

# Affin Hwang

## Enhanced Deposit Fund

Interim Report  
31 October 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
HSBC (Malaysia) Trustee Berhad  
193701000084 (1281-T)

# AFFIN HWANG ENHANCED DEPOSIT FUND

## Interim Report and Unaudited Financial Statements For the 6 Months Financial period Ended 31 October 2021

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## FUND INFORMATION

Fund Name	Affin Hwang Enhanced Deposit Fund
Fund Type	Income
Fund Category	Money Market
Investment Objective	The Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation.
Benchmark	The performance benchmark of the Fund is the Maybank Overnight Repo Rate
Distribution Policy	The Fund endeavours to distribute income on a monthly basis

## BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 OCTOBER 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	13,074	8,874
5,001 to 10,000	1,021	7,768
10,001 to 50,000	1,210	27,805
50,001 to 500,000	636	95,993
500,001 and above	139	542,859
<b>Total</b>	<b>16,080</b>	<b>683,299</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Oct 2021 (%)	As at 31 Oct 2020 (%)	As at 31 Oct 2019 (%)
Portfolio composition			
<b>Cash &amp; cash equivalent</b>	<b>100.00</b>	<b>100.10</b>	<b>100.03</b>
<b>Total</b>	<b>100.00</b>	<b>100.10**</b>	<b>100.03**</b>
Total NAV (RM'million)	801.137	2,782.849	2,728.738
NAV per Unit (RM)	1.1717	1.1715	1.1760
Unit in Circulation (million)	683.712	2,375.514	2,320.306
Highest NAV	1.1723	1.1743	1.1776
Lowest NAV	1.1711	1.1703	1.1748
Return of the Fund (%) <sup>iii</sup>	0.86	1.12	1.77
- Capital Growth (%) <sup>i</sup>	0.02	-0.15	0.08
- Income Distribution (%) <sup>ii</sup>	0.84	1.27	1.69
Gross Distribution per Unit (sen)	0.98	1.48	1.97
Net Distribution per Unit (sen)	0.98	1.48	1.97
Management Expense Ratio (%) <sup>1</sup>	0.16	0.16	0.16
Portfolio Turnover Ratio (times) <sup>2</sup>	28.42	8.68	9.80

\*\* Total assets holding more than 100% of Net Asset Value due to the timing of trade settlement.

### **Basis of calculation and assumption made in calculating the returns:-**

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

<sup>1</sup>The MER of the Fund was unchanged for the financial period.

<sup>2</sup>The increased in the Fund's PTR was due to higher trading activities of the Fund for the financial period.

## MANAGER'S REPORT

### Income Distribution / Unit Split

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-May-21	17-May-21	1.1722	0.0009	1.1715
26-May-21	27-May-21	1.1720	0.0009	1.1712
08-Jun-21	09-Jun-21	1.1719	0.0008	1.1711
22-Jun-21	23-Jun-21	1.1718	0.0008	1.1711
13-Jul-21	14-Jul-21	1.1722	0.0008	1.1714
27-Jul-21	28-Jul-21	1.1721	0.0008	1.1714
10-Aug-21	11-Aug-21	1.1720	0.0008	1.1713
24-Aug-21	25-Aug-21	1.1721	0.0008	1.1713
07-Sep-21	08-Sep-21	1.1720	0.0008	1.1713
21-Sep-21	22-Sep-21	1.1720	0.0008	1.1712
12-Oct-21	13-Oct-21	1.1723	0.0008	1.1716
26-Oct-21	27-Oct-21	1.1723	0.0008	1.1715

No unit splits were declared for the financial period ended 31 October 2021.

### Performance Review

For the period 1 May 2021 to 31 October 2021, the Fund has registered a return of 0.86% as compared to the benchmark return of 0.13%. The Fund thus outperformed the benchmark by 0.73%. The Net Asset Value (NAV) per unit of the Fund as at 31 October 2021 was RM1.1717 while the NAV per unit on 30 April 2021 was RM1.1715. During the same period under review, the Fund has declared a total gross income distribution of RM0.0098 per unit.

