

# Affin Hwang

## ASEAN Flexi Fund

Annual Report  
30 November 2020

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
Deutsche Trustees Malaysia Berhad (763590-H)

# AFFIN HWANG ASEAN FLEXI FUND

## Annual Report and Audited Financial Statements For Financial Year Ended 30 November 2020

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## FUND INFORMATION

Fund Name	Affin Hwang ASEAN Flexi Fund
Fund Type	Income & Growth
Fund Category	Mixed Assets
Investment Objective	The Fund aims to provide investors with capital appreciation and regular income over the medium to long-term period
Benchmark	50% FTSE/ASEAN 40 Index (for equity and structured products investments) + 50% RAM Quantshop MGS All Index (for fixed income instruments)
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis after the end of the first financial year end of the Fund

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 NOVEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	74	183
5,001 to 10,000	35	239
10,001 to 50,000	101	2,133
50,001 to 500,000	28	4,210
500,001 and above	6	10,699
<b>Total</b>	<b>244</b>	<b>17,464</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 30 Nov 2020 (%)	As at 30 Nov 2019 (%)	As at 30 Nov 2018 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Consumer products & services	5.46	-	-
- Energy	-	2.51	0.99
- Financial services	3.82	4.33	2.46
- Industrial products & services	7.36	-	1.30
- REITs	-	2.39	-
- Technology	11.40	2.12	0.82
- Utilities	-	3.14	-
<b>Total quoted equities – local</b>	<b>28.04</b>	<b>14.49</b>	<b>5.57</b>
<b>Quoted equities – foreign</b>			
- Consumer goods	-	4.90	4.62
- Consumer services	-	11.00	12.00
- Financials	-	40.70	27.15
- Financial services	56.04	-	-
- Healthcare	1.90	4.45	-
- Industrials	7.31	3.79	7.42
- Oil & gas	3.61	3.29	1.02
- Real estate	-	-	1.08
- Technology	11.90	10.34	-
- Telecommunications	2.39	1.91	-
<b>Total quoted equities – foreign</b>	<b>69.17</b>	<b>80.38</b>	<b>53.29</b>
<b>Unquoted fixed income securities – local</b>	<b>-</b>	<b>3.31</b>	<b>-</b>
<b>Unquoted fixed income securities – foreign</b>	<b>-</b>	<b>-</b>	<b>4.08</b>
<b>Cash &amp; cash equivalent</b>	<b>2.79</b>	<b>1.82</b>	<b>37.06</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	9.327	15.468	20.755
NAV per Unit (RM)	0.5340	0.5565	0.5411
Unit in Circulation (million)	17.467	27.797	38.357
Highest NAV	0.5841	0.5894	0.6386
Lowest NAV	0.4159	0.5344	0.5337
Return of the Fund (%) <sup>iii</sup>	4.95	2.85	-5.56
- Capital Growth (%) <sup>i</sup>	-4.05	2.85	-8.97
- Income Distribution (%) <sup>ii</sup>	9.38	Nil	3.74
Gross Distribution per Unit (sen)	5.00	Nil	2.00
Net Distribution per Unit (sen)	5.00	Nil	2.00
Management Expense Ratio (%) <sup>1</sup>	2.28	2.08	2.11
Portfolio Turnover Ratio (times) <sup>2</sup>	3.37	1.13	1.59

### **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 higher MER was due to higher expenses incurred by the Fund during the period under review.

<sup>2</sup>The Fund's PTR was higher than previous year due to more trading activities during the financial year.

## MANAGER'S REPORT

### Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 30 November 2020.

### Performance Review

For the period under review from 1 December 2019 to 30 November 2020, the Fund registered a return of 4.95%. Compared to the Benchmark return of -3.09%, the Fund outperformed the Benchmark by 8.05%. The Net Asset Value ("NAV") per unit of the Fund as at 30 November 2020 was RM 0.5340 compared to the NAV per unit of RM 0.5565 as at 30 November 2019. During the period under review, the fund declared a gross income distribution of RM0.05 per unit.

Since commencement, the Fund has registered a return of 25.71% compared to the benchmark return of 40.38%, underperformed by 14.67%. The Fund has also declared a total income distribution of RM0.09 per unit. We believe the Fund's objective to provide investors with capital appreciation and regular income over the medium to long-term period has been met.

Table 1: Performance of the Fund

	<b>1 Year</b> (1/12/19 - 30/11/20)	<b>3 Years</b> (1/12/17 - 30/11/20)	<b>5 Years</b> (1/12/15 - 30/11/20)	<b>Since Commencement</b> (29/9/14 - 30/11/20)
<b>Fund</b>	<b>4.95%</b>	<b>1.94%</b>	<b>24.44%</b>	<b>25.71%</b>
<b>Benchmark</b>	<b>(3.09%)</b>	<b>2.73%</b>	<b>20.99%</b>	<b>40.38%</b>
<b>Outperformance</b>	<b>8.04%</b>	<b>(0.79%)</b>	<b>3.45%</b>	<b>(14.67%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> (1/12/19 - 30/11/20)	<b>3 Years</b> (1/12/17 - 30/11/20)	<b>5 Years</b> (1/12/15 - 30/11/20)	<b>Since Commencement</b> (29/9/14 - 30/11/20)
<b>Fund</b>	<b>4.95%</b>	<b>0.64%</b>	<b>4.47%</b>	<b>3.77%</b>
<b>Benchmark</b>	<b>(3.09%)</b>	<b>0.90%</b>	<b>3.88%</b>	<b>5.64%</b>
<b>Outperformance</b>	<b>8.04%</b>	<b>(0.26%)</b>	<b>0.59%</b>	<b>(1.87%)</b>

