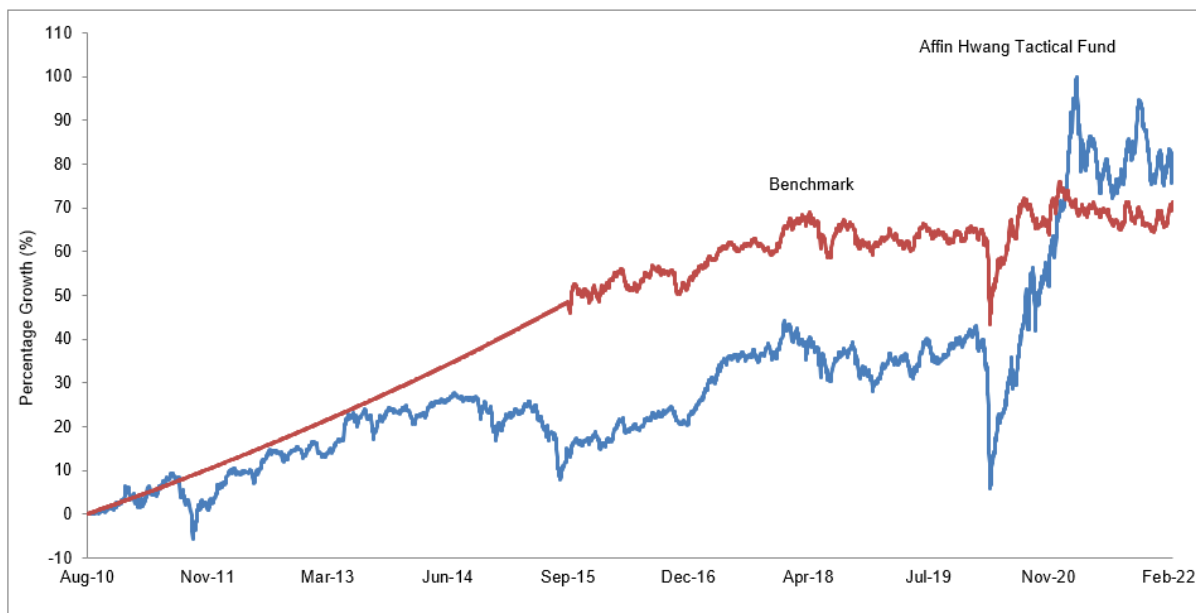
Source of Benchmark: Bloomberg

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	(5.77%)	39.29%	(0.98%)	(4.56%)	12.46%
Benchmark	1.45%	4.17%	(1.33%)	(1.62%)	6.94%
Outperformance	(7.22%)	35.12%	0.35%	(2.94%)	5.52%

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: 50% FTSE-Bursa Malaysia KLCI + 50% RAM Quantshop MGS All Index

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

Asset Allocation

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

As at 28 February 2022, the Manager had reduced its equity exposure to 79.99% from 86.57%, while reducing the fixed income exposure to 10.69% from 11.69%. Within the local equities, the Manager had reduced exposure to the consumer, tech and telecommunications sector, while adding exposure to the healthcare and energy sector. On the other hand, for foreign equities, the Manager had also reduced exposure to the consumer sector and diversified to various other sectors. The Fund raised its cash level to 9.32% level.

Strategy 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

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

TRUSTEE'S REPORT

For the Financial Year Ended 28 February 2022

To the Unit Holders of AFFIN HWANG TACTICAL FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG TACTICAL 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 TACTICAL 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 also 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 TACTICAL FUND as declared by the Manager is appropriate and reflects the investment objective of AFFIN HWANG TACTICAL FUND.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Chief Executive Officer