Since commencement, the Fund has outperformed the benchmark by 31.68% with returns of 67.94% compared to the benchmark return of 36.26%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	3 Years (1/11/18 - 31/10/21)	5 Years (1/11/16 - 31/10/21)	Since Commencement (14/6/05 - 31/10/21)
<b>Fund</b>	<b>0.86%</b>	<b>1.79%</b>	<b>8.33%</b>	<b>16.31%</b>	<b>67.94%</b>
<b>Benchmark</b>	<b>0.13%</b>	<b>0.25%</b>	<b>2.88%</b>	<b>6.63%</b>	<b>36.26%</b>
<b>Outperformance</b>	<b>0.73%</b>	<b>1.54%</b>	<b>5.45%</b>	<b>9.68%</b>	<b>31.68%</b>

Source of Benchmark: Maybank

Table 2: Average Total Return

	1 Year (1/11/20 - 31/10/21)	3 Years (1/11/18 - 31/10/21)	5 Years (1/11/16 - 31/10/21)	Since Commencement (14/6/05 - 31/10/21)
<b>Fund</b>	<b>1.79%</b>	<b>2.70%</b>	<b>3.07%</b>	<b>3.21%</b>
<b>Benchmark</b>	<b>0.25%</b>	<b>0.95%</b>	<b>1.29%</b>	<b>1.90%</b>
<b>Outperformance</b>	<b>1.54%</b>	<b>1.75%</b>	<b>1.78%</b>	<b>1.31%</b>

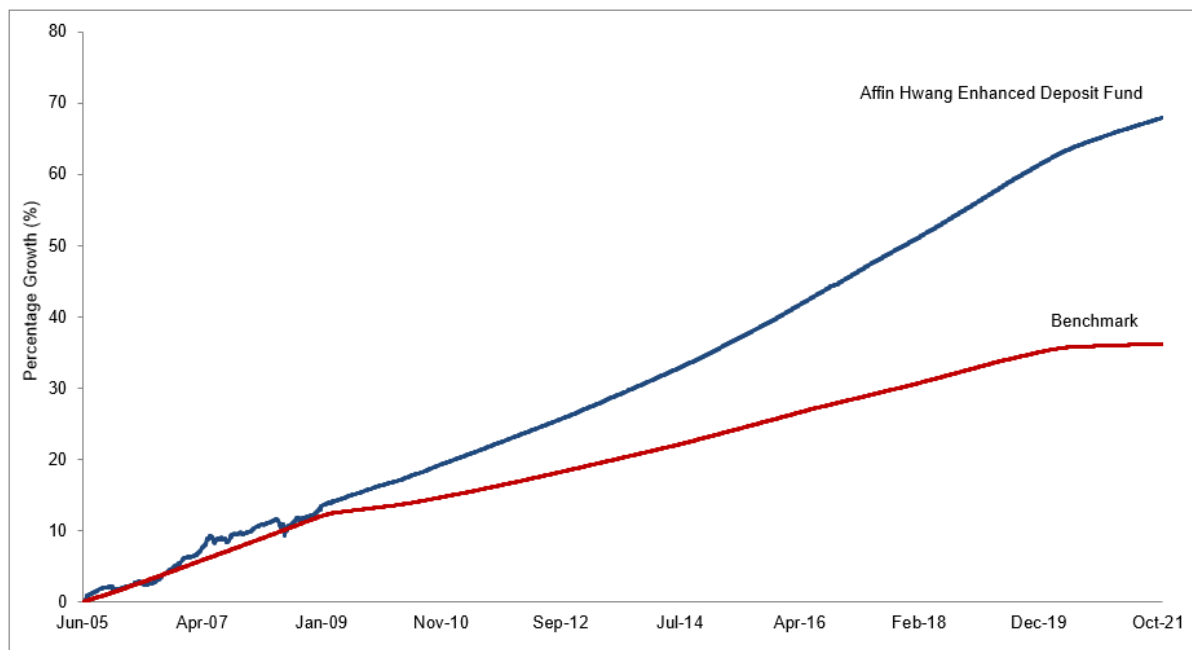
Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2021 (1/5/20 - 30/4/21)	FYE 2020 (1/5/19 - 30/4/20)	FYE 2019 (1/5/18 - 30/4/19)	FYE 2018 (1/5/17 - 30/4/18)	FYE 2017 (1/5/16 - 30/4/17)
<b>Fund</b>	<b>2.05%</b>	<b>3.35%</b>	<b>3.73%</b>	<b>3.52%</b>	<b>3.74%</b>
<b>Benchmark</b>	<b>0.31%</b>	<b>1.48%</b>	<b>1.90%</b>	<b>1.79%</b>	<b>1.80%</b>
<b>Outperformance</b>	<b>1.74%</b>	<b>1.87%</b>	<b>1.83%</b>	<b>1.73%</b>	<b>1.94%</b>