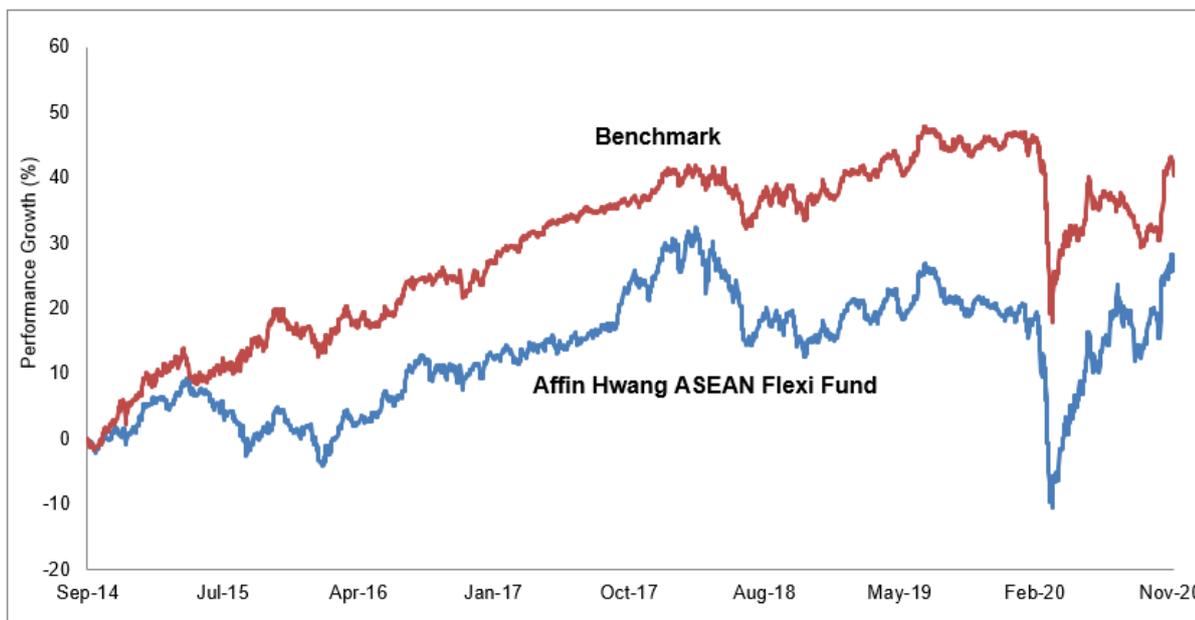
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> (1/12/19 - 30/11/20)	<b>FYE 2019</b> (1/12/18 - 30/11/19)	<b>FYE 2018</b> (1/12/17 - 30/11/18)	<b>FYE 2017</b> (1/12/16 - 30/11/17)	<b>FYE 2016</b> (1/12/15 - 30/11/16)
<b>Fund</b>	<b>4.95%</b>	<b>2.85%</b>	<b>(5.56%)</b>	<b>11.45%</b>	<b>9.52%</b>
<b>Benchmark</b>	<b>(3.09%)</b>	<b>4.95%</b>	<b>1.01%</b>	<b>11.05%</b>	<b>6.05%</b>
<b>Outperformance</b>	<b>8.04%</b>	<b>(2.10%)</b>	<b>(6.57%)</b>	<b>0.40%</b>	<b>3.47%</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: 50% FTSE/ASEAN 40 Index + 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**

As at 30 November 2020, the Fund's asset allocation stood at 97.21% in equities, 0% in fixed income securities while the balance was held in cash and cash equivalent.

During the period under review, the manager increased local equities exposure to 28.04% compared to 14.49% a year ago. This is due to increased exposures mainly in technology sector. Correspondingly, foreign equities have decreased as the Fund reduced exposures to consumer goods and consumer services. Asset allocation wise, the Manager no longer holds any unquoted fixed income securities.

### **Strategies Employed**

With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse.

### **Market Review**

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index

closed 12.2% lower in the month. In the US, the S&P 500 index closed 12.5% lower that month. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented relief package to cushion its economy. The relief package comes as the US also reports the greatest number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced since. By November, the S&P 500 index closed 10.8% higher from the previous month. This positive effect extended to Asia as well, with the Hang Seng Index and broader MSCI Asia ex Japan index rising 9.15% and 8.00% respective in the same period.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouses rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

On commodities, crude oil prices slid by about 40% YTD as at end of October, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

On the domestic front, the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. Targeted measures by this budget include extension of the Principal Hub incentive to Dec 2022, reduction of individual EPF contribution and review of income tax exemption on Green Sustainable and Responsible Investment Sukuk grant.

