

Affin Hwang

ASEAN Flexi Fund

Annual Report
30 November 2019

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 2019

Contents	Page
FUND INFORMATION	2
FUND PERFORMANCE DATA	3
MANAGER'S REPORT	5
TRUSTEE'S REPORT	8
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11
STATEMENT OF CASH FLOW	12
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13
NOTES TO THE FINANCIAL STATEMENTS	23
STATEMENT BY THE MANAGER	53
AUDITORS' REPORT	54
DIRECTORY OF SALES OFFICE	58

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 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	84	208
5,001 to 10,000	55	410
10,001 to 50,000	111	2,497
50,001 to 500,000	42	6,096
500,001 and above	10	18,583
Total	302	27,794

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Nov 2019 (%)	As at 30 Nov 2018 (%)	As at 30 Nov 2017 (%)
Portfolio composition			
Quoted equities – local			
- Energy	2.51	0.99	-
- Finance	-	-	2.78
- Financial services	4.33	2.46	-
- Industrial products	-	-	6.08
- Industrial products & services	-	1.30	-
- Properties	-	-	1.60
- REITs	2.39	-	-
- Technology	2.12	0.82	8.54
- Trading / services	-	-	3.78
- Utilities	3.14	-	-
Total quoted equities – local	14.49	5.57	22.78
Quoted equities – foreign			
- Banks	-	-	15.45
- Consumer goods	4.90	4.62	3.40
- Consumer services	11.00	12.00	12.65
- Financials	40.70	27.15	-
- Financial services	-	-	1.62
- Healthcare	4.45	-	-
- Industrials	3.79	7.42	10.84
- Oil & gas	3.29	1.02	5.04
- Real estate	-	1.08	14.65
- Technology	10.34	-	1.07
- Telecommunications	1.91	-	3.45
- Utilities	-	-	2.06
Total quoted equities – foreign	80.38	53.29	70.23
Unquoted fixed income securities – local	3.31	-	-
Unquoted fixed income securities – foreign	-	4.08	2.71
Cash & cash equivalent	1.82	37.06	4.28
Total	100.00	100.00	100.00
Total NAV (RM'million)	15.468	20.755	30.596
NAV per Unit (RM)	0.5565	0.5411	0.5944
Unit in Circulation (million)	27.797	38.357	51.471
Highest NAV	0.5894	0.6386	0.6068
Lowest NAV	0.5344	0.5337	0.5273
Return of the Fund (%) ⁱⁱⁱ	2.85	-5.56	11.45
- Capital Growth (%) ⁱ	2.85	-8.97	7.45
- Income Distribution (%) ⁱⁱ	Nil	3.74	3.73
Gross Distribution per Unit (sen)	Nil	2.00	2.00
Net Distribution per Unit (sen)	Nil	2.00	2.00
Management Expense Ratio (%) ¹	2.08	2.11	2.19
Portfolio Turnover Ratio (times) ²	1.13	1.59	1.39

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:-

¹The lower MER was due to lower expenses incurred by the Fund during the period under review.

² The Fund's PTR was lower than previous year due to lesser trading activities during the financial year.

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

Capital Returnⁱ = {NAV per Unit @ 30/11/19 ÷ NAV per Unit @ 30/11/18* – 1} x 100
= (0.5565 ÷ 0.5411 – 1) x 100
= **2.85%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = {(1 + Capital Return x (1 + Income Return)) – 1} x 100
= {(1 + 2.85%) x (1 + 0.00%)} – 1 x 100
= **2.85%**

* Source – Deutsche Trustee Malaysia Berhad

Table 1: Performance of the Fund

	1 Year (1/12/18 - 30/11/19)	3 Years (1/12/16 - 30/11/19)	5 Years (1/12/14 - 30/11/19)	Since Commencement (29/9/14 - 30/11/19)
Fund	2.85%	8.25%	17.93%	19.77%
Benchmark	4.95%	17.71%	40.32%	44.85%
Outperformance / (Underperformance)	(2.10%)	(9.46%)	(22.39%)	(25.08%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/12/18 - 30/11/19)	3 Years (1/12/16 - 30/11/19)	5 Years (1/12/14 - 30/11/19)	Since Commencement (29/9/14 - 30/11/19)
Fund	2.85%	2.68%	3.35%	3.55%
Benchmark	4.95%	5.59%	7.01%	7.42%
Outperformance / (Underperformance)	(2.10%)	(2.91%)	(3.66%)	(3.87%)