Source of Benchmark: Maybank

Figure 1: Movement of the Fund versus the Benchmark since commencement.



*"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Maybank."*

Benchmark: Maybank Overnight Repo Rate

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

### **Asset Allocation**

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

As at 31 October 2021, the Fund's asset allocation stood at 100% in cash and cash equivalent.

### **Strategies Employed**

Over the period under review, the Fund maintained a portfolio of short-dated fixed income instruments and deposits as it focuses in providing investors high level of liquidity.

## **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and “stay at home” trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed’s dovish testimony. The S&P 500 and Nasdaq index rose, buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress. US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank’s view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker in June as sentiment was dampened on geopolitical tensions and consolidation seen in China’s economy. The Group of Seven (“G7”) nations and North Atlantic Treaty Organisation (“NATO”) held its annual summit with political leaders from US and Europe vowing to toughen its stance on China.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

Asia was dragged by the weakness in the Chinese market in July. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions.

In Asia, the MSCI Asia ex-Japan index reversed course by climbing slightly higher. Regulatory noise still dominated headlines in China amidst calls for more oversight in the electric vehicle (EV) industry. The Fed is currently adopting a wait-and-see approach to the Delta variants impact and its implication on job data, highlighting that inflation is transitory and it was more harmful to react amidst the temporary surge in inflation.

The local equity market’s performance was muted relative to regional peers. In the February result season, the tech sector was largely reporting earnings that beat expectations on the back of robust demand. Meanwhile, Finance Minister clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government was mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of “rate cut” bets at the end of January following BNM’s announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rose whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-

Lestari programme. However, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Fiscal deficit is expected to breach above the government's target of 6.0%. With the unveiled PEMULIH stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The next Parliament sitting is slated in September which Datuk Seri Ismail Sabri will face a test of majority support through a vote of confidence. With political stability expected until the next General Election (GE) due by 2023, the local market could see further support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

During its quarterly GDP briefing, BNM said that Malaysia's GDP grew 16.1% y-o-y in the 2Q'21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

Prime Minister Datuk Seri Ismail Sabri Yaakob unveiled his cabinet line-up with familiar faces at the helm. Foreigners turned net buyers in the last week of August with net inflows rising to the tune of RM960 million which is the strongest weekly inflow since 2019.

On a separate note, Bank Negara Malaysia is slated to hold its next Monetary Policy Committee meeting on 9 September 2021. Despite recently revising its 2021 GDP forecast to a lowered range of 3.0-4.0%, we expect the central bank to keep rates unchanged at 1.75% amid several supportive drivers including: (i) healthy vaccination rollouts, (ii) robust external demand, and (iii) gradual reopening of sectors and economies.

## **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise in Asia ex-Japan. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery continues to progress as international borders slowly start to reopen. On COVID-19 developments, over 90% of Malaysia's adult population has been vaccinated. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.