The Malaysia bond market saw foreign holdings increase by RM 2.7 billion in November making up 13.6% of total bonds outstanding, its highest since January 2020. Though foreign demand seems to be positive, overall yields still grew as selling concentrated on the lower end of the curve, as yields for the 15-year and 20-year MGS edged up 28 bps and 18 bps in the last week of November.

## **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. With most markets recovering the year's losses by November, coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Markets will be playing a "recovery theme" from December onwards and into 2021. Current estimates suggest global GDP to fall around 5% at the end of 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. But as vaccines take time to produce even at current maximum production levels, we should expect this "recovery theme" to be a multi-year theme.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe's continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe's exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

US-China trade tensions are likely to remain in the short-term. A Biden presidency could potentially uplift geopolitical risk with a steadier hand at the helm. Consistency in policy implementation is key alongside clarity on the nature of the two countries' relationship with each other. A Biden win will set the stage for a post-election rally as investors warm to the idea. However, the issue of a divided Congress remains, with markets expecting a Republican-majority in control of the Senate.

In Malaysia, recent alarming increase in Covid-19 cases caused targeted lockdowns across the country, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. gloves, electromotive force and technology stocks. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries.

Inflows into global equity funds surge past US\$100 billion in the last 3 weeks of November as investors continue to pile into equities with markets turning risk-on. Buoyed by a "Goldilocks" environment with a favourable US election outcome, low interest rates and positive developments on the vaccine front, we could see additional support for risk assets.

Earnings momentum is expected to continue into 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages.

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

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

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

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

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

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

**Cross Trade**

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

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG ASEAN FLEXI FUND**

We have acted as the Trustee of Affin Hwang ASEAN Flexi Fund ("the Fund") for the financial year ended 30 November 2020. To the best of our knowledge, for the financial year under review, Affin Hwang Asset Management Berhad ("the Manager") has operated and managed the Fund in accordance with the following:

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

We are of the view that the distributions made during this financial year ended 30 November 2020 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Trustee Operations

**Gerald Ang**  
Chief Executive Officer

Kuala Lumpur  
15 January 2021

**AFFIN HWANG ASEAN FLEXI FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

# **AFFIN HWANG ASEAN FLEXI FUND**

## **FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

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## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		369,506	520,445
Interest income for financial assets at fair value through profit or loss		7,222	38,252
Interest income for financial assets at amortised cost		3,814	17,455
Net loss on foreign currency exchange		(133,603)	(141,502)
Net gain on financial assets at fair value through profit or loss	8	372,393	816,736
		<u>619,332</u>	<u>1,251,386</u>
<b>EXPENSES</b>			
Management fee	4	(212,635)	(334,663)
Trustee fee	5	(7,134)	(11,295)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		(3,500)	(3,500)
Transaction costs		(239,667)	(122,935)
Other expenses		(75,563)	(72,461)
		<u>(547,499)</u>	<u>(553,854)</u>
<b>NET PROFIT BEFORE TAXATION</b>		71,833	697,532
Taxation	6	-	-
		<u>71,833</u>	<u>697,532</u>
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>71,833</u>	<u>697,532</u>
Net profit after taxation is made up of the following:			
Realised amount		(429,996)	387,544
Unrealised amount		501,829	309,988
		<u>71,833</u>	<u>697,532</u>

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

## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	58,564	454,776
Financial assets at fair value through profit or loss	8	9,066,887	15,193,508
Amount due from brokers		435,090	2,038
Amount due from Manager - creation of units		74,385	-
Dividends receivable		19,234	35,853
<b>TOTAL ASSETS</b>		<u>9,654,160</u>	<u>15,686,175</u>
<b>LIABILITIES</b>			
Amount due to brokers		286,073	167,409
Amount due to Manager - management fee		13,458	23,236
Amount due to Trustee		449	775
Auditors' remuneration		9,000	9,000
Tax agent's fee		7,700	7,700
Other payables and accruals		10,710	10,258
<b>TOTAL LIABILITIES</b>		<u>327,390</u>	<u>218,378</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>9,326,770</u>	<u>15,467,797</u>
<b>EQUITY</b>			
Unitholders' capital		1,565,311	6,986,521
Retained earnings		7,761,459	8,481,276
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>9,326,770</u>	<u>15,467,797</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>17,467,000</u>	<u>27,797,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5340</u>	<u>0.5565</u>

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

## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 December 2019	6,986,521	8,481,276	15,467,797
Total comprehensive income for the financial year	-	71,833	71,833
Distribution (Note 7)	-	(791,650)	(791,650)
Movement in unitholders' capital:			
Creation of units arising from application	576,530	-	576,530
Creation of units arising from distribution	791,650	-	791,650
Cancellation of units	(6,789,390)	-	(6,789,390)
Balance as at 30 November 2020	<u>1,565,311</u>	<u>7,761,459</u>	<u>9,326,770</u>
Balance as at 1 December 2018	12,971,580	7,783,744	20,755,324
Total comprehensive income for the financial year	-	697,532	697,532
Movement in unitholders' capital:			
Creation of units arising from application	467,267	-	467,267
Cancellation of units	(6,452,326)	-	(6,452,326)
Balance as at 30 November 2019	<u>6,986,521</u>	<u>8,481,276</u>	<u>15,467,797</u>

