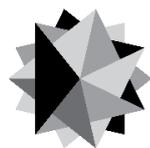


Affin Hwang

ASEAN Flexi Fund

Interim Report
31 May 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

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 May 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 of the Fund

BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 MAY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	80	196
5,001 to 10,000	48	363
10,001 to 50,000	104	2,256
50,001 to 500,000	36	5,363
500,001 and above	8	14,645
Total	276	22,823

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 May 2020 (%)	As at 31 May 2019 (%)	As at 31 May 2018 (%)
Portfolio Composition			
Quoted equities – local			
- Construction	-	2.08	-
- Energy	-	2.83	-
- Consumer product and services	1.60	-	1.41
- Financial services	3.81	3.10	6.85
- Healthcare	2.16	-	-
- Utilities	3.68	4.25	-
- Industrial product and services	1.68	-	5.03
- Technology	1.98	-	3.15
- Telecommunications & Media	-	1.80	-
- Warrant	1.28	-	-
- Trading / Services	-	-	10.27
Total quoted equities – local	16.19	14.06	26.71
Quoted equities – foreign			
- Basic materials	-	-	2.25
- Consumer goods	6.00	5.32	8.06
- Consumer services	-	14.34	9.42
- Financials	38.52	26.39	21.88
- Healthcare	1.76	3.58	-
- Industrials	11.23	9.75	13.33
- Oil & gas	1.44	1.98	8.57
- Technology	9.24	2.07	4.60
- Telecommunications	4.16	-	0.56
Total quoted equities – foreign	72.35	63.43	68.67
Unquoted fixed income securities – foreign	-	-	2.98
Unquoted fixed income securities – local	-	2.69	-
Collective investment scheme - foreign	7.73	1.05	-
Cash & cash equivalent	3.73	18.77	1.64
Total	100.00	100.00	100.00
Total NAV (RM'million)	11.718	19.133	27.056
NAV per Unit (RM)	0.5134	0.5568	0.5852
Unit in Circulation (million)	22.826	34.360	46.231
Highest NAV	0.5605	0.5717	0.6386
Lowest NAV	0.4159	0.5344	0.5833
Return of the fund ⁱⁱⁱ (%)	-7.74	2.90	-1.55
- Capital Return ⁱ (%)	-7.74	2.90	-1.55
- Income Return ⁱⁱ (%)	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) ¹	1.13	1.05	1.09
Portfolio Turnover Ratio (times) ²	1.87	0.68	0.72

¹ The Fund's MER was higher than previous year due to lower average net asset value of the Fund during the financial review.

² The Fund's PTR was higher than previous year due to the higher trading activities for the financial year.

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

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split was declared for the financial period ended 31 May 2020.

Performance Review

For the period under review from 1 December 2019 to 31 May 2020, the Fund registered a -7.74% return compared to the benchmark return of -7.85%. The Fund thus outperformed the Benchmark by 0.11%. The Net Asset Value ("NAV") per unit of the Fund as at 31 May 2020 was RM0.5134 compared to its NAV per unit as at 30 November 2019 was RM0.5565.

Since its inception to 31 May 2020, the Fund has registered a return of 10.49%. Compared to the benchmark of 33.48% for the same period, the Fund underperformed the Benchmark by 22.99 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Given the performance during the period under review, we believe the Fund's objective to provide investors with capital appreciation and regular income over the medium to long-term period is not met. Nevertheless, we will strive to manage the Fund in a manner to fulfil its objective.

Table 1: Performance of the Fund

	6 Months (1/12/19 - 31/5/20)	1 Year (1/6/19 - 31/5/20)	3 Years (1/6/17 - 31/5/20)	5 Years (1/6/15 - 31/5/20)	Since Commencement (29/9/14 - 31/5/20)
Fund	(7.74%)	(7.79%)	(2.45%)	3.21%	10.49%
Benchmark	(7.85%)	(5.83%)	0.37%	22.33%	33.48%
Outperformance / (Underperformance)	0.11%	(1.96%)	(2.82%)	(19.12%)	(22.99%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/6/19 - 31/5/20)	3 Years (1/6/17 - 31/5/20)	5 Years (1/6/15 - 31/5/20)	Since Commencement (29/9/14 - 31/5/20)
Fund	(7.79%)	(0.82%)	0.63%	1.77%
Benchmark	(5.83%)	0.12%	4.11%	5.22%
Outperformance / (Underperformance)	(1.96%)	(0.94%)	(3.48%)	(3.45%)