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

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

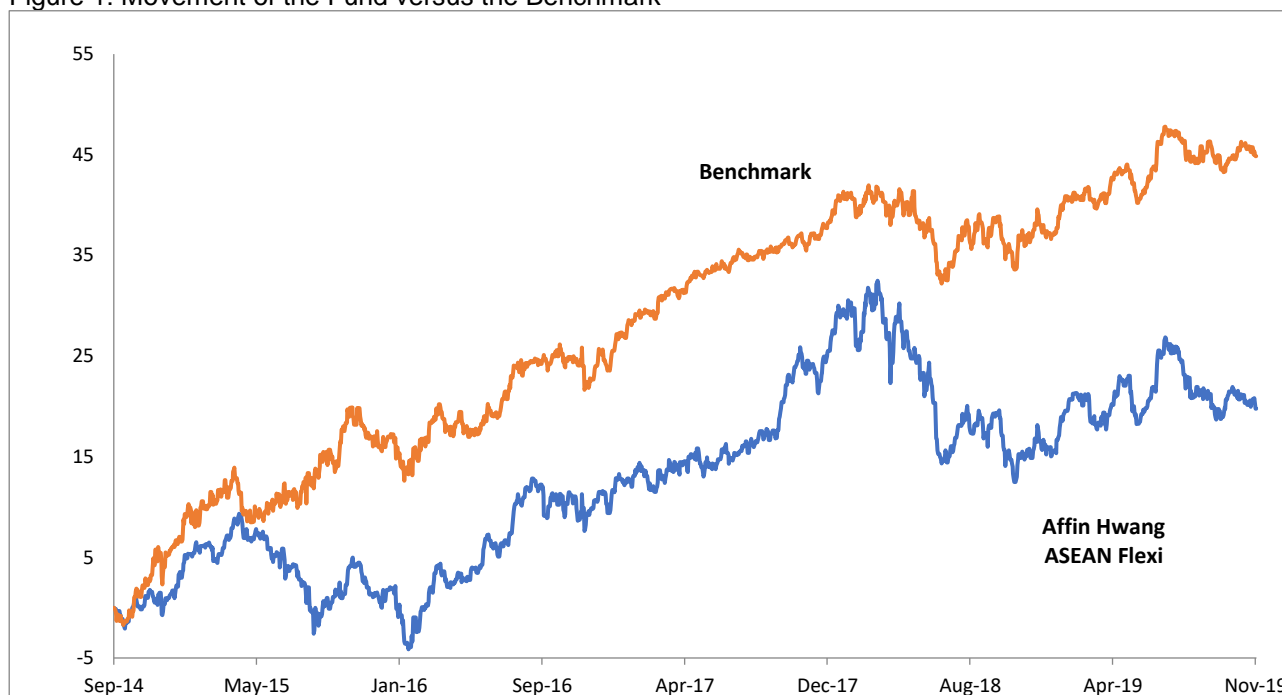
MANAGER'S REPORT

Performance Review

For the period under review from 1 December 2018 to 30 November 2019, the Fund registered a return of -2.85%. Compared to the Benchmark return of 4.95%, the Fund underperformed the Benchmark by 2.10%. The Net Asset Value ("NAV") per unit of the Fund as at 30 November 2019 was RM 0.5565 compared to the NAV per unit of RM 0.5411 as at 30 November 2018.

During the period under review, the Fund has recorded a positive return based on the change in its NAV per unit, however no income distribution was declared. As such, we believe that the Fund has not met its objective. Nevertheless, the Manager will strive to manage the Fund in a manner to fulfil its objective over medium to long-term period.

Figure 1: Movement of the Fund versus the Benchmark



"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."

Benchmark: 50% FTSE/ASEAN 40 Index (for equity and structured products investments) + 50% RAM Quantshop MGS All Index (for fixed income instruments)

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 30 November 2019.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Figure 2.