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

## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		42,670,932	20,924,256
Purchase of investments		(36,734,511)	(22,540,801)
Dividends received		386,125	487,462
Interest received		19,574	57,340
Management fee paid		(222,413)	(341,644)
Trustee fee paid		(7,460)	(11,527)
Payment for other fees and expenses		(87,611)	(83,598)
Net realised loss on foreign currency exchange		(133,469)	(143,846)
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		5,891,167	(1,652,358)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		502,145	467,267
Payments for cancellation of units		(6,789,390)	(6,455,553)
		<hr/>	<hr/>
Net cash used in financing activities		(6,287,245)	(5,988,286)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		(396,078)	(7,640,644)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>			
		(134)	2,344
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>			
		454,776	8,093,076
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>			
	9	58,564	454,776
		<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 ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**

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

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)**

#### **B INCOME RECOGNITION**

##### Dividend income

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

##### Interest income

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

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

##### Realised gains and losses on sale of investments

For quoted investments, 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 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, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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.

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

#### **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, except when deferred in other comprehensive income as qualifying cash flow hedges.

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)**

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

(i) Classification

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

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

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

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

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

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)**

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

(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 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 including the effects of currency transactions are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the year 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 period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

## AFFIN HWANG ASEAN FLEXI FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(ii) Recognition and measurement (continued)

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

- (i) records its basis for using non-BPA price; and
- (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.

Unquoted fixed income securities including money market instruments denominated in foreign currencies are revalued at least twice a week by reference to the mid price quoted in Bloomberg using the Composite Bloomberg Bond Trader ("CBBT") which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)**

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

##### (iii) Impairment (continued)

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

Qualitative criteria:

The debtor meets 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 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.

#### **J AMOUNT DUE FROM/(TO) BROKERS/DEALERS**

Amounts due from and to brokers/dealers 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/dealers balance is held for collection. Refer to Note H for accounting policy on recognition and measurement.

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)**

#### **K CREATION AND CANCELLATION OF UNITS**

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if 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.

#### **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 judgements 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 judgement 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.

#### **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 ASEAN FLEXI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED TO 30 NOVEMBER 2020**

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

The Unit Trust Fund was constituted under the name Hwang ASEAN Flexi Fund (the "Fund") pursuant to the execution of a Deed dated 12 November 2013 and modified by the first Supplemental Deed dated 5 November 2014 and Second Supplemental Deed dated 5 October 2018 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee"). The Fund changed its name from Hwang ASEAN Flexi Fund to Affin Hwang ASEAN Flexi Fund dated 5 November 2014.

The Fund commenced operations on 29 September 2014 and will continue its operations until terminated as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the following investments:

- (a) Equities listed or traded on the recognised Malaysian stock exchange or any other foreign exchanges where the regulatory authority is a member of International Organization of Securities Commission (IOSCO);
- (b) Unlisted equities
- (c) Fixed income securities listed or traded on the recognised Malaysian stock exchange or any other foreign exchanges where the regulatory authority is a member of International Organization of Securities Commission (IOSCO);
- (d) Unlisted fixed income securities;
- (e) Debt securities which are sovereign issued, sovereign backed or sovereign guaranteed;
- (f) Debentures;
- (g) Money market instruments;
- (h) Deposits with financial institutions;
- (i) Structured products;
- (j) Derivatives;
- (k) REITs;
- (l) Warrants;
- (m) Units/ shares in local and foreign collective investment schemes which are in line with the objective of the Fund and;
- (n) Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund.

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

The main objective of the Fund is to provide investors with capital appreciation and regular income over the medium to long term period.

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 January 2021.

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

Financial instruments 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>2020</u>				
<u>Financial assets</u>				
Amount due from brokers		435,090	-	435,090
Amount due from Manager				
- creation of units		74,385	-	74,385
Dividends receivable		19,234	-	19,234
Quoted equities	8	-	9,066,887	9,066,887
Cash and cash equivalents	9	58,564	-	58,564
Total		<u>587,273</u>	<u>9,066,887</u>	<u>9,654,160</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		13,458	-	13,458
Amount due to Trustee		449	-	449
Amount due to brokers		286,073	-	286,073
Auditor's remuneration		9,000	-	9,000
Tax agent's fee		7,700	-	7,700
Other payables and accruals		10,710	-	10,710
Total		<u>327,390</u>	<u>-</u>	<u>327,390</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM RM	At fair value through profit or loss RM RM	<u>Total</u> RM RM
<u>2019</u>				
<u>Financial asset</u>				
Amount due from brokers		2,038	-	2,038
Dividends receivable		35,853	-	35,853
Quoted equities	8	-	14,671,788	14,671,788
Unquoted fixed income securities	8	-	521,720	521,720
Cash and cash equivalents	9	454,776	-	454,776
Total		<u>492,667</u>	<u>15,193,508</u>	<u>15,686,175</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		23,236	-	23,236
Amount due to Trustee		775	-	775
Amount due to brokers		167,409	-	167,409
Auditor's remuneration		9,000	-	9,000
Tax agent's fee		7,700	-	7,700
Other payables and accruals		10,258	-	10,258
Total		<u>218,378</u>	<u>-</u>	<u>218,378</u>

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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>2020</u> RM	<u>2019</u> RM
<b>Quoted investments</b>		
Quoted equities	9,066,887	14,671,788
<b>Unquoted investments*</b>		
Unquoted fixed income securities	-	521,720

\* Includes interest receivable of RM Nil (2019: RM9,705)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (2019: 5%) and decreased by 10% (2019: 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 of</u>	<u>Market value</u> RM	<u>Impact on profit</u> <u>after tax/NAV</u> RM
<u>2020</u>		
-10%	8,160,198	(906,689)
0%	9,066,887	-
+10%	9,973,576	906,689
<u>2019</u>		
-5%	14,424,613	(759,190)
0%	15,183,803	-
+5%	15,942,993	759,190

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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 until 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 profit after taxation and NAV 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 1% (100 basis points) with all other variables held constant.