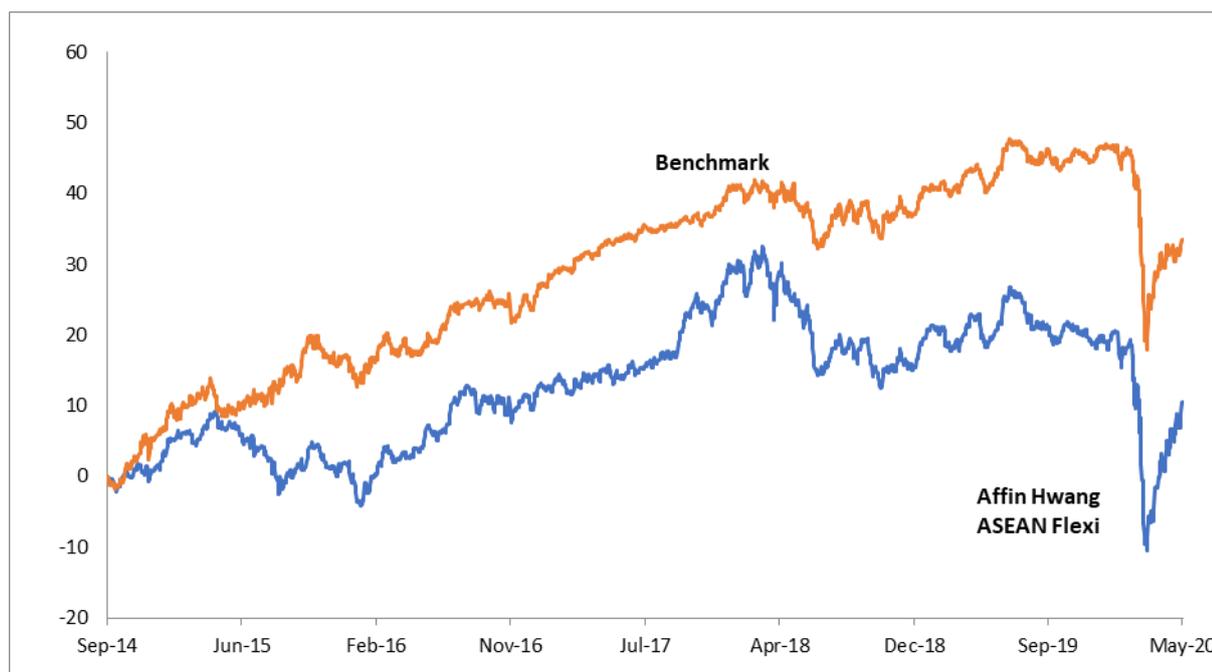
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2019 (01/12/18 - 30/11/19)	FYE 2018 (01/12/17 - 30/11/18)	FYE 2017 (01/12/16 - 30/11/17)	FYE 2016 (01/12/15 - 30/11/16)	FYE 2015 (29/9/14 - 30/11/15)
Fund	2.85%	(5.56%)	11.45%	9.52%	1.02%
Benchmark	4.95%	1.01%	11.05%	6.05%	16.10%
Outperformance / (Underperformance)	(2.10%)	(6.57%)	0.40%	3.47%	(15.08%)

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

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

Asset Allocation

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

As at 31 May 2020, the asset allocation of the Fund stood at 88.54% in equities, 7.73% in foreign collective investment scheme while the balance was held in cash and cash equivalent. During the period under review, no significant changes have been made to the Fund's portfolio. The Manager had increased its exposure in domestic equities by 2.13 percentage points where names within consumer, industrials, technology, healthcare space were added. Meanwhile within the foreign equities space, the Manager had stripped off exposures to consumer services and added telecommunication sector into the portfolio. Most of the sector exposures within the foreign equities space were increased. On top of that, collective investment scheme were added by 6.68% into the portfolio. Overall, the investment level of the Fund's portfolio had increased to

96.27% from 81.23% a year ago, while cash levels had decreased to just 3.73% due to purchase of securities.

Strategies Employed

With the return of volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation, deploying into domestic-driven sectors that are less directly impacted from trade tariffs. As the sell-down accelerated, we took a view that the correction was overdone, where we then deployed into the market with a focus on quality.

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 Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. 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 even lower in February 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. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCI Asia ex-Japan index fell 2.9%.

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 and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

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 by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

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.

On commodities, crude oil prices slid 8.0% in April as production cuts agreed by OPEC+ disappointed markets. The supply cuts were unlikely to be sufficient to mitigate the sharp collapse in demand which has also seen depleting storage space in the industry.

On the domestic front, the benchmark KLCI fell by 3% in February as 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.