Kuala Lumpur, Malaysia

15 April 2022

AFFIN HWANG TACTICAL FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

AFFIN HWANG TACTICAL FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022

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AFFIN HWANG TACTICAL 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 (LOSS)/INCOME			
Dividend income		1,130,070	357,834
Interest income from financial assets at fair value through profit or loss		289,790	109,141
Interest income from financial assets at amortised cost		64,209	40,900
Net gain/(loss) on foreign currency exchange		66,586	(78,342)
Net (loss)/gain on financial assets at fair value through profit or loss	8	(3,779,042)	10,304,339
		<u>(2,228,387)</u>	<u>10,733,872</u>
EXPENSES			
Management fee	4	(1,158,058)	(381,743)
Trustee fee	5	(61,813)	(20,714)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		-	(4,380)
Transaction costs		(790,867)	(635,195)
Other expenses		(40,701)	(36,750)
		<u>(2,060,439)</u>	<u>(1,087,782)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(4,288,826)	9,646,090
Taxation	6	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(4,288,826)</u>	<u>9,646,090</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		(1,303,926)	5,208,323
Unrealised amount		(2,984,900)	4,437,767
		<u>(4,288,826)</u>	<u>9,646,090</u>

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

AFFIN HWANG TACTICAL 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	7,752,531	2,272,531
Dividends receivable		158,844	31,045
Amount due from brokers		491,630	2,897,000
Amount due from Manager - creation of units		-	103,808
Financial assets at fair value through profit or loss	8	75,430,685	67,171,047
TOTAL ASSETS		<u>83,833,690</u>	<u>72,475,431</u>
LIABILITIES			
Amount due to Manager - management fee		98,082	83,300
- cancellation of units		39,670	4,000,027
Amount due to Trustee		5,231	4,432
Amount due to brokers		477,275	-
Auditors' remuneration		9,020	9,020
Tax agent's fee		6,096	10,476
Other payables and accruals		8,589	7,769
TOTAL LIABILITIES		<u>643,963</u>	<u>4,115,024</u>
NET ASSET VALUE OF THE FUND		<u>83,189,727</u>	<u>68,360,407</u>
EQUITY			
Unitholders' capital		74,766,033	52,180,307
Retained earnings		8,423,694	16,180,100
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>83,189,727</u>	<u>68,360,407</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>274,039,000</u>	<u>202,105,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3036</u>	<u>0.3382</u>

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

AFFIN HWANG TACTICAL 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	52,180,307	16,180,100	68,360,407
Total comprehensive loss for the financial year	-	(4,288,826)	(4,288,826)
Distribution (Note 7)	-	(3,467,580)	(3,467,580)
Movement in unitholders' capital:			
Creation of units from applications	28,176,071	-	28,176,071
Creation of units from distributions	3,467,580	-	3,467,580
Cancellation of units	(9,057,925)	-	(9,057,925)
Balance as at 28 February 2022	<u>74,766,033</u>	<u>8,423,694</u>	<u>83,189,727</u>
Balance as at 1 March 2020	14,533,819	7,135,015	21,668,834
Total comprehensive income for the financial year	-	9,646,090	9,646,090
Distribution (Note 7)	-	(601,005)	(601,005)
Movement in unitholders' capital:			
Creation of units from applications	54,126,679	-	54,126,679
Creation of units from distributions	601,005	-	601,005
Cancellation of units	(17,081,196)	-	(17,081,196)
Balance as at 28 February 2021	<u>52,180,307</u>	<u>16,180,100</u>	<u>68,360,407</u>

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

AFFIN HWANG TACTICAL 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		133,315,368	85,300,838
Purchase of investments		(143,321,426)	(128,558,798)
Dividend received		1,002,271	331,153
Interest income received		413,155	64,212
Management fee paid		(1,143,276)	(332,151)
Trustee fee paid		(61,014)	(18,069)
Payment for other fees and expenses		(53,261)	(54,153)
Net realised foreign exchange gain/(loss)		66,586	(78,342)
		<hr/>	<hr/>
Net cash flows used in operating activities		(9,781,597)	(43,345,310)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		28,279,879	54,022,871
Payments for cancellation of units		(13,018,282)	(13,091,960)
		<hr/>	<hr/>
Net cash flows generated from financing activities		15,261,597	40,930,911
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,480,000	(2,414,399)
EFFECTS OF FOREIGN CURRENCY EXCHANGE			
			-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		2,272,531	4,686,930
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	7,752,531	2,272,531
		<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 TACTICAL 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 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 L.

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

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

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

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 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 TACTICAL 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 from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the right to receive the dividend has been established.

Interest Income

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

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

Realised gains and losses on sale of investments

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

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

C 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 TACTICAL FUND

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

D 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 year in which it is approved by the Trustee of the Fund.