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

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

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

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

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

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

### **Cross Trade**

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

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG ENHANCED DEPOSIT FUND**

We have acted as Trustee of Affin Hwang Enhanced Deposit Fund ("the Fund") for the financial period ended 31 October 2021. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

During this financial period, a total distribution of 0.98 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
15 December 2021

**AFFIN HWANG ENHANCED DEPOSIT FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENT**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021**

# **AFFIN HWANG ENHANCED DEPOSIT FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021**

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## AFFIN HWANG ENHANCED DEPOSIT FUND

### UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

	<u>Note</u>	6 months financial period ended <u>31.10.2021</u> RM	6 months financial period ended <u>31.10.2020</u> RM
<b>INVESTMENT INCOME</b>			
Interest income for financial assets at fair value through profit or loss		11,350,480	35,318,006
		<u>11,350,480</u>	<u>35,318,006</u>
<b>EXPENSES</b>			
Management fee	4	(1,681,462)	(4,191,689)
Trustee fee	5	(112,097)	(279,446)
Auditors' remuneration		(4,033)	(4,033)
Tax agent's fee		(1,915)	(1,915)
Other expenses		(7,469)	(7,004)
		<u>(1,806,976)</u>	<u>(4,484,087)</u>
<b>NET PROFIT BEFORE TAXATION</b>		9,543,504	30,833,919
Taxation	6	-	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>9,543,504</u>	<u>30,833,919</u>
Net profit after taxation is made up of the following:			
Realised amount		<u>9,543,504</u>	<u>30,833,919</u>

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalents		1,345	663
Financial assets at fair value through profit or loss	8	801,380,467	2,785,745,431
<b>TOTAL ASSETS</b>		<u>801,381,812</u>	<u>2,785,746,094</u>
<b>LIABILITIES</b>			
Amount due to Manager - management fee		216,757	697,276
Amount due to Trustee		14,451	46,485
Distribution payable		-	2,137,456
Auditors' remuneration		4,033	4,033
Tax agent's fee		4,736	5,285
Other payables and accruals		4,912	6,243
<b>TOTAL LIABILITIES</b>		<u>244,889</u>	<u>2,896,778</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>801,136,923</u>	<u>2,782,849,316</u>
<b>EQUITY</b>			
Unitholders' capital		762,698,168	2,744,982,706
Retained earnings		38,438,755	37,866,610
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>801,136,923</u>	<u>2,782,849,316</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>683,712,000</u>	<u>2,375,514,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.1717</u>	<u>1.1715</u>

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 May 2021	1,809,511,319	38,095,109	1,847,606,428
Total comprehensive income for the financial period	-	9,543,504	9,543,504
Distributions (Note 7)	-	(9,199,858)	(9,199,858)
Movement in unitholders' capital:			
Creation of units arising from applications	496,816,718	-	496,816,718
Creation of units arising from distributions	7,947,163	-	7,947,163
Cancellation of units	(1,551,577,032)	-	(1,551,577,032)
Balance as at 31 October 2021	<u>762,698,168</u>	<u>38,438,755</u>	<u>801,136,923</u>
Balance as at 1 May 2020	2,937,630,330	42,353,991	2,979,984,321
Total comprehensive income for the financial period	-	30,833,919	30,833,919
Distributions (Note 7)	-	(35,321,300)	(35,321,300)
Movement in unitholders' capital:			
Creation of units arising from applications	1,036,940,688	-	1,036,940,688
Creation of units arising from distributions	31,269,204	-	31,269,204
Cancellation of units	(1,260,857,516)	-	(1,260,857,516)
Balance as at 31 October 2020	<u>2,744,982,706</u>	<u>37,866,610</u>	<u>2,782,849,316</u>