In May, the benchmark KLCI rose 4.7% buoyed by positive sentiment and surge in momentum. Retail investors have piled into the local stock market as trading volumes reach new highs. Malaysia released its first quarterly GDP print. Malaysia's economic growth slowed to 0.7% in the 1Q2020 which is its slowest

pace of growth since 2009. Most sectors of the economy contracted except for private consumption which was likely supported by additional spending during the Chinese New Year festivities.

Moving into the 2Q2020, economic growth will likely come off even more sharply as the quarter captures the full impact of the movement control order (“MCO”) period where most businesses were temporarily shuttered. Against a challenging backdrop for the economy, the full year GDP growth forecast is expected to shrink between -5.0% and 0.7% in 2020.

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.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country’s coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Recent placement exercises by Tenaga Nasional Bhd (“TNB”) and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

Investment Outlook

Economic lockdowns have triggered a rapid and sharp decline in growth. It may take time for the global economy and corporates to recover back to pre-COVID-19 levels. Though, massive stimulus from central banks and governments will help alleviate economic pain.

Although the number of daily new cases may rise again as economies re-open, we are seeing a number of positive developments that may help prevent infection and mortality rates from rising back to its peak in March/April for many countries. The general public is much more careful now by wearing masks in public areas and maintaining hygiene as they adapt to a new normal. Thus, behavioural changes within society can help to stem the spread of infection.

The supply of masks and PPEs are also much higher today than a few months ago as manufacturers increase production to meet demand. Hospitals and medical facilities are also much more prepared after increasing ICU beds and ventilators. Governments have also ramped-up contact tracing capabilities that will help in the process of reopening economies. The research and development process to find a cure is also gathering pace with a number of vaccines already in Phase 3 trials. With a better medical arsenal to combat against the pandemic, expectations are that the second wave will not result in higher mortality rates unlike past pandemics.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

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

We have acted as Trustee of Affin Hwang ASEAN Flexi Fund (the "Fund") for the financial period ended 31 May 2020. To the best of our knowledge, for the financial period under review, Affin Hwang Asset Management Berhad ("the Manager") has operated and managed the Fund in accordance with the following:

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

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
15 July 2020

AFFIN HWANG ASEAN FLEXI FUND

UNAUDITED INTERIM FINANCIAL STATEMENT

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020

AFFIN HWANG ASEAN FLEXI FUND

UNAUDITED INTERIM FINANCIAL STATEMENT

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020

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AFFIN HWANG ASEAN FLEXI FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020

	<u>Note</u>	6 months financial period ended <u>31.5.2020</u> RM	6 months financial period ended <u>31.5.2019</u> RM
INVESTMENT (LOSS)/INCOME			
Dividend income		223,950	314,820
Interest income from financial assets at fair value through profit or loss		7,222	22,831
Interest income from financial assets at amortised cost		3,294	13,337
Net loss on foreign currency exchange		(70,487)	(88,461)
Net (loss)/gain on financial assets at fair value through profit or loss	7	(1,084,782)	653,656
		<u>(920,803)</u>	<u>916,183</u>
EXPENSES			
Management fee	4	(121,509)	(177,992)
Trustee fee	5	(4,071)	(6,037)
Auditors' remuneration		(4,500)	(4,488)
Tax agent's fee		(1,750)	(1,745)
Transaction costs		(152,445)	(85,052)
Other expenses		(46,642)	(47,380)
		<u>(330,917)</u>	<u>(322,694)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(1,251,720)	593,489
Taxation	6	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(1,251,720)</u>	<u>593,489</u>
Net (loss)/ profit after taxation is made up of the following:			
Realised amount		(1,514,491)	468,707
Unrealised amount		262,771	124,782
		<u>(1,251,720)</u>	<u>593,489</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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	8	720,268	2,662,956
Dividend receivables		34,437	32,687
Amount due from brokers		237,699	1,326,967
Amount due from Manager			
- creation of units		5,059	-
Financial assets at fair value through profit or loss	7	11,281,429	15,541,263
TOTAL ASSETS		<u>12,278,892</u>	<u>19,563,873</u>
LIABILITIES			
Amount due to Manager			
- management fee		18,519	29,324
- cancellation of units		52,140	8,892
Amount due to Trustee		617	977
Amount due to brokers		465,060	368,622
Auditors' remuneration		4,500	4,488
Tax agent's fee		9,450	9,646
Other payables and accruals		10,432	9,225
TOTAL LIABILITIES		<u>560,718</u>	<u>431,174</u>
NET ASSET VALUE OF THE FUND		<u>11,718,174</u>	<u>19,132,699</u>
EQUITY			
Unitholders' capital		4,488,618	10,755,466
Retained earnings		7,229,556	8,377,233
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>11,718,174</u>	<u>19,132,699</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>22,826,000</u>	<u>34,360,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5134</u>	<u>0.5568</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