##### % Change in interest rate

	<u>Impact on profit after tax/NAV</u>	
	<u>2020</u>	<u>2019</u>
	RM	RM
+ 1%	-	(694)
- 1%	-	695

The Fund's exposure to interest rate risk associated with deposit with a licensed financial institution 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.

There are no fixed income securities as at 30 November 2020.

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk

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

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Hong Kong Dollar	-	1,116	-	1,116
Indonesian Rupiah	1,613,038	-	-	1,613,038
Singapore Dollar	2,845,031	16,419	309,365	3,170,815
Thailand Baht	1,228,750	-	-	1,228,750
United States Dollar	764,631	13,262	-	777,893
	<u>6,451,450</u>	<u>30,797</u>	<u>309,365</u>	<u>6,791,612</u>
			<u>Other Liabilities**</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Singapore Dollar			<u>286,073</u>	<u>286,073</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets</u> RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial assets</u>				
Hong Kong Dollar	-	67	-	67
Indonesian Rupiah	2,665,165	-	-	2,665,165
Philippines Peso	1,440,915	-	-	1,440,915
Singapore Dollar	2,205,778	93,781	3,467	2,303,026
Thailand Baht	5,740,804	-	20,972	5,761,776
United States Dollar	376,759	25,924	5,701	408,384
	<u>12,429,421</u>	<u>119,772</u>	<u>30,140</u>	<u>12,579,333</u>

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

\*\* Other liabilities consist of amount due to brokers.

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by each currency's respective historical volatility (2019: 5%), with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding increase/(decrease) in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in exchange rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>2020</u>		
Hong Kong Dollar	+/-7.40	+/-83
Indonesian Rupiah	+/-11.32	+/-182,669
Singapore Dollar	+/-5.38	+/-155,058
Thailand Baht	+/-7.09	+/-87,067
United States Dollar	+/-7.48	+/-58,152
		<hr/> <hr/>
<u>2019</u>		
Hong Kong Dollar	+/-5	+/- 3
Indonesian Rupiah	+/-5	+/- 133,258
Philippines Peso	+/-5	+/- 72,046
Singapore Dollar	+/-5	+/- 115,151
Thailand Baht	+/-5	+/- 288,089
United States Dollar	+/-5	+/- 20,419
		<hr/> <hr/>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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.

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

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

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

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

<u>2020</u>	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
Financial Services			
- AA1	58,564	-	58,564
- Aa2	-	296,526	296,526
- NR	-	4,140	4,140
Health Care			
- NR	-	583	583
Others			
- NR	-	227,460	227,460
	<u>58,564</u>	<u>528,709</u>	<u>587,273</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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)

<u>2019</u>	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
Financial Services				
- AAA	-	312,296	-	312,296
- AA1	-	142,480	-	142,480
- NR	521,720	-	9,168	530,888
REITs				
- NR	-	-	3,990	3,990
Energy				
- NR	-	-	3,761	3,761
Technology				
- NR	-	-	20,972	20,972
	<u>521,720</u>	<u>454,776</u>	<u>37,891</u>	<u>1,014,387</u>

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

##### 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 ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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>2020</u>			
Amount due to brokers	286,073	-	286,073
Amount due to Manager			
- management fee	13,458	-	13,458
Amount due to Trustee	449	-	449
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	7,700	7,700
Other payables and accruals	-	10,710	10,710
	<u>299,980</u>	<u>27,410</u>	<u>327,390</u>
<u>2019</u>			
Amount due to brokers	167,409	-	167,409
Amount due to Manager			
- management fee	23,236	-	23,236
Amount due to Trustee	775	-	775
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	7,700	7,700
Other payables and accruals	-	10,258	10,258
	<u>191,420</u>	<u>26,958</u>	<u>218,378</u>

##### 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.

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the 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.

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

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (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>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	9,066,887	-	-	9,066,887
	<u>9,066,887</u>	<u>-</u>	<u>-</u>	<u>9,066,887</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	14,671,788	-	-	14,671,788
- unquoted fixed income securities	-	521,720	-	521,720
	<u>14,671,788</u>	<u>521,720</u>	<u>-</u>	<u>15,193,508</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 value of cash and cash equivalents, amount due from brokers, amount due from Manager, dividends receivable, and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

## **AFFIN HWANG ASEAN FLEXI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)**

#### **4 MANAGEMENT FEE**

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the NAV of the Fund calculated on a daily basis.

For the financial year ended 30 November 2020, the management fee is recognised at a rate of 1.80% (2019: 1.80%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's prospectus.