E TAXATION

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

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATION

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets are 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.

AFFIN HWANG TACTICAL FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

The Fund classifies cash and cash equivalents, dividends receivable, amount due from Manager and amount due from brokers 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 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.

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

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

AFFIN HWANG TACTICAL FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG TACTICAL FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

I CASH AND CASH EQUIVALENTS

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

AFFIN HWANG TACTICAL FUND

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

J AMOUNT DUE FROM/(TO) BROKERS

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

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

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

K 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 ("NAV");
- 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 the unitholders exercise the right to put the unit back to the Fund.

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

AFFIN HWANG TACTICAL FUND

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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 SC's Guidelines on Unit Trust Funds.

M 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 TACTICAL 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 Tactical Fund (“the Fund”) pursuant to the execution of a Master Deed dated 8 April 2010, as modified by 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”), AmanahRaya Trustees Berhad (“the Trustee”). The Fund has changed its name from Affin Tactical Fund to Affin Hwang Tactical Fund as amended by the First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 8 April 2010 and will continue its operations until terminated by the Trustee as provided by Clause 12.3 of the Deed.

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

- (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 objectives.

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in diversified mix of assets.

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 TACTICAL 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 <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	7,752,531	-	7,752,531
Dividends receivable		158,844	-	158,844
Amount due from brokers		491,630	-	491,630
Quoted equities	8	-	66,540,678	66,540,678
Unquoted fixed income securities	8	-	8,890,007	8,890,007
Total		<u>8,403,005</u>	<u>75,430,685</u>	<u>83,833,690</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		98,082	-	98,082
- cancellation of units		39,670	-	39,670
Amount due to brokers		477,275	-	477,275
Amount due to Trustee		5,231	-	5,231
Auditors' remuneration		9,020	-	9,020
Tax agent's fee		6,096	-	6,096
Other payables and accruals		8,589	-	8,589
Total		<u>643,963</u>	<u>-</u>	<u>643,963</u>

AFFIN HWANG TACTICAL 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>				
<u>Financial assets</u>				
Cash and cash equivalents	9	2,272,531	-	2,272,531
Dividends receivable		31,045	-	31,045
Amount due from Manager				
- creation of units		103,808	-	103,808
Amount due from brokers		2,897,000	-	2,897,000
Quoted equities	8	-	59,180,320	59,180,320
Unquoted fixed income securities	8	-	7,990,727	7,990,727
Total		<u>5,304,384</u>	<u>67,171,047</u>	<u>72,475,431</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		83,300	-	83,300
- cancellation of units		4,000,027	-	4,000,027
Amount due to Trustee		4,432	-	4,432
Auditors' remuneration		9,020	-	9,020
Tax agent's fee		10,476	-	10,476
Other payables and accruals		7,769	-	7,769
Total		<u>4,115,024</u>	<u>-</u>	<u>4,115,024</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.

AFFIN HWANG TACTICAL 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

(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	66,540,678	59,180,320
	<u> </u>	<u> </u>
Unquoted investments		
Unquoted fixed income securities*	8,890,007	7,990,727
	<u> </u>	<u> </u>

* Includes interest receivable of RM136,067 (2021: RM125,177)

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 2.0% (2021: 7.5%) and decreased by 2.0% (2021: 7.5%) 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>		
-2.0%	73,788,726	(1,505,892)
0%	75,294,618	-
+2.0%	76,800,510	1,505,892
	<u> </u>	<u> </u>
<u>2021</u>		
-7.5%	62,017,430	(5,028,440)
0%	67,045,870	-
+7.5%	72,074,310	5,028,440
	<u> </u>	<u> </u>

AFFIN HWANG TACTICAL 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)

(b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's NAV and (loss)/profit after tax to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) with all other variables held constant.

<u>% Change in profit rate</u>	<u>Impact on (loss)/profit after tax/NAV</u>	
	<u>2022</u> RM	<u>2021</u> RM
+ 2% (2021: + 2%)	(26,445)	(29,214)
- 2% (2021: - 2%)	26,572	29,370

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.

AFFIN HWANG TACTICAL 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

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.