UNAUDITED INTERIM STATEMENT OF CHANGES OF EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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 loss for the financial period	-	(1,251,720)	(1,251,720)
Movement in unitholders' capital:			
Creation of units arising from applications	221,396	-	221,396
Cancellation of units	(2,719,299)	-	(2,719,299)
Balance as at 31 May 2020	<u>4,488,618</u>	<u>7,229,556</u>	<u>11,718,174</u>
Balance as at 1 December 2018	12,971,580	7,783,744	20,755,324
Total comprehensive income for the financial period	-	593,489	593,489
Movement in unitholders' capital:			
Creation of units arising from applications	342,334	-	342,334
Cancellation of units	(2,558,448)	-	(2,558,448)
Balance as at 31 May 2019	<u>10,755,466</u>	<u>8,377,233</u>	<u>19,132,699</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

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020

	<u>Note</u>	6 months financial period ended <u>31.5.2020</u> RM	6 months financial period ended <u>31.5.2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		25,713,388	11,948,734
Purchase of investments		(23,047,922)	(15,147,650)
Dividends received		225,366	257,278
Interest received		20,567	37,698
Management fee paid		(126,226)	(178,885)
Trustee fee paid		(4,229)	(6,067)
Payment for other fees and expenses		(207,913)	(113,176)
Net realised foreign currency exchange gain/(loss)		146,035	(25,318)
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		2,719,066	(3,227,386)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		216,337	342,334
Payments for cancellation of units		(2,667,159)	(2,552,783)
		<hr/>	<hr/>
Net cash used in financing activities		(2,450,822)	(2,210,449)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		268,244	(5,437,835)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(2,752)	7,715
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		454,776	8,093,076
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8	<u>720,268</u>	<u>2,662,956</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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

(a) Standards and amendments to existing standards effective 1 December 2019:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 December 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 December 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 December 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Dividend income

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

Interest income

Interest income from short term deposit 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).

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

Realised gains and losses on sale of investments

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

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

C TRANSACTION COSTS

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

D TAXATION

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F 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 remeasured. 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 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

(ii) Recognition and measurement

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

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

Financial assets are 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 period which they arise.

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(ii) Recognition and measurement

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 period 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.

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

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

Unquoted fixed income securities denominated in foreign currencies are revalued at least twice a week by reference to the mid-price quoted in Bloomberg. We use 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.

Investment in collective investment schemes is valued at the last published NAV per unit at the date of the statement of financial position.

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.

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

The Fund write 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.

H CASH AND CASH EQUIVALENTS

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

I AMOUNT DUE FROM/(TO) BROKERS

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

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

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

J UNITHOLDERS' CAPITAL

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

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

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

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

Estimates and 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 judgment to be exercised.

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

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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 as amended by the Supplemental Deed dated 5 November 2014.

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

The Fund may invest in any of the following 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;
- (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 July 2020.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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>				
Quoted equities	7	-	10,375,159	10,375,159
Collective investment scheme	7	-	906,270	906,270
Cash and cash equivalents	8	720,268	-	720,268
Dividend receivables		34,437	-	34,437
Amount due from brokers		237,699	-	237,699
Amount due from Manager - creation of units		5,059	-	5,059
Total		<u>997,463</u>	<u>11,281,429</u>	<u>12,278,892</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		18,519	-	18,519
- cancellation of units		52,140	-	52,140
Amount due to brokers		465,060	-	465,060
Amount due to Trustee		617	-	617
Auditors' remuneration		4,500	-	4,500
Tax agent's fee		9,450	-	9,450
Other payables and accruals		10,432	-	10,432
Total		<u>560,718</u>	<u>-</u>	<u>560,718</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial assets</u>				
Quoted equities	7	-	14,825,234	14,825,234
Unquoted fixed income securities	7	-	515,082	515,082
Collective investment scheme	7	-	200,947	200,947
Cash and cash equivalents	8	2,662,956	-	2,662,956
Dividend receivable		32,687	-	32,687
Amount due from brokers		1,326,967	-	1,326,967
Total		<u>4,022,610</u>	<u>15,541,263</u>	<u>19,563,873</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		29,324	-	29,324
- cancellation of units		8,892	-	8,892
Amount due to brokers		368,622	-	368,622
Amount due to Trustee		977	-	977
Auditors' remuneration		4,488	-	4,488
Tax agent's fee		9,646	-	9,646
Other payables and accruals		9,225	-	9,225
Total		<u>431,174</u>	<u>-</u>	<u>431,174</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.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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
Quoted investments		
Quoted equities	10,375,159	14,825,234
Collective investment scheme	906,270	200,947
	<u>11,281,429</u>	<u>15,026,181</u>
Unquoted investments		
Unquoted fixed income securities*	-	515,082
	<u>-</u>	<u>515,082</u>

* Includes interest receivable RMNil (2019: RM9,527).