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



## AFFIN HWANG ENHANCED DEPOSIT FUND

### UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

	6 months financial period ended 31.10.2021 RM	6 months financial period ended 31.10.2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Placement of deposits with licensed financial institutions	(31,061,839,798)	(23,944,697,421)
Proceeds from maturity of deposits with licensed financial institutions	32,098,300,477	24,141,650,325
Interest received	23,084,342	33,413,944
Management fee paid	(1,961,330)	(4,235,617)
Trustee fee paid	(130,754)	(282,375)
Payment for other fees and expenses	(14,711)	(17,630)
Net cash flows generated from operating activities	<u>1,057,438,226</u>	<u>225,831,226</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	495,517,690	1,036,940,689
Payments for cancellation of units	(1,551,577,032)	(1,260,857,516)
Payment for distributions	(1,380,094)	(1,914,641)
Net cash flows (used in)/generated from financing activities	<u>(1,057,439,436)</u>	<u>(225,831,468)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,210)	(242)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>2,555</u>	<u>905</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u><u>1,345</u></u>	<u><u>663</u></u>

Cash and cash equivalents as at 31 October 2021 and 31 October 2020 comprise of bank balances.

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

## **AFFIN HWANG ENHANCED DEPOSIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021**

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

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

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

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### **B INCOME RECOGNITION**

##### Interest income

Interest income from short term deposits with licensed financial institutions is recognised based on effective interest rate method on an accrual basis.

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

#### **C TAXATION**

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

#### **D DISTRIBUTION**

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **F FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### (i) Classification

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss

## AFFIN HWANG ENHANCED DEPOSIT FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

(i) Classification (continued)

The Fund classifies cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, distribution payable, 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.

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

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

###### Quantitative criteria:

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

###### Qualitative criteria:

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

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

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

###### Write-off

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

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

#### G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of change in value.

#### H UNITHOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- 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 period 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.

## **AFFIN HWANG ENHANCED DEPOSIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)**

#### **I CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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

#### **J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX**

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

#### 1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Hwang Enhanced Deposit Fund (the "Fund") pursuant to the execution of a Master Deed dated 4 April 2005, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 20 February 2006, Third Supplemental Deed dated 18 June 2007, Fourth Supplemental Deed dated 15 October 2008, Fifth Supplemental Deed dated 12 March 2009, Sixth Supplemental Deed dated 19 March 2010, Seventh Supplemental Deed dated 18 January 2012, Eighth supplemental Deed dated 27 June 2014 and Ninth Supplemental Deed dated 19 December 2016 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee"). The Fund has changed its name from HwangDBS Enhanced Deposit Fund to Hwang Enhanced Deposit Fund as amended by Seventh Supplemental Deed dated 18 January 2012 and from Hwang Enhanced Deposit Fund to Affin Hwang Enhanced Deposit Fund as amended by Eighth supplemental Deed dated 27 June 2014.

The Fund was launched on 18 April 2005 and will continue its operations until terminated by the Trustee as provided under Clause 3.1 of the Deed.

The Fund may invest in any of the following investments:

- (a) Debentures;
- (b) Unlisted securities, including without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation of such securities
- (c) Money market instruments;
- (d) Ringgit-denominated deposits;
- (e) Units or shares in collective investment schemes;
- (f) 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 investment will be subjected to SC's Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

The Fund will select debt securities, the selection of which will depend largely on credit quality, to assure relative certainty of principal repayment and overall total return stability.

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

The financial statements were authorised for issue by the Manager on 15 December 2021.

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

Financial instruments are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,345	-	1,345
Deposits with licensed financial institutions	8	-	801,380,467	801,380,467
		<u>1,345</u>	<u>801,380,467</u>	<u>801,381,812</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		216,757	-	216,757
Amount due to Trustee		14,451	-	14,451
Auditor's remuneration		4,033	-	4,033
Tax agent's fee		4,736	-	4,736
Other payables and accruals		4,912	-	4,912
		<u>244,889</u>	<u>-</u>	<u>244,889</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents		663	-	663
Deposits with licensed financial institutions	8	-	2,785,745,431	2,785,745,431
		<u>663</u>	<u>2,785,745,431</u>	<u>2,785,746,094</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		697,276	-	697,276
Amount due to Trustee		46,485	-	46,485
Distribution payable		2,137,456	-	2,137,456
Auditor's remuneration		4,033	-	4,033
Tax agent's fee		5,285	-	5,285
Other payables and accruals		6,243	-	6,243
		<u>2,896,778</u>	<u>-</u>	<u>2,896,778</u>



## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate risk), liquidity risk, credit risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unit Trust Funds.