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	98,082	-	98,082
- cancellation of units	39,670	-	39,670
Amount due to Trustee	5,231	-	5,231
Amount due to brokers	477,275	-	477,275
Auditors' remuneration	-	9,020	9,020
Tax agent's fee	-	6,096	6,096
Other payables and accruals	-	8,589	8,589
	<u>620,258</u>	<u>23,705</u>	<u>643,963</u>

2021

Amount due to Manager			
- management fee	83,300	-	83,300
- cancellation of units	4,000,027	-	4,000,027
Amount due to Trustee	4,432	-	4,432
Auditors' remuneration	-	9,020	9,020
Tax agent's fee	-	10,476	10,476
Other payables and accruals	-	7,769	7,769
	<u>4,087,759</u>	<u>27,265</u>	<u>4,115,024</u>

AFFIN HWANG TACTICAL 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

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 of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

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

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

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

	<u>Unquoted fixed income securities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2022</u>				
Consumer Discretionary				
- A+	1,020,783	-	-	1,020,783
Consumer Products & Services				
- NR	-	-	229,548	229,548
Energy				
- AA-	1,070,065	-	-	1,070,065
Financial Services				
- AAA	1,050,000	5,026,118	-	6,076,118
- AA3	-	2,726,413	-	2,726,413
Government				
- SOV	2,045,949	-	-	2,045,949
Industrial Product & Services				
- AA2	1,046,543	-	-	1,046,543
- AA3	522,304	-	-	522,304
- NR	-	-	31,884	31,884
Plantation				
- NR	-	-	126,960	126,960

AFFIN HWANG TACTICAL 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)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2022</u> (continued)				
Property				
- NR	-	-	262,082	262,082
Utilities				
- AA2	1,036,398	-	-	1,036,398
- AA-	1,097,965	-	-	1,097,965
	<u>8,890,007</u>	<u>7,752,531</u>	<u>650,474</u>	<u>17,293,012</u>
	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial services				
- AAA	1,098,304	2,200,316	139,514	3,438,134
- AA2	-	-	190,387	190,387
- AA3	-	72,215	-	72,215
- NR	-	-	2,670,907	2,670,907
Government				
- SOV	3,081,955	-	-	3,081,955
Industrial				
- AA3	540,409	-	-	540,409
- AA-	1,025,895	-	-	1,025,895
Oil and gas				
- AA-	1,123,355	-	-	1,123,355
Plantation				
- NR	-	-	31,045	31,045
Utilities				
- AA-	1,120,809	-	-	1,120,809
	<u>7,990,727</u>	<u>2,272,531</u>	<u>3,031,853</u>	<u>13,295,111</u>

*Other assets consist dividends receivable, amount due from Brokers and amount due from Manager.

AFFIN HWANG TACTICAL 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 financial 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 TACTICAL 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	66,540,678	-	-	66,540,678
- unquoted fixed income securities	-	8,890,007	-	8,890,007
	<u>66,540,678</u>	<u>8,890,007</u>	<u>-</u>	<u>75,430,685</u>
<u>2021</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	59,180,320	-	-	59,180,320
- unquoted fixed income securities	-	7,990,727	-	7,990,727
	<u>59,180,320</u>	<u>7,990,727</u>	<u>-</u>	<u>67,171,047</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.

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

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

AFFIN HWANG TACTICAL 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 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 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	-	-

AFFIN HWANG TACTICAL FUND

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

6 TAXATION (CONTINUED)

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	(4,288,826)	9,646,090
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(1,029,318)	2,315,062
Tax effects of:		
Investment loss disallowed from tax/ (Investment income not subject to tax)	534,813	(2,576,129)
Expenses not deductible for tax purposes	212,851	165,729
Restrictions on tax deductible expenses for Unit Trust Funds	281,654	95,338
Tax expense	-	-

7 DISTRIBUTION

	<u>2022</u> RM	<u>2021</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	3,467,580	601,005
Net distribution amount	3,467,580	601,005
Gross/Net distribution per unit (sen)	1.50	1.50
Ex-date	21.07.2021	15.07.2020

Gross distribution per unit is derived from gross realised income less expenses and 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.