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") 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 and unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2020</u>		
-10%	10,717,358	(1,128,143)
0%	11,281,429	-
+10%	11,845,500	1,128,143
	<u>11,281,429</u>	<u>1,128,143</u>
<u>2019</u>		
-5%	14,755,149	(776,587)
0%	15,531,736	-
+5%	16,308,323	776,587
	<u>15,531,736</u>	<u>776,587</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income securities 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.

<u>% change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2020</u>	<u>2019</u>
	RM	RM
+ 1%	-	(882)
- 1%	-	884

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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>Collective investment scheme</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividend receivable</u> RM	<u>Total</u> RM
<u>2020</u>					
<u>Financial assets</u>					
Hong Kong Dollar	-	-	1,193	-	1,193
Indonesia Rupiah	1,985,732	-	-	-	1,985,732
Singapore Dollar	4,903,969	-	237,959	13,722	5,155,650
Thailand Baht	1,587,554	906,270	-	20,715	2,514,539
United States Dollar	-	-	426,914	-	426,914
	<u>8,477,255</u>	<u>906,270</u>	<u>666,066</u>	<u>34,437</u>	<u>10,084,028</u>
				<u>Amount due to broker</u> RM	<u>Total</u> RM
<u>Financials liabilities</u>					
Indonesia Rupiah				235,582	235,582
Thailand Baht				171,597	171,597
				<u>407,179</u>	<u>407,179</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> RM	<u>Collective investment scheme</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
Indonesia Rupiah	2,867,102	-	38,650	659,582	3,565,334
Philippines Peso	1,295,425	-	-	-	1,295,425
Singapore Dollar	3,211,395	-	17,107	10,354	3,238,856
Thailand Baht	4,762,189	200,947	(609,488)	689,718	5,043,366
United States Dollar	-	-	1,890,145	-	1,890,145
	<u>12,136,111</u>	<u>200,947</u>	<u>1,336,481</u>	<u>1,359,654</u>	<u>15,033,193</u>

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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 10% (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 (decrease)/increase in the net assets attributable to unitholders by approximately 10% (2019: 5%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>2020</u>		
Hong Kong Dollar	+/- 10	+/- 119
Indonesia Rupiah	+/- 10	+/- 175,015
Singapore Dollar	+/- 10	+/- 515,565
Thailand Baht	+/- 10	+/- 234,294
United States Dollar	+/- 10	+/- 42,691
<u>2019</u>		
Hong Kong Dollar	+/- 5	+/- 3
Indonesia Rupiah	+/- 5	+/- 178,267
Philippines Peso	+/- 5	+/- 64,771
Singapore Dollar	+/- 5	+/- 161,943
Thailand Baht	+/- 5	+/- 252,168
United States Dollar	+/- 5	+/- 94,507

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Credit risk

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

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

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 Securities Commission's Guidelines on Unit Trust Funds.

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

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

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>			
Consumer product and services			
- NR	-	47,457	47,457
Finance			
- AA1	720,268	-	720,268
- NR	-	41,462	41,462
Plantation			
- NR	-	151,533	151,533
Technology			
- NR	-	31,684	31,684
Other			
- NR	-	5,059	5,059
	<u>720,268</u>	<u>277,195</u>	<u>997,463</u>

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Credit risk (continued)

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	<u>Total</u> RM
<u>2019</u>				
Customer services				
- NR	-	-	7,101	7,101
Finance				
- AA1	-	1,751,670	-	1,751,670
- AAA	-	911,286	-	911,286
- NR	515,082	-	662,835	1,177,917
Industrials				
- NR	-	-	689,718	689,718
	<u>515,082</u>	<u>2,662,956</u>	<u>1,359,654</u>	<u>4,537,692</u>

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	18,519	-	18,519
- cancellation of units	52,140	-	52,140
Amount due to Trustee	617	-	617
Amount due to brokers	465,060	-	465,060
Auditors' remuneration	-	4,500	4,500
Tax agent's fee	-	9,450	9,450
Other payables and accruals	-	10,432	10,432
	<u>536,336</u>	<u>24,382</u>	<u>560,718</u>
<u>2019</u>			
Amount due to Manager			
- management fee	29,324	-	29,324
- cancellation of units	8,892	-	8,892
Amount due to Trustee	977	-	977
Amount due to brokers	368,622	-	368,622
Auditors' remuneration	-	4,488	4,488
Tax agent's fee	-	9,646	9,646
Other payables and accruals	-	-	-
	<u>407,815</u>	<u>23,359</u>	<u>431,174</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is 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 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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	10,375,159	-	-	10,375,159
- collective investment scheme	906,270	-	-	906,270
	<u>11,281,429</u>	<u>-</u>	<u>-</u>	<u>11,281,429</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	14,825,234	-	-	14,825,234
- unquoted fixed income securities	-	515,082	-	515,082
- collective investment scheme	200,947	-	-	200,947
	<u>15,026,181</u>	<u>515,082</u>	<u>-</u>	<u>15,541,263</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 and forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