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

#### **5 TRUSTEE FEE**

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, subject to a minimum fee of RM12,000 per annum exclusive of foreign custodian fees and charges.

For the financial year ended 30 November 2020, the Trustee fee is recognised at a rate of 0.06% (2019: 0.06%) per annum on the NAV of the Fund calculated on a daily basis, exclusive of foreign custodian fees and charges as stated in the Fund's prospectus.

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

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 6 TAXATION

	<u>2020</u> RM	<u>2019</u> RM
Current taxation	-	-

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

	<u>2020</u> RM	<u>2019</u> RM
Net profit before taxation	71,833	697,532
Tax at Malaysian statutory rate of 24% (2019: 24%)	17,240	167,408
Tax effects of:		
Investment income not subject to tax	(148,640)	(300,333)
Expenses not deductible for tax purposes	77,967	49,726
Restriction on tax deductible expenses for Unit Trust Fund	53,433	83,199
Tax expense	-	-

#### 7 DISTRIBUTION

	<u>2020</u> RM	<u>2019</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	791,650	-
Gross realised income	791,650	-
Less: Expenses	-	-
	791,650	-
Gross/net distribution per unit (sen)	5.00	-
Ex-date	18.11.2020	-

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 7 DISTRIBUTION (CONTINUED)

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

Included in distributions for the financial year is an amount of RM791,650 (2019: RM Nil) made from previous year's realised income.

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
Financial assets at fair value through profit or loss		
- quoted equities – local	2,615,437	2,242,367
- quoted equities – foreign	6,451,450	12,429,421
- unquoted fixed income securities – local	-	521,720
	<u>9,066,887</u>	<u>15,193,508</u>
Net gain on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(129,570)	507,899
- unrealised gain on changes in fair value	501,963	308,837
	<u>372,393</u>	<u>816,736</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(a) Quoted equities – local

(i) Quoted equities – local as at 30 November 2020 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>				
Formosa Prosonic Industries Bhd	156,600	279,484	357,048	3.83
Heineken Malaysia Bhd	7,300	161,258	151,694	1.63
	<u>163,900</u>	<u>440,742</u>	<u>508,742</u>	<u>5.46</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	19,500	184,135	203,970	2.19
RCE Capital Bhd	69,000	143,472	152,490	1.63
	<u>88,500</u>	<u>327,607</u>	<u>356,460</u>	<u>3.82</u>
<u>Industrial Products &amp; Services</u>				
D'Nonce technology Bhd	235,100	158,837	139,885	1.50
Supercomnet Technologies Bhd	151,800	303,985	306,636	3.29
Thong Guan Industries Bhd	91,600	169,587	239,992	2.57
	<u>478,500</u>	<u>632,409</u>	<u>686,513</u>	<u>7.36</u>
<u>Technology</u>				
GHL Systems Bhd	192,150	177,850	363,164	3.89
Greatech Technology Bhd	39,200	240,499	352,800	3.78
Pentamaster Corporation Bhd	41,500	180,312	205,010	2.20
Unisem M Bhd	25,400	139,700	142,748	1.53
	<u>298,250</u>	<u>738,361</u>	<u>1,063,722</u>	<u>11.40</u>
Total quoted equities – local	<u>1,029,150</u>	<u>2,139,119</u>	<u>2,615,437</u>	<u>28.04</u>
Accumulated unrealised gain on quoted equities – local		<u>476,318</u>		
Total quoted equities – local		<u>2,615,437</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 November 2019 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Energy</u>				
Dialog Group Bhd	115,800	346,874	387,930	2.51
<u>Financial Services</u>				
Public Bank Bhd	25,100	588,820	492,462	3.18
RHB Bank Bhd	31,500	171,675	178,290	1.15
	56,600	760,495	670,752	4.33
<u>REITs</u>				
Axis REIT	60,000	103,200	106,800	0.69
KLCCP Stapled Group Stapled Security	32,900	258,923	262,871	1.70
	92,900	362,123	369,671	2.39
<u>Technology</u>				
Pentamaster Corporation Bhd	73,800	331,249	328,410	2.12
<u>Utilities</u>				
Tenaga Nasional Bhd	36,900	483,535	485,604	3.14
Total quoted equities – local	<u>376,000</u>	2,284,276	<u>2,242,367</u>	<u>14.49</u>
Accumulated unrealised loss on quoted equities – local		(41,909)		
Total quoted equities – local		<u>2,242,367</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 30 November 2020 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Indonesia</u>				
<u>Financial Services</u>				
Bank Central Asia Tbk PT	71,300	525,666	636,124	6.82
Bank Mandiri Persero Tbk PT	75,000	127,234	136,525	1.46
Bank Rakyat Indonesia Persero	210,000	192,841	247,191	2.65
Ciputra Development Tbk PT	712,400	149,815	188,626	2.02
PT Bank Negara Indo Persero	105,800	187,157	181,934	1.95
	<u>1,174,500</u>	<u>1,182,713</u>	<u>1,390,400</u>	<u>14.90</u>
<u>Telecommunications</u>				
Telekomunikasi Indonesia	239,500	181,166	222,638	2.39
<u>Singapore</u>				
<u>Financial Services</u>				
Ascendas Real Estate InvTrust	21,154	195,509	191,347	2.05
Credit Bureau Asia Limited - IPO	100,000	283,241	283,241	3.04
DBS Group Holdings Ltd	4,900	342,276	376,071	4.03
Frasers Centrepont Trust	85,372	566,474	603,221	6.47
Keppel DC REIT	42,500	274,303	363,721	3.90
	<u>253,926</u>	<u>1,661,803</u>	<u>1,817,601</u>	<u>19.49</u>
<u>Industrials</u>				
Frencken Group Ltd	87,600	282,164	301,478	3.23
Nanofilm Technologies Intl PL	39,200	313,172	380,846	4.08
	<u>126,800</u>	<u>595,336</u>	<u>682,324</u>	<u>7.31</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 November 2020 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore (continued)</u>				
<u>Technology</u>				
AEM Holdings Ltd	32,100	211,773	345,106	3.70
<u>Thailand</u>				
<u>Financial Services</u>				
Central Pattana PCL	78,900	560,772	535,729	5.75
Tisco Financial Group- NVDR	17,000	154,911	179,430	1.92
	<u>95,900</u>	<u>715,683</u>	<u>715,159</u>	<u>7.67</u>
<u>Health Care</u>				
Bangkok Dusit Medical Services	61,200	185,704	176,916	1.90
<u>Oil &amp; Gas</u>				
PTT PCL	62,600	322,557	336,675	3.61
<u>United States of America</u>				
<u>Technology</u>				
Sea Limited	1,041	567,375	764,631	8.20
Total quoted equities – foreign	<u>2,047,567</u>	<u>5,624,110</u>	<u>6,451,450</u>	<u>69.17</u>
Accumulated unrealised gain on quoted equities – foreign		827,340		
Total quoted equities – foreign		<u>6,451,450</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 November 2019 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Indonesia</u>				
<u>Consumer services</u>				
ACE Hardware Indonesia Tbk PT	1,121,000	542,740	519,117	3.36
Blue Bird Tbk PT	779,300	687,886	502,697	3.25
Matahari Department Store Tbk	387,000	425,797	401,942	2.60
Mitra Adiperkasa Tbk PT	387,100	124,592	116,261	0.75
	<u>2,674,400</u>	<u>1,781,015</u>	<u>1,540,017</u>	<u>9.96</u>
<u>Financial Services</u>				
Bank Central Asia Tbk PT	87,100	559,912	809,269	5.23
Bank Mandiri Persero Tbk PT	153,600	319,770	315,879	2.04
	<u>240,700</u>	<u>879,682</u>	<u>1,125,148</u>	<u>7.27</u>
<u>Philippines</u>				
<u>Consumer Goods</u>				
Century Pacific Food Inc	322,450	385,868	402,392	2.60
<u>Financial Services</u>				
BDO Unibank Inc	83,330	793,116	1,038,523	6.71
<u>Singapore</u>				
<u>Consumer Services</u>				
ComfortDelGro Corporation Ltd	22,500	171,812	161,544	1.04