Figure 2: Asset allocation of the Fund

	<u>30 Nov 2019</u>	<u>30 Nov 2018</u>	<u>30 Nov 2017</u>
	(%)	(%)	(%)
Quoted equities – local	14.49	5.57	22.78
Quoted equities – foreign	80.38	53.29	70.23
Unquoted fixed income securities – local	3.31	-	-
Unquoted fixed income securities – foreign	-	4.08	2.71
Cash & cash equivalent	1.82	37.06	4.28
Total	100.00	100.00	100.00

As at 30 November 2019, the Fund's asset allocation stood at 94.87% in equities, 3.31% in fixed income securities while the balance was held in cash and cash equivalent.

During the period under review, the Manager had substantially increased allocation into equities by 36.01 percentage points from 58.86%. This is due to increased exposures mainly in financials sector. Correspondingly, the Fund's cash level dropped significantly by 35.24 percentage points from 37.06% compared to previous year. Asset allocation wise, the Manager had increased exposures in local unquoted fixed income securities and sold the entire foreign unquoted fixed income securities.

Strategies Employed

Over the period under review, the Manager continued to focus on 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 and a recession was not imminent, where we then deployed into the market with a focus on quality.

Market Review

"Sell in May and go away" has again proven to be a recurring theme this year after deteriorating trade relations between US and China wreaked further havoc across global financial markets in May. Trump raised the tariff on some US\$200 billion worth of Chinese imports to 25.0% from 10.0% earlier that month in an extreme bid to speed up trade negotiations. While the tariff hike was initially downplayed, things took a swift turn on when Trump banned Huawei with a national security order; thus prompting US companies to sever all business ties with the Chinese smartphone and telecommunications giant.

For the first time in more than a decade, the US Federal Reserve ("Fed") reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. However, the Fed delivered another widely expected 25bps rate cut at its policy meeting in September and October before Fed Chair Jerome Powell stopped short from guiding expectations of further easing indicating that 'monetary policy was in a good place'. The FOMC also dropped the use of the phrase 'act as appropriate' which markets took as a signal that the Fed would likely stay on hold for now.

Asian markets retreated in August as trade tensions flared up again after a surprise tariff announcement from US President Donald Trump. The Hong Kong Hang Seng index fell 7.4%, whilst the broader MSCI Asia ex-Japan index closed 4.6% lower as the prolonged trade row takes another turn for the worse. However, things took a turn in October as markets were buoyed by positive trade developments and synchronised monetary easing by global central banks, only to tumble at the end of November as US-China trade tensions continued to simmer following the signing of bills by US President Donald Trump in support of Hong Kong protesters.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

On a side note, BNM cut the Overnight Policy Rate by 25 bps to 3.00% on 7 May – likely a pre-emptive measure against a weakening external environment as well as slowing domestic growth. The announcement was largely priced in by investors, which saw the MGS market rallied strongly in the few weeks prior to the announcement, though the buying subsequently eased up amid the addition of risks on the global trade front.

Investment Outlook

The global economy is poised to continue to grow at an even keel albeit at a slower pace. We do not see major economic imbalances that would lead to a recession in the immediate term. That said, as we head into a late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective.

Whilst the partial trade deal helped provide a lift in sentiment, the temporary trade truce could be easily upended as seen before. China had revealed that it would raise penalties on violations of intellectual property rights to address one of the most contentious points in the ongoing trade dispute. However, the last mile negotiations in the trade talks would be the most critical to look out for. The overall macro environment remains weak as global economies are still showing weak data.

Going forward, we believe there is limited room for further monetary policy easing given already low interest rates. Central banks are more inclined to “save some bullets” for future, i.e. in the event whereby a recession materialises, as well as adopting a “wait-and-see” approach to assess impact post recent rate cuts. Therefore, expectations are that global interest rates are close to bottoming out in the near term. Having said that, we do not foresee central banks reverting to an interest rate hike cycle anytime soon.

The Budget 2020 placed a lot more emphasis on job creation and shifted away from the outright disbursement of large cash handouts and subsidies as seen in prior budgets before. In terms of impact, the budget was market-neutral with no immediate catalysts that could drive Bursa higher for now.