4 MANAGEMENT FEE

In accordance with the Deed, 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 6 months financial period ended 31 May 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 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'S FEE

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

For the 6 months financial period ended 31 May 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 as stated in Fund's Prospectus.

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

6 TAXATION

	6 months financial period ended <u>31.5.2020</u> RM	6 months financial period ended <u>31.5.2019</u> RM
Current taxation – foreign	-	-

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

6 TAXATION (CONTINUED)

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

	6 months financial period ended <u>31.5.2020</u> RM	6 months financial period ended <u>31.5.2019</u> RM
Net (loss)/profit before taxation	(1,251,720)	593,489
Tax at Malaysian statutory rate of 24% (2019: 24%)	(300,413)	142,437
Tax effects of:		
Investment loss not brought to tax/ (investment income not subject to tax)	220,993	(219,884)
Expenses not deductible for tax purposes	49,058	33,113
Restriction on tax deductible expenses for Unit Trust Fund	30,362	44,334
Tax expense	-	-

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
Designated at fair value through profit or loss at inception		
- quoted equities – local	1,897,904	2,689,123
- quoted equities – foreign	8,477,255	12,136,111
- unquoted fixed income securities – local	-	515,082
- collective investment scheme – foreign	906,270	200,947
	<u>11,281,429</u>	<u>15,541,263</u>
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised (loss)/gain on sale of investments	(1,350,305)	536,295
- unrealised gain on changes in fair value	265,523	117,361
	<u>(1,084,782)</u>	<u>653,656</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Quoted equities – local

(i) Quoted equities – local as at 31 May 2020 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer product and services</u>				
InNature Bhd	500,000	320,000	187,500	1.60
<u>Financial Services</u>				
Bursa Malaysia Berhad	30,000	162,605	229,500	1.96
Malayan Banking Bhd	29,000	250,635	216,920	1.85
	59,000	413,240	446,420	3.81
<u>Healthcare</u>				
IHH Healthcare Bhd	36,000	200,441	195,480	1.67
Supermax Corp Bhd	7,500	57,711	57,750	0.49
	43,500	258,152	253,230	2.16
<u>Industrial product and services</u>				
Sunway Berhad	147,200	257,831	197,248	1.68
<u>Technology</u>				
GHL Systems Bhd	128,100	177,850	231,861	1.98
<u>Utilities</u>				
Mega First Corp Bhd	65,900	290,701	431,645	3.68
<u>Warrant</u>				
Tenaga Nasional Bhd	500,000	148,350	150,000	1.28
Total quoted equities – local	1,443,700	1,866,124	1,897,904	16.19
Accumulated unrealised gain on quoted equities – local		31,780		
Total quoted equities – local		1,897,904		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 May 2019 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u> Gamuda Bhd	115,200	397,660	397,440	2.08
<u>Energy</u> Dialog Group Bhd	163,500	489,757	541,185	2.83
<u>Financial Services</u> Public Bank Bhd	25,100	588,820	592,360	3.10
<u>Telecommunications & Media</u> Axiata Group Bhd	74,000	339,909	344,100	1.80
<u>Utilities</u> Tenaga Nasional Bhd	64,300	838,584	814,038	4.25
Total quoted equities – local	442,100	2,654,730	2,689,123	14.06
Accumulated unrealised gain on quoted equities – local		34,393		
Total quoted equities – local		2,689,123		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 May 2020 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Indonesia</u>				
<u>Consumer Goods</u>				
Astra International Tbk PT	349,200	370,579	493,172	4.21
<u>Financial</u>				
Bank Central Asia Tbk PT	130,600	962,861	1,005,537	8.58
<u>Telecommunications</u>				
Telekomunikasi Indonesia	521,100	488,195	487,023	4.16
<u>Singapore</u>				
<u>Financials</u>				
Ascendas Real Estate InvTrust	37,700	319,174	361,588	3.09
DBS Group Holdings Ltd	9,900	599,404	592,238	5.05
Frasers Centrepoint Trust	89,100	554,171	662,844	5.66
Keppel DC REIT	146,800	947,476	1,155,271	9.86
Mapletree Logistics Trust	30,000	148,236	188,135	1.61
Singapore Exchange Limited	21,500	572,682	547,251	4.67
	335,000	3,141,143	3,507,327	29.94
<u>Industrials</u>				
UMS Holdings Ltd	114,100	319,363	313,926	2.68
<u>Technology</u>				
AEM Holdings Ltd	115,100	651,051	1,082,716	9.24
<u>Thailand</u>				
<u>Consumer Goods</u>				
TOA Paint Thailand PCL	43,600	199,588	209,796	1.79
<u>Healthcare</u>				
Bangkok Dusit Medical Services	67,500	191,776	206,397	1.76