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 November 2019 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Singapore</u> (continued)				
<u>Financial Services</u>				
AIMS AMP Capital Land REIT	50,000	206,183	216,919	1.40
DBS Group Holdings Ltd	6,571	504,069	506,711	3.28
Keppel Pacific Oak US REIT	70,000	210,426	223,625	1.45
Lendlease Global Commercial REIT	32,000	85,626	90,923	0.59
Manulife US REIT	38,000	138,695	153,134	0.99
Mapletree Logistics Trust	30,000	148,999	153,982	1.00
United Overseas Bank Ltd	9,900	781,420	780,359	5.05
	<u>236,471</u>	<u>2,075,418</u>	<u>2,125,653</u>	<u>13.76</u>
<u>Telecommunications</u>				
Singapore Telecom Ltd	28,600	299,774	295,340	1.91
<u>Thailand</u>				
<u>Consumer Goods</u>				
Charoen Pokphand Foods PCL	94,500	288,909	355,648	2.30
<u>Consumer Services</u>				
CP ALL PCL	99,000	861,902	1,035,714	6.70
<u>Financial Services</u>				
Bangkok Bank PCL	23,900	585,158	584,243	3.78
Central Pattana PCL	27,300	246,157	233,763	1.51
Supalai Public Co Ltd	62,600	174,091	149,569	0.97
	<u>113,800</u>	<u>1,005,406</u>	<u>967,575</u>	<u>6.26</u>
<u>Health Care</u>				
Bangkok Dusit Medical Services	202,500	637,807	687,990	4.45

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 November 2019 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Thailand</u> (continued)				
<u>Industrials</u>				
Airports of Thailand PCL	56,400	380,807	586,148	3.79
<u>Oil &amp; Gas</u>				
PTT Exploration & Production	30,700	501,339	508,794	3.29
<u>Technology</u>				
Digital Telecomm Infrastructure Fund	273,500	583,566	638,360	4.13
Jasmine Broadband International Infrastructure Fund	702,545	946,293	960,575	6.21
	<u>976,045</u>	<u>1,529,859</u>	<u>1,598,935</u>	<u>10.34</u>
Total quoted equities – foreign	<u>5,181,396</u>	11,592,714	<u>12,429,421</u>	<u>80.38</u>
Accumulated unrealised gain on quoted equities – foreign		836,707		
Total quoted equities – foreign		<u>12,429,421</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(c) Unquoted fixed income securities – local

(i) There is no unquoted fixed income securities – local as at 30 November 2020.