Included in distribution for the financial year is an amount of RM3,467,580 (2021: RM601,005) made from previous financial year's realised income.

There is RM2,984,900 unrealised losses for the current financial year (2021: RMNil).

AFFIN HWANG TACTICAL 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	53,945,931	48,076,434
- quoted equities – foreign	12,594,747	11,103,886
- unquoted fixed income securities – local	8,890,007	7,990,727
	<u>75,430,685</u>	<u>67,171,047</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(866,404)	5,850,260
- unrealised (loss)/gain on changes in fair value	(2,912,638)	4,454,079
	<u>(3,779,042)</u>	<u>10,304,339</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 28 February 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 & Services</u>				
Aeon Company (M) Bhd	500,000	646,671	730,000	0.88
Genting Bhd	586,000	2,945,321	2,713,180	3.26
	<u>1,086,000</u>	<u>3,591,992</u>	<u>3,443,180</u>	<u>4.14</u>
<u>Energy</u>				
Dialog Group Bhd	462,100	1,282,779	1,289,259	1.55
Yinson Holdings Bhd	725,000	3,517,715	3,697,500	4.45
	<u>1,187,100</u>	<u>4,800,494</u>	<u>4,986,759</u>	<u>6.00</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	264,000	3,381,992	3,828,000	4.60
Hong Leong Bank Bhd	160,200	2,816,226	3,213,612	3.86
	<u>424,200</u>	<u>6,198,218</u>	<u>7,041,612</u>	<u>8.46</u>

AFFIN HWANG TACTICAL 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>Health Care</u>				
IHH Healthcare Bhd	482,000	3,163,348	3,142,640	3.78
KPJ Healthcare Bhd	3,331,200	3,583,547	3,464,448	4.17
	<u>3,813,200</u>	<u>6,746,895</u>	<u>6,607,088</u>	<u>7.95</u>
<u>Industrial Products & Services</u>				
Samchem Holdings Bhd	2,801,100	1,742,207	2,731,073	3.28
V.S. Industry Bhd	2,287,000	3,673,766	2,607,180	3.13
	<u>5,088,100</u>	<u>5,415,973</u>	<u>5,338,253</u>	<u>6.41</u>
<u>Plantations</u>				
Kuala Lumpur Kepong Bhd	139,700	3,120,557	3,626,612	4.36
<u>Property</u>				
Eco World Development Grp Bhd	3,124,300	1,602,346	3,280,515	3.94
Mah Sing Group Bhd	3,485,000	2,728,338	2,352,375	2.83
	<u>6,609,300</u>	<u>4,330,684</u>	<u>5,632,890</u>	<u>6.77</u>
<u>Technology</u>				
CTOS Digital Bhd	224,000	326,326	353,920	0.43
Dagang NeXchange Bhd	3,915,000	3,327,487	4,384,800	5.27
Genetec Technology Bhd	1,206,500	2,769,647	2,787,015	3.35
GHL Systems Bhd	1,200,000	2,212,600	1,848,000	2.22
Greotech Technology Bhd	296,400	1,223,895	1,233,024	1.48
Inari Amertron Bhd	782,000	2,524,911	2,486,760	2.99
	<u>7,623,900</u>	<u>12,384,866</u>	<u>13,093,519</u>	<u>15.74</u>

AFFIN HWANG TACTICAL 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>Telecommunication & media</u>				
Telekom Malaysia Bhd	825,300	4,667,361	4,176,018	5.02
	<hr/>	<hr/>	<hr/>	<hr/>
Total quoted equities – local	26,796,800	51,257,040	53,945,931	64.85
	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>
Accumulated unrealised gain on quoted equities – local		2,688,891		
		<hr/>		
Total quoted equities – local		53,945,931		
		<hr/> <hr/>		