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 May 2020 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial</u>				
Airports of Thailand PCL	118,900	906,105	1,002,237	8.55
<u>Oil and gas</u>				
PTT PCL	34,900	171,134	169,124	1.44
Total quoted equities – foreign	1,830,000	7,401,795	8,477,255	72.35
Accumulated unrealised gain on quoted equities – foreign		1,075,460		
Total quoted equities – foreign		8,477,255		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 May 2019 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Indonesia</u>				
<u>Consumer Services</u>				
ACE Hardware Indonesia Tbk PT	1,072,400	518,528	544,516	2.85
Blue Bird Tbk PT	840,800	742,172	727,986	3.80
Matahari Department Store Tbk	387,000	425,796	425,942	2.23
	<u>2,300,200</u>	<u>1,686,496</u>	<u>1,698,444</u>	<u>8.88</u>
<u>Financials</u>				
Bank Central Asia Tbk PT	87,100	559,912	743,269	3.88
BFI Finance Indonesia Tbk PT	123,000	25,052	22,924	0.12
	<u>210,100</u>	<u>584,964</u>	<u>766,193</u>	<u>4.00</u>
<u>Industrials</u>				
PT United Tractors Tbk	54,200	417,145	402,465	2.10
<u>Philippines</u>				
<u>Consumer Goods</u>				
Century Pacific Food Inc	322,450	385,868	378,034	1.98
<u>Financials</u>				
BDO Unibank Inc	83,330	793,116	917,391	4.79
<u>Singapore</u>				
<u>Financials</u>				
DBS Group Holdings Ltd	12,671	975,829	935,338	4.89
OCBC Corp Ltd	14,800	521,443	475,800	2.49
United Overseas Bank Ltd	17,600	1,389,192	1,257,964	6.57
	<u>45,071</u>	<u>2,886,464</u>	<u>2,669,102</u>	<u>13.95</u>
<u>Industrials</u>				
Venture Corp Ltd	11,800	616,562	542,293	2.83

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 May 2019 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Thailand</u>				
<u>Consumer Goods</u>				
Charoen Pokphand Foods PCL Depository Receipt	175,000	535,016	638,320	3.34
<u>Consumer Services</u>				
CP ALL PCL	99,000	861,902	1,043,927	5.46
<u>Financials</u>				
Central Pattana PCL	50,700	452,859	479,138	2.50
Supalai Public Co Ltd	74,200	179,499	219,471	1.15
	124,900	632,358	698,609	3.65
<u>Healthcare</u>				
Bangkok Dusit Medical Services	202,500	637,807	684,910	3.58
<u>Industrials</u>				
Airports of Thailand PCL	109,500	739,332	922,265	4.82
<u>Oil & Gas</u>				
PTT PCL	61,700	380,485	378,499	1.98
<u>Technology</u>				
Digital Telecomm Infra Fund	190,000	400,344	395,659	2.07
Total quoted equities – foreign	3,989,751	11,557,859	12,136,111	63.43
Accumulated unrealised gain on quoted equities – foreign		578,252		
Total quoted equities – foreign		12,136,111		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

7 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 31 May 2020

(ii) Unquoted fixed income securities – local as at 31 May 2019 are as follows:

<u>Name of issuers</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
Eco World Capital Assets Bhd 6.5% (12.08.2022)	500,000	515,518	515,082	2.69
Total unquoted fixed income securities – local	<u>500,000</u>	<u>515,518</u>	<u>515,082</u>	<u>2.69</u>
Accumulated unrealised loss on unquoted fixed income securities – local		(436)		
Total unquoted fixed income securities – local		<u>515,082</u>		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

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

(d) Collective investment scheme – foreign

(i) Collective investment schemes – foreign as at 31 May 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Jasmine Broadband Internet Infrastructure Fund	702,545	946,292	906,270	7.73
Total collective investment scheme – foreign	<u>702,545</u>	<u>946,292</u>	<u>906,270</u>	<u>7.73</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(40,022)</u>		
Total unquoted fixed income securities – foreign		<u>906,270</u>		