(ii) Unquoted fixed income securities – foreign as at 30 November 2019 is as follows:.

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	500,000	514,823	521,720	3.31
Total unquoted fixed income securities – local	<u>500,000</u>	<u>514,823</u>	<u>521,720</u>	<u>3.31</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>6,897</u>		
Total unquoted fixed income securities – local		<u>521,720</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	58,564	142,480
Deposit with a licensed financial institution	-	312,296
	<u>58,564</u>	<u>454,776</u>

Weighted average effective interest rates per annum of deposit with a licensed financial institution are as follows:

	<u>2020</u> %	<u>2019</u> %
Deposit with a licensed financial institution	-	3.05

Deposit with a licensed financial institution has an average maturity of Nil day (2019: 2 days).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	27,797,000	38,357,000
Creation of units arising from applications during the financial year	1,082,517	843,000
Creation of units arising from distribution during the financial year	1,474,483	-
Cancellation of units during the financial year	(12,887,000)	(11,403,000)
At the end of the financial year	<u>17,467,000</u>	<u>27,797,000</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS

(i) Details of transactions with the top 10 brokers/dealers for the financial year ended 30 November 2020:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CLSA Ltd (Hong Kong)	10,493,183	13.14	24,775	10.34
PT CIMB Securities Indonesia	7,838,297	9.81	23,541	9.82
CIMB Bank Bhd	7,700,562	9.64	21,543	8.99
Affin Hwang Investment Bank Bhd*	7,056,975	8.83	23,437	9.78
Macquarie Bank Ltd	6,807,160	8.52	21,414	8.93
Pt Mandiri Sekuritas	6,163,822	7.72	26,584	11.09
CITI Group Global Market Ltd	5,966,871	7.47	14,754	6.16
Merrill Lynch International Ltd	4,174,090	5.23	12,873	5.37
DBS Vickers Securities (Singapore) Pte Ltd	3,695,010	4.63	11,950	4.99
Credit Suisse Securities (Malaysia) Sdn Bhd	2,519,841	3.15	8,876	3.70
Others	17,460,224	21.86	49,921	20.83
	<u>79,876,035</u>	<u>100.00</u>	<u>239,668</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers/dealers for the financial year ended 30 November 2019:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CLSA Ltd (Hong Kong)	7,274,507	17.06	16,206	17.75
Macquarie Bank Ltd (Hong Kong)	5,601,385	13.13	5,611	6.15
Affin Hwang Investment Bank Bhd*	4,458,413	10.45	11,165	12.23
Merrill Lynch International Ltd	4,271,118	10.02	12,813	14.04
CIMB Securities (Singapore) Pte Ltd.	3,077,412	7.22	7,694	8.43
CLSA Singapore Pte Ltd.	2,941,340	6.90	4,643	5.09
PT CIMB Securities Indonesia	2,685,856	6.30	5,054	5.54
PT Mandiri Sekuritas	1,893,958	4.44	5,682	6.22
Euroclear Bank S.A.	1,322,345	3.10	-	-
CGS - CIMB Securities Sdn Bhd	1,250,266	2.93	2,285	2.50
Others#	7,869,128	18.45	20,136	22.05
	<u>42,645,728</u>	<u>100.00</u>	<u>91,289</u>	<u>100.00</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

\* Included in transactions with brokers and dealers are trades with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting to RM7,056,975 (2019: RM4,458,413). The Manager is of the opinion that all transactions with the related compaies have been entered into in the normal course of business at agreed terms between the related parties.

# 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>Name of brokers/dealers</u>	<u>2020</u> RM	<u>2019</u> RM
RHB Investment Bank Berhad	-	506,285

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

	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Flexible Maturity Income Fund 5	-	506,285

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

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad (“ABB”)	Ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager as disclosed in its financial statements

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

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

	2020		2019	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,019	1,612	3,248	1,807

#### 13 MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	2.28	2.08

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM11,888,440 (2019: RM18,823,106).

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

	<u>2020</u>	<u>2019</u>
PTR (times)	3.37	1.13

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 = RM36,749,322 (2019: RM22,117,757)  
total disposal for the financial year = RM43,369,368 (2019: RM20,295,581)

#### 15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook 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 the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **STATEMENT BY THE MANAGER**

I, 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 as the Manager, the financial statements set out on pages 1 to 41 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 November 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 2020 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**

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

Kuala Lumpur  
15 January 2021

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG ASEAN FLEXI FUND

### REPORT ON THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Affin Hwang ASEAN Flexi Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 November 2020, and of its financial performance and its cash flows for the 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 November 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 41.

#### Basis for opinion

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

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

#### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ 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 ASEAN FLEXI FUND (CONTINUED)**

**REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)**

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal 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 has no realistic alternative but to do so.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG ASEAN FLEXI FUND (CONTINUED)

### REPORT ON 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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 January 2021

## **DIRECTORY OF SALES OFFICE**

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