(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>Construction</u>				
Jaks Resources Bhd	2,900,800	1,462,880	2,117,584	3.10
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Consumer products and services</u>				
Hong Leong Industries Bhd	148,100	1,203,531	1,208,496	1.77
Malayan Flour Mills Bhd	4,088,000	3,429,463	3,393,040	4.96
MBM Resources Bhd	562,200	1,736,859	1,872,126	2.74
	<hr/>	<hr/>	<hr/>	<hr/>
	4,798,300	6,369,853	6,473,662	9.47
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Financial Services</u>				
Hong Leong Bank Bhd	71,200	1,117,446	1,255,968	1.84
RHB Bank Bhd	360,500	1,983,611	1,935,885	2.83
	<hr/>	<hr/>	<hr/>	<hr/>
	431,700	3,101,057	3,191,853	4.67
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Health Care</u>				
KPJ Healthcare Bhd	562,700	559,224	559,887	0.82
	<hr/>	<hr/>	<hr/>	<hr/>

AFFIN HWANG TACTICAL 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>Industrial Products & Services</u>				
Samchem Holdings Bhd	2,503,100	2,603,024	3,479,309	5.09
Supercomnet Technologies Bhd	824,000	1,620,955	1,499,680	2.19
	<u>3,327,100</u>	<u>4,223,979</u>	<u>4,978,989</u>	<u>7.28</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	88,700	2,101,432	2,057,840	3.01
<u>Property</u>				
Eco World Development Grp Bhd	5,964,200	2,925,896	2,892,637	4.23
<u>Technology</u>				
GHL Systems Bhd	1,200,000	2,212,600	2,100,000	3.07
Greatech Technology Bhd	408,400	1,405,423	2,487,156	3.64
My EG Services Bhd	963,000	1,686,186	2,041,560	2.99
Pentamaster Corporation Bhd	276,500	1,357,591	1,739,185	2.54
Revenue Group Bhd	1,457,000	2,826,366	2,797,440	4.09
Unisem M Bhd	554,000	3,479,443	4,853,040	7.10
	<u>4,858,900</u>	<u>12,967,609</u>	<u>16,018,381</u>	<u>23.43</u>
<u>Telecommunication & Media</u>				
Redtone Digital Bhd	3,200,000	1,247,654	1,232,000	1.80
Telekom Malaysia Bhd	758,100	4,334,297	4,631,991	6.78
TIME dotCom Bhd	102,100	1,236,104	1,417,148	2.07
	<u>4,060,200</u>	<u>6,818,055</u>	<u>7,281,139</u>	<u>10.65</u>

AFFIN HWANG TACTICAL 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>Warrant</u>				
Jaks Resources Bhd - Warrant	2,463,900	672,413	1,071,797	1.57
Supercomnet Technologies Bhd - Warrant	1,224,500	1,502,205	1,432,665	2.10
	<u>3,688,400</u>	<u>2,174,618</u>	<u>2,504,462</u>	<u>3.67</u>
Total quoted equities – local	<u>30,681,000</u>	42,704,603	<u>48,076,434</u>	<u>70.33</u>
Accumulated unrealised gain on quoted equities – local		<u>5,371,831</u>		
Total quoted equities – local		<u>48,076,434</u>		

(b) Quoted equities – foreign

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

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
JD.com Inc	857	127,309	128,422	0.15
	<u>857</u>	<u>127,309</u>	<u>128,422</u>	<u>0.15</u>
<u>Real Estate</u>				
KWG Living Group Holdings Ltd	1,391,000	2,797,041	2,413,153	2.90
	<u>1,391,000</u>	<u>2,797,041</u>	<u>2,413,153</u>	<u>2.90</u>

AFFIN HWANG TACTICAL 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)

(b) Quoted equities – foreign (continued)

(j) Quoted equities – foreign 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>Hong Kong (continued)</u>				
<u>Technology</u>				
Pentamaster International Ltd	3,972,000	2,300,457	2,048,027	2.46
Tencent Holdings Ltd	18,000	4,203,070	4,072,077	4.90
	<u>3,990,000</u>	<u>6,503,527</u>	<u>6,120,104</u>	<u>7.36</u>
 <u>Indonesia</u>				
<u>Financials Services</u>				
Bank Syariah Indonesia Tbk PT	3,300,000	1,559,781	1,598,480	1.92
 <u>Thailand</u>				
<u>Industrial Products & Services</u>				
Business Online PCL -NVDR	1,355,800	1,997,471	2,334,588	2.81
Total quoted equities – foreign	<u>10,037,657</u>	<u>12,985,129</u>	<u>12,594,747</u>	<u>15.14</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(390,382)</u>		
Total quoted equities – foreign		<u>12,594,747</u>		