(ii) Collective investment schemes – foreign as at 31 May 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Jasmine Broadband Internet Infrastructure Fund	150,000	202,937	200,947	1.05
Total collective investment scheme – foreign	<u>150,000</u>	<u>202,937</u>	<u>200,947</u>	<u>1.05</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(1,990)</u>		
Total unquoted fixed income securities – foreign		<u>200,947</u>		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	720,506	1,751,670
Deposits with licensed financial institutions	-	911,286
	<u>720,506</u>	<u>2,662,956</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	-	3.00

Deposits with licensed financial institutions of the Fund have an average maturity of Nil days (2019: 3 days).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial period ended	27,797,000	38,357,000
Creation of units arising from applications during the financial period	428,000	624,000
Cancellation of units during the financial period	<u>(5,399,000)</u>	<u>(4,621,000)</u>
At the end of the financial period	<u>22,826,000</u>	<u>34,360,000</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

10 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transactions with the top 10 brokers and dealers for 6 months financial period ended 31 May 2020 are as follow:

<u>Name of brokers/dealer</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
PT Mandiri Sekuritas	5,306,362	10.72	15,919	14.31
Macquarie Bank Ltd (Hong Kong)	5,094,750	10.29	9,615	8.64
CIMB Securities (Singapore) Pte. Ltd	4,963,607	10.03	11,880	10.68
Affin Hwang Investment Bank Bhd*	4,519,022	9.13	11,401	10.25
PT CIMB Securities Indonesia	3,855,911	7.79	7,256	6.52
CLSA Ltd (Hong Kong)	3,222,011	6.51	4,560	4.10
Citigroup Global Markets Ltd	2,961,272	5.98	5,923	5.33
CLSA Singapore Pte Ltd	2,792,573	5.64	3,426	3.08
DBS Vickers Securities (Singapore) Pte. Ltd	2,719,904	5.49	7,394	6.65
Merrill Lynch International Ltd	2,236,447	4.52	6,709	6.03
Others#	11,830,797	23.90	27,146	24.41
	<u>49,502,656</u>	<u>100.00</u>	<u>111,229</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers and dealers for 6 months financial period ended 31 May 2019 are as follow:

<u>Name of brokers/dealer</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
CLSA Ltd (Hong Kong)	3,963,609	14.08	11,446	13.46
CIMB Securities (Singapore) Pte Ltd.	3,077,412	10.93	8,232	9.68
Merrill Lynch International Ltd	3,007,892	10.68	9,276	10.91
Affin Hwang Investment Bank Bhd*	2,763,924	9.82	9,961	11.71
PT Cimb Securities Indonesia	2,440,870	8.67	7,691	9.04
Macquarie Bank Ltd (Hong Kong)	2,290,507	8.14	7,464	8.77
CLSA Singapore Pte Ltd.	2,108,351	7.49	4,566	5.37
PT Mandiri Sekuritas	1,893,959	6.73	7,745	9.11
Euroclear Bank S.A / N.V	1,322,345	4.70	-	-
CIMB Investment Bank Bhd	850,110	3.02	2,250	2.64
Others#	4,429,798	15.74	16,421	19.31
	<u>28,148,777</u>	<u>100.00</u>	<u>85,052</u>	<u>100.00</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

10 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

* Included in transactions with brokers and dealers are trades with Affin Hwang Investment Bank Berhad, company related to the Manager amounting to RM4,519,022 (2019: RM2,763,924). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

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

	<u>2020</u> RM	<u>2019</u> RM
<u>Name of brokers and dealers</u>		
RHB Investment Bank Bhd	515,645	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
Affin Hwang Flexible Maturity Income Fund 17	515,645	-
	<u>515,645</u>	<u>506,285</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

11 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
AXA Affin Life Insurance Bhd	Subsidiaries and associated companies of ABB as disclosed in its financial statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

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

	<u>2020</u>		<u>2019</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management (The units are held legally for booking purposes)	2,188	1,123	2,910	1,620

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>31.5.2020</u> %	6 months financial period ended <u>31.5.2019</u> %
MER	<u>1.13</u>	<u>1.05</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM13,570,116 (2019: RM20,172,957).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>31.5.2020</u>	6 months financial period ended <u>31.5.2019</u>
PTR (times)	<u>1.87</u>	<u>0.68</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM23,345,573 (2019: RM14,986,893)
total disposal for the financial period = RM27,513,124 (2019: RM12,625,589)

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 2020 (CONTINUED)

14 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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 of the Manager, the financial statements set out on pages 1 to 40 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 May 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 May 2020 in accordance with Malaysia 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 July 2020

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