However, the absence of any pump-priming measures or announcement of mega infrastructure projects came as a disappointment to the construction sector. The consumer sector could benefit incrementally over time as the trickle-down effects of job creation, allocation for subsidies and social subsidies to address high cost of living and low income levels spur consumption.

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 the Trustee of Affin Hwang ASEAN Flexi Fund ("the Fund") for the financial year ended 30 November 2019. 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.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
14 January 2020

AFFIN HWANG ASEAN FLEXI FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
INVESTMENT INCOME/(LOSS)			
Dividend income		520,445	561,416
Interest income for financial assets at fair value through profit or loss		38,252	22,284
Interest income for financial assets at amortised cost		17,455	56,202
Net (loss)/gain on foreign currency exchange		(141,502)	9,672
Net gain/(loss) on financial assets at fair value through profit or loss	8	816,736	(1,201,754)
		<u>1,251,386</u>	<u>(552,180)</u>
EXPENSES			
Management fee	4	(334,663)	(476,053)
Trustee fee	5	(11,295)	(16,108)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		(3,500)	(3,700)
Transaction costs		(122,935)	(282,243)
Other expenses		(72,461)	(69,533)
		<u>(553,854)</u>	<u>(856,637)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		697,532	(1,408,817)
TAXATION	6	-	(35,412)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>697,532</u>	<u>(1,444,229)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		387,544	1,752,913
Unrealised amount		309,988	(3,197,142)
		<u>697,532</u>	<u>(1,444,229)</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 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
Cash and cash equivalents	9	454,776	8,093,076
Financial assets at fair value through profit or loss	8	15,193,508	13,064,128
Amount due from brokers		2,038	184,675
Dividends receivable		35,853	2,870
TOTAL ASSETS		<u>15,686,175</u>	<u>21,344,749</u>
LIABILITIES			
Amount due to brokers		167,409	529,379
Amount due to Manager			
- management fee		23,236	30,217
- cancellation of units		-	3,227
Amount due to Trustee		775	1,007
Auditors' remuneration		9,000	9,000
Tax agent's fee		7,700	7,900
Other payables and accruals		10,258	8,695
TOTAL LIABILITIES		<u>218,378</u>	<u>589,425</u>
NET ASSET VALUE OF THE FUND		<u>15,467,797</u>	<u>20,755,324</u>
EQUITY			
Unitholders' capital		6,986,521	12,971,580
Retained earnings		8,481,276	7,783,744
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>15,467,797</u>	<u>20,755,324</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>27,797,000</u>	<u>38,357,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5565</u>	<u>0.5411</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 2019

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
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>
Balance as at 1 December 2017	20,632,166	9,964,233	30,596,399
Total comprehensive loss for the financial year	-	(1,444,229)	(1,444,229)
Distribution (Note 7)	-	(736,260)	(736,260)
Movement in unitholders' capital:			
Creation of units arising from application	2,071,373	-	2,071,373
Creation of units arising from distribution	735,149	-	735,149
Cancellation of units	(10,467,108)	-	(10,467,108)
Balance as at 30 November 2018	<u>12,971,580</u>	<u>7,783,744</u>	<u>20,755,324</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 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		20,924,256	52,766,857
Purchase of investments		(22,540,801)	(37,423,951)
Dividends received		487,462	533,981
Interest received		57,340	78,647
Management fee paid		(341,644)	(491,592)
Trustee fee paid		(11,527)	(16,626)
Payment for other fees and expenses		(83,598)	(82,599)
Net realised (loss)/gain on foreign currency exchange		(143,846)	10,983
Net cash (used in)/generated from operating activities		(1,652,358)	15,375,700
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		467,267	2,101,308
Payments for cancellation of units		(6,455,553)	(10,726,481)
Payments for distribution		-	(1,111)
Net cash used in financing activities		(5,988,286)	(8,626,284)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,640,644)	6,749,416
EFFECTS OF FOREIGN CURRENCY EXCHANGE		2,344	(1,311)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		8,093,076	1,344,971
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	454,776	8,093,076

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 2019

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS 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 M.

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 December 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

MFRS 9 has been applied retrospectively by the Fund and has resulted in the changes outlined in Note H.

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 December 2018: (continued)

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Fund.