AFFIN HWANG TACTICAL 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)

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign 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>Hong Kong</u>				
<u>Consumer Products & Services</u>				
Alibaba Group Holding Ltd	16,800	2,279,590	2,035,521	2.98
Kuai Shou Technology	13,000	2,229,505	2,093,357	3.06
Net Joy Holdings Ltd	1,020,200	3,946,321	4,274,693	6.25
	<u>1,050,000</u>	<u>8,455,416</u>	<u>8,403,571</u>	<u>12.29</u>
<u>Technology</u>				
Weimob Inc	230,000	2,959,561	2,700,315	3.95
Total quoted equities – foreign	<u>1,280,000</u>	11,414,977	<u>11,103,886</u>	<u>16.24</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(311,091)</u>		
Total quoted equities – foreign		<u>11,103,886</u>		

AFFIN HWANG TACTICAL 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)

(c) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 28 February 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u>	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
4.50% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	1,000,000	1,014,500	1,050,000	1.26
4.55% DRB-Hicom Bhd 12.12.2024 (A+)	1,000,000	1,024,639	1,020,783	1.23
4.25% Edra Solar Sdn Bhd 11.10.2024 (AA2)	1,000,000	1,035,806	1,036,398	1.24
3.422% GII 30.09.2027 (SOV)	1,000,000	1,060,685	1,013,990	1.22
3.726% GII 31.03.2026 (SOV)	1,000,000	1,076,942	1,031,959	1.24
4.76% IJM Corporation Bhd 10.04.2029 (AA3)	500,000	542,722	522,304	0.63
5.75% Malaysia Airports Holdings Bhd Call: 13.12.2024 (AA2)	1,000,000	1,046,246	1,046,543	1.26
5.7% MMC Corp Berhad 24.03.2028 (AA-)	1,000,000	1,120,353	1,097,965	1.32
5.9% UiTM Solar Power Sdn Bhd 27.04.2029 (AA-)	1,000,000	1,127,365	1,070,065	1.29
Total unquoted fixed income securities – local	<u>8,500,000</u>	<u>9,049,258</u>	<u>8,890,007</u>	<u>10.69</u>
Accumulated unrealised loss on unquoted fixed income securities – local		<u>(159,251)</u>		
Total unquoted fixed income securities – local		<u>8,890,007</u>		

AFFIN HWANG TACTICAL 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)

(c) Unquoted fixed income securities – local (continued)

(ii) Unquoted fixed income securities – local as at 28 February 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u>	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
4.50% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	1,000,000	1,014,544	1,098,304	1.61
4.76% IJM Corporation Bhd 10.04.2029 (AA3)	500,000	546,711	540,409	0.79
5.70% MMC Corporation Bhd 24.03.2028 (AA-)	1,000,000	1,133,983	1,120,809	1.64
5.90% UiTM Solar Power Sdn Bhd 27.04.2029 (AA-)	1,000,000	1,139,975	1,123,355	1.64
4.95% WCT Holdings Bhd 22.10.2022 (AA-)	1,000,000	1,025,380	1,025,895	1.50
2.632% MGS 15.04.2031 (SOV)	1,000,000	979,486	969,906	1.42
3.422% GII 30.09.2027 (SOV)	1,000,000	1,068,329	1,043,240	1.53
3.726% GII 31.03.2026 (SOV)	1,000,000	1,091,163	1,068,809	1.56
Total unquoted fixed income securities – local	<u>7,500,000</u>	<u>7,999,571</u>	<u>7,990,727</u>	<u>11.69</u>
Accumulated unrealised loss on unquoted fixed income securities – local		<u>(8,844)</u>		
Total unquoted fixed income securities – local		<u>7,990,727</u>		

AFFIN HWANG TACTICAL 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	2,726,413	72,215
Deposits with licensed financial institutions	5,026,118	2,200,316
	<u>7,752,531</u>	<u>2,272,531</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 has 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	202,105,000	84,242,000
Creation of units arising from applications	88,007,732	180,542,000
Creation of units arising from distribution	11,395,268	2,356,882
Cancellation of units	<u>(27,469,000)</u>	<u>(65,035,882)</u>
At the end of the financial year	<u>274,039,000</u>	<u>202,105,000</u>

AFFIN HWANG TACTICAL FUND

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

11 TRANSACTIONS WITH BROKERS AND DEALERS

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

<u>Name of brokers/dealers</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#*	63,440,788	23.34	200,635	25.36
CLSA Securities Malaysia Sdn Bhd	21,315,358	7.85	41,201	5.21
CGS-CIMB Securities Sdn Bhd	11,644,274	4.29	38,230	4.83
J.P. Morgan Securities Philippines Inc.	11,062,915	4.07	36,613	4.63
Public Investment Bank Bhd	10,428,830	3.84	33,062	4.18
Hong Leong Investment Bank Bhd	9,735,718	3.58	28,683	3.63
Kenanga Investment Bank Bhd	8,534,257	3.14	18,052	2.28
Macquarie Capital Securities Ltd (HK)	8,279,348	3.05	10,457	1.32
Macquarie Capital Securities (Malaysia) Sdn Bhd	8,035,768	2.96	24,468	3.10
Alliance Bernstein DMA	7,883,652	2.90	14,609	1.85
Others*	111,328,652	40.98	344,982	43.61
	<u>271,689,560</u>	<u>100.00</u>	<u>790,992</u>	<u>100.00</u>

AFFIN HWANG TACTICAL FUND

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

11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

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

<u>Name of brokers/dealers</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#*	49,714,170	23.09	144,165	22.70
China International Capital Corporation HK Securities Ltd	14,893,673	6.92	53,277	8.39
CLSA Ltd (HK)	12,694,301	5.90	25,910	4.08
CLSA Securities Malaysia Sdn. Bhd.	9,501,129	4.41	28,021	4.41
UOB Kay Hian Securities (M) Sdn. Bhd	8,672,101	4.03	27,111	4.27
Credit Suisse Securities (M) Sdn. Bhd	7,910,733	3.68	24,099	3.79
Macquarie Capital Securities Ltd (HK)	7,600,280	3.53	11,227	1.77
CIMB Bank Bhd	6,947,337	3.23	27,910	4.39
Hong Leong Investment Bank Bhd	6,559,887	3.05	21,632	3.40
Public Investment Bank Bhd	6,408,400	2.98	20,776	3.27
Others	84,338,272	39.18	251,067	39.53
	<u>215,240,283</u>	<u>100.00</u>	<u>635,195</u>	<u>100.00</u>

Included in transactions with brokers and dealers are trades with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting RM63,440,788 (2021: RM49,714,170). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

AFFIN HWANG TACTICAL FUND

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

11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

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

	<u>2022</u> RM	<u>2021</u> RM
<u>Name of brokers and dealers</u>		
Affin Hwang Investment Bank Bhd	1,011,000	3,248,300
RHB Investment Bank Bhd	1,021,800	-
	<u>2,032,800</u>	<u>3,248,300</u>

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

	<u>2022</u> RM	<u>2021</u> RM
Affin Hwang Flexible Maturity Income Fund 11	-	1,009,900
Affin Hwang Income Extra Fund	1,021,800	-
Affin Hwang Income Fund 3	1,011,000	-
Private mandate managed by the Manager	-	2,238,400
	<u>2,032,800</u>	<u>3,248,300</u>

AFFIN HWANG TACTICAL 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>Relationship</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements
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	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	9,839	2,987	1,243,011	420,386
<u>Director of the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	1,658,426	503,498	836,690	282,969
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	317,264	96,321	-	-

AFFIN HWANG TACTICAL 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	1.61	1.69

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
F	=	Average net asset value 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 RM77,246,117 (2021: RM25,961,399).

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	1.78	4.16

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 =RM143,360,607 (2021: RM128,170,127)
total disposal for the financial year =RM132,129,176 (2021: RM88,020,477)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic environment as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as 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 managing the portfolio to achieve the Fund's objective. .

AFFIN HWANG TACTICAL 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 39 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 TACTICAL FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Tactical 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 39.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors’ report thereon

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

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.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants,
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INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG TACTICAL FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (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 TACTICAL 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 April 2022

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