- (b) New standards, amendments and interpretations effective after 1 January 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 January 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 is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Interest Income

Up to 30 November 2018, when a loan and receivable is impaired, the Fund reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 December 2018, 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 FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

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.

E TAXATION

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

Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are 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, which is the Fund's functional and presentation currency.

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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.

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

Up to 30 November 2018, the Fund designates its investment in quoted equities and unquoted fixed income securities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's financing and receivables comprise cash and cash equivalents, amount due from brokers and dividends receivable.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

Derivatives are financial assets/liabilities at fair value through profit or loss categorised as held-for-trading unless they are designated hedges (Note M).

From 1 December 2018, the Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

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

(ii) Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139 up to 30 November 2018 and MFRS 9 from 1 December 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 when the Fund's right to receive payments is established.

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.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC 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.

Derivative investment consists of forward foreign currency contract. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposits.

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

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

Up to 30 November 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'financing and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

From 1 December 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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 FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

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 impairment gains. 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

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.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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 2019 (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 DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of statements of financial position with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note H.

AFFIN HWANG ASEAN FLEXI FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

M 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.

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.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED TO 30 NOVEMBER 2019

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 14 January 2020.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
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
Amount due from brokers		2,038	-	2,038
Dividends receivable		35,853	-	35,853
Total		<u>492,667</u>	<u>15,193,508</u>	<u>15,686,175</u>

	<u>Note</u>	Financing and receivables RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2018</u>				
Quoted equities	8	-	12,216,690	12,216,690
Unquoted fixed income securities	8	-	847,438	847,438
Cash and cash equivalents	9	8,093,076	-	8,093,076
Amount due from brokers		184,675	-	184,675
Dividends receivable		2,870	-	2,870
Total		<u>8,280,621</u>	<u>13,064,128</u>	<u>21,344,749</u>

All current liabilities are financial liabilities which are carried at amortised cost.

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 2019 (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>2019</u> RM	<u>2018</u> RM
Quoted investments		
Quoted equities	14,671,788	12,216,690
	<u> </u>	<u> </u>
Unquoted investments*		
Unquoted fixed income securities	521,720	847,438
	<u> </u>	<u> </u>

* Includes interest receivable of RM9,705 (2018: RM10,738)

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 5% and decreased by 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	Impact on profit after tax/NAV RM
<u>2019</u>		
-5%	14,424,613	(759,190)
0%	15,183,803	-
+5%	15,942,993	759,190
	<u> </u>	<u> </u>
<u>2018</u>		
-5%	12,400,720	(652,670)
0%	13,053,390	-
+5%	13,706,060	652,670
	<u> </u>	<u> </u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 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.

% Change in interest rate

	<u>Impact on profit after tax/NAV</u>	
	<u>2019</u>	<u>2018</u>
	RM	RM
+ 1%	(694)	(1,009)
- 1%	695	1,010

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.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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:

	Quoted equities RM	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets*/ (liabilities)** RM	Total RM
<u>2019</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
	12,429,421	-	119,772	30,140	12,579,333
<u>2018</u>					
Hong Kong Dollar	-	-	9,690	-	9,690
Indonesia Rupiah	2,358,940	-	-	(412,205)	1,946,735
Philippines Peso	1,829,790	-	-	(117,174)	1,712,616
Singapore Dollar	2,532,330	-	1,252,287	-	3,784,617
Thailand Baht	4,339,653	-	-	-	4,339,653
United States Dollar	-	847,438	4,346,373	-	5,193,811
	11,060,713	847,438	5,608,350	(529,379)	16,987,122

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

** Other liabilities consist of amount due to broker.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 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 approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in exchange rate %	Impact on profit after tax/NAV RM
<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
<u>2018</u>		
Hong Kong Dollar	+/-5	+/- 485
Indonesian Rupiah	+/-5	+/- 97,337
Philippines Peso	+/-5	+/- 85,631
Singapore Dollar	+/-5	+/- 189,231
Thailand Baht	+/-5	+/- 216,983
United States Dollar	+/-5	+/- 259,691

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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.

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:

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2019</u>				
Financial				
- 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>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2018</u>				
Energy				
- NR	-	-	1,170	1,170
Financial Services				
- AAA	-	2,463,537	-	2,463,537
- AA1	-	5,629,539	-	5,629,539
Industrial Products				
- NR	847,438	-	-	847,438
Technology				
- NR	-	-	1,700	1,700
Utilities				
- NR	-	-	184,675	184,675
	<u>847,438</u>	<u>8,093,076</u>	<u>187,545</u>	<u>9,128,059</u>

* Other assets consist of dividends receivable 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 2019 (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:

	Within one month RM	Between one month to one year RM	Total RM
<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>
<u>2018</u>			
Amount due to brokers	529,379	-	529,379
Amount due to Manager			
- management fee	30,217	-	30,217
- cancellation of units	3,227	-	3,227
Amount due to Trustee	1,007	-	1,007
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	7,900	7,900
Other payables and accruals	-	8,695	8,695
	<u>563,830</u>	<u>25,595</u>	<u>589,425</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 2019 (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.

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 2019 (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>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>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- quoted equities	12,216,690	-	-	12,216,690
- unquoted fixed income securities	-	847,438	-	847,438
	<u>12,216,690</u>	<u>847,438</u>	<u>-</u>	<u>13,064,128</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 2019 (CONTINUED)

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

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 financial year ended 30 November 2019, the management fee is recognised at a rate of 1.80% (2018: 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 Deed, 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 2019, the Trustee fee is recognised at a rate of 0.06% (2018: 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 2019 (CONTINUED)

6 TAXATION

	<u>2019</u> RM	<u>2018</u> RM
Current taxation – foreign	-	35,412

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

	<u>2019</u> RM	<u>2018</u> RM
Net profit/(loss) before taxation	697,532	(1,408,817)
Tax at Malaysian statutory rate of 24% (2018: 24%)	167,408	(338,116)
Tax effects of:		
(Investment income not subject to tax)/		
investment loss not brought to tax	(300,333)	132,523
Expenses not deductible for tax purposes	49,726	87,836
Restriction on tax deductible expenses for Unit Trust Fund	83,199	117,757
Foreign income subject to withholding tax	-	35,412
Tax expense	-	35,412

7 DISTRIBUTION

	<u>2019</u> RM	<u>2018</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	-	736,260
Gross realised income	-	736,260
Less: Expenses	-	-
	-	736,260
Gross/net distribution per unit (sen)	-	2.00
Ex-date	-	21.11.2018

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 RM Nil (2018: RM736,260) made from previous year's realised income.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Designated at fair value through profit or loss at inception		
- quoted equities – local	2,242,367	1,155,977
- quoted equities – foreign	12,429,421	11,060,713
- unquoted fixed income securities – local	521,720	-
- unquoted fixed income securities – foreign	-	847,438
	<u>15,193,508</u>	<u>13,064,128</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	507,899	1,993,673
- unrealised gain/(loss) on changes in fair value	308,837	(3,195,427)
	<u>816,736</u>	<u>(1,201,754)</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

(a) Quoted equities – local

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u>				
Dialog Group Bhd	115,800	346,874	387,930	2.51
<u>Financial</u>				
RHB Bank Bhd	31,500	171,675	178,290	1.15
Public Bank Bhd	25,100	588,820	492,462	3.18
	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	376,000	2,284,276	2,242,367	14.49
Accumulated unrealised loss on quoted equities – local		(41,909)		
Total quoted equities – local		2,242,367		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u>				
Dialog Group Bhd	65,000	153,437	205,400	0.99
<u>Financial Services</u>				
Malayan Banking Bhd	30,273	278,702	284,263	1.37
Public Bank Bhd	9,100	220,820	226,772	1.09
	39,373	499,522	511,035	2.46
<u>Industrial Products & Services</u>				
ATA IMS Bhd	148,100	239,014	269,542	1.30
<u>Technology</u>				
Malaysian Pacific Industries Bhd	17,000	199,666	170,000	0.82
Total quoted equities – local	<u>269,473</u>	1,091,639	<u>1,155,977</u>	<u>5.57</u>
Accumulated unrealised gain on quoted equities – local		64,338		
Total quoted equities – local		<u>1,155,977</u>		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

(b) Quoted equities – foreign

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

	<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	1,121,000	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>Financials</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>Financials</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 2019 (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>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore (continued)</u>				
<u>Financials</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>Financials</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 2019 (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>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Thailand (continued)</u>				
<u>Industrials</u>				
Airports of Thailand PCL	56,400	380,807	586,148	3.79
<u>Oil & 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
	976,045	1,529,859	1,598,935	10.34
Total quoted equities – foreign	5,181,396	11,592,714	12,429,421	80.38
Accumulated unrealised gain on quoted equities – foreign		836,707		
Total quoted equities – foreign		12,429,421		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 2018 are as follows:

	<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>				
Ramayana Lestari Sentosa Tbk	868,600	260,347	302,338	1.46
<u>Financials</u>				
Bank Central Asia Tbk PT	63,200	378,919	481,098	2.32
Bank Mandiri Persero Tbk PT	389,100	824,090	842,207	4.06
BFI Finance Indonesia Tbk PT	4,143,800	844,001	733,297	3.53
	4,596,100	2,047,010	2,056,602	9.91
<u>Philippines</u>				
<u>Consumer Goods</u>				
Century Pacific Food Inc	223,650	250,508	267,374	1.29
<u>Consumer Services</u>				
Robinsons Retail Holdings Inc	85,390	519,597	517,224	2.49
<u>Financials</u>				
BDO Unibank Inc	100,800	959,392	1,045,192	5.04
<u>Singapore</u>				
<u>Financials</u>				
DBS Group Holdings Ltd	17,071	1,258,035	1,266,936	6.10
United Overseas Bank Ltd	16,500	1,303,544	1,265,394	6.10
	33,571	2,561,579	2,532,330	12.20

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 2018 are as follows: (continued)

	<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	218,700	668,617	691,323	3.33
<u>Consumer Services</u>				
Central Plaza Hotel PCL	63,600	374,310	339,109	1.63
CP ALL PCL	153,800	1,338,995	1,332,575	6.42
	217,400	1,713,305	1,671,684	8.05
<u>Industrials</u>				
Airports of Thailand PCL	190,400	1,285,561	1,540,919	7.42
<u>Oil & Gas</u>				
PTT PCL	33,700	202,191	210,702	1.02
<u>Real Estate</u>				
Central Pattana PCL	23,400	160,794	225,025	1.08
Total quoted equities – foreign	<u>6,591,711</u>	<u>10,628,901</u>	<u>11,060,713</u>	<u>53.29</u>
Accumulated unrealised gain on quoted equities – foreign		431,812		
Total quoted equities – foreign		<u>11,060,713</u>		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

(c) Unquoted fixed income securities – local

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

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<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
	<hr/>	<hr/>	<hr/>	<hr/>
Total unquoted fixed income securities – local	500,000	514,823	521,720	3.31
	<hr/>		<hr/>	<hr/>
Accumulated unrealised gain on unquoted fixed income securities – local		6,897		
		<hr/>		
Total unquoted fixed income securities – local		521,720		
		<hr/>		

(ii) There is no unquoted fixed income securities – local as at 30 November 2018.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

(d) Unquoted fixed income securities – foreign

(i) There is no unquoted fixed income securities – foreign as at 30 November 2019.

(ii) Unquoted fixed income securities – foreign as at 30 November 2018 is as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
7.00% Yinson TMC Sdn Bhd Call: 25.09.2020 (NR)	839,300	850,730	847,438	4.08
Total unquoted fixed income securities – foreign	<u>839,300</u>	<u>850,730</u>	<u>847,438</u>	<u>4.08</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(3,292)</u>		
Total unquoted fixed income securities – foreign		<u>847,438</u>		

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	142,480	5,629,539
Deposit with a licensed financial institution	312,296	2,463,537
	<u>454,776</u>	<u>8,093,076</u>

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

	<u>2019</u> %	<u>2018</u> %
Deposit with a licensed financial institution	3.05	3.25

Deposit with a licensed financial institution has an average maturity of 2 days (2018: 3 days).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial year	38,357,000	51,471,000
Creation of units arising from applications during the financial year	843,000	3,389,544
Creation of units arising from distribution during the financial year	-	1,377,456
Cancellation of units during the financial year	(11,403,000)	(17,881,000)
At the end of the financial year	<u>27,797,000</u>	<u>38,357,000</u>

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) 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
	42,645,728	100.00	91,289	100.00

- (ii) Details of transactions with the top 10 brokers/dealers for the financial year ended 30 November 2018:

<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)	15,381,451	17.58	31,877	15.28
Affin Hwang Investment Bank Bhd	11,782,121	13.47	28,517	13.67
Merrill Lynch International Ltd	10,076,276	11.51	23,096	11.07
CIMB Securities (Singapore) Pte Ltd.	7,446,457	8.51	13,686	6.56
Macquarie Bank Ltd (Hong Kong)	5,765,428	6.59	15,043	7.21
PT Mandiri Sekuritas	4,136,689	4.73	11,339	5.43
PT CIMB Securities Indonesia	4,077,844	4.66	8,010	3.84
CLSA Singapore Pte Ltd.	3,943,304	4.51	7,278	3.49
Credit Suisse (Hong Kong) Ltd	3,296,805	3.77	9,365	4.49
DBS Vickers Securities (Singapore) Pte Ltd	1,936,629	2.21	3,947	1.89
Others	19,649,370	22.46	56,478	27.07
	87,492,374	100.00	208,636	100.00

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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 RM4,458,413 (2018: RM11,782,121). 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>2019</u> RM	<u>2018</u> RM
<u>Name of brokers/dealers</u>		
RHB Investment Bank Berhad	506,285	-
	<u>506,285</u>	<u>-</u>

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

	<u>2019</u> RM	<u>2018</u> RM
Affin Hwang Flexible Maturity Income Fund 5	506,285	-
	<u>506,285</u>	<u>-</u>

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

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (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:

	<u>2019</u>		<u>2018</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,248	1,807	6,662	3,605

13 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2019</u>	<u>2018</u>
	%	%
MER	2.08	2.11

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 RM18,823,106 (2018: RM26,849,104).

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2019</u>	<u>2018</u>
PTR (times)	<u>1.13</u>	<u>1.59</u>

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 = RM22,117,757 (2018: RM36,239,714)
total disposal for the financial year = RM20,295,581 (2018: RM49,267,566)

15 MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note A, the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies and adjustments to the financial position:

(a) Classification and measurement of financial assets

Up to 30 November 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables. Note H set out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 December 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets:

- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Fund has made an irrevocable choice to present changes in fair value in other comprehensive income ("OCI") for investments that are not held for trading.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

15 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Impairment

From 1 December 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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

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

As disclosed above, the adoption of MFRS 9 in 2018 resulted in reclassification and change in measurement of certain financial assets and financial liabilities.

AFFIN HWANG ASEAN FLEXI FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

15 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Impairment (continued)

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 December 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- cations	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Financing and receivables	Amortised cost	8,093,076	-	-	8,093,076
Investment in equity securities - Local	FVTPL	FVTPL	1,155,977	-	-	1,155,977
Investment in equity securities - Foreign	FVTPL	FVTPL	11,060,713	-	-	11,060,713
Investment in debt securities - Foreign	FVTPL	FVTPL	847,438	-	-	847,438
Amount due from broker	Financing and receivables	Amortised cost	184,675	-	-	184,675
Dividend receivables	Financing and receivables	Amortised cost	2,870	-	-	2,870
Liabilities						
Amount due to brokers	Amortised cost	Amortised cost	529,379	-	-	529,379
Amount due to Manager -management fee	Amortised cost	Amortised cost	30,217	-	-	30,217
Amount due to Manager -cancellation of units	Amortised cost	Amortised cost	3,227			3,227
Amount due to trustee	Amortised cost	Amortised cost	1,007	-	-	1,007
Auditors' remuneration	Amortised cost	Amortised cost	9,000	-	-	9,000
Tax agent fee	Amortised cost	Amortised cost	7,900	-	-	7,900
Other payables and accruals	Amortised cost	Amortised cost	8,695	-	-	8,695

AFFIN HWANG ASEAN FLEXI FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 9 to 52 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 2019 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 2019 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
14 January 2020

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 2019, 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 2019, 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 9 to 52.

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 ("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
14 January 2019

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