##### Market risk

##### (a) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short term deposit placement with financial institutions. The Manager overcomes this exposure by way of maintaining deposits on short term basis.

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

##### 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 investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

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

	Deposits with licensed financial <u>institutions</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2021</u>			
Financials			
- AAA	484,372,251	1,345	484,373,596
- AA2	119,934,538	-	119,934,538
- AA3	116,877,898	-	116,877,898
- AA-	80,195,780	-	80,195,780
	<u>801,380,467</u>	<u>1,345</u>	<u>801,381,812</u>
<u>2020</u>			
Financials			
- AAA	1,572,520,458	663	1,572,521,121
- AA2	857,658,539	-	857,658,539
- AA3	355,566,434	-	355,566,434
	<u>2,785,745,431</u>	<u>663</u>	<u>2,785,746,094</u>

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

##### Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	216,757	-	216,757
Amount due to Trustee	14,451	-	14,451
Auditor's remuneration	-	4,033	4,033
Tax agent's fee	-	4,736	4,736
Other payables and accruals	-	4,912	4,912
	<u>231,208</u>	<u>13,681</u>	<u>244,889</u>
<u>2020</u>			
Amount due to Manager			
- management fee	697,276	-	697,276
Amount due to Trustee	46,485	-	46,485
Distribution payable	2,137,456	-	2,137,456
Auditor's remuneration	-	4,033	4,033
Tax agent's fee	-	5,285	5,285
Other payables and accruals	-	6,243	6,243
	<u>2,881,217</u>	<u>15,561</u>	<u>2,896,778</u>

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### 3 FAIR VALUE ESTIMATION

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

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

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (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>2021</u>				
Financial assets at fair value through profit or loss				
- deposits with licensed financial institutions	-	801,380,467	-	801,380,467
	-	801,380,467	-	801,380,467
	-	801,380,467	-	801,380,467
<u>2020</u>				
Financial assets at fair value through profit or loss				
- deposits with licensed financial institutions	-	2,785,745,431	-	2,785,745,431
	-	2,785,745,431	-	2,785,745,431
	-	2,785,745,431	-	2,785,745,431

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 deposits with licensed financial institutions. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### 4 MANAGEMENT FEE

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

For the 6 months financial period ended 31 October 2021, the management fee is recognised at the rate of 0.30% (2020: 0.30%) per annum on the NAV of the Fund calculated on daily basis as stated in the Funds' Prospectus.

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

#### 5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund.

The trustee imposes a tiered trustee fee in respect of the Fund:-

<b>Net Asset Value (NAV)</b>	<b>% of NAV of the Fund</b>
< RM500 Million	0.03% per annum
≥ RM500 Million	0.02% per annum

For the 6 months financial period ended 31 October 2021 and 31 October 2020, the Trustee's fee is recognised at the rates stated above.

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

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### 6 TAXATION

	6 months financial period ended <u>31.10.2021</u> RM	6 months financial period ended <u>31.10.2020</u> RM
Current taxation	-	-

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

	6 months financial period ended <u>31.10.2021</u> RM	6 months financial period ended <u>31.10.2020</u> RM
Net profit before taxation	9,543,504	30,833,919
Tax at Malaysian statutory rate of 24% (2020: 24%)	2,290,441	7,400,141
Tax effects of:		
Investment income not subject to tax	(2,724,115)	(8,476,321)
Expenses not deductible for tax purposes	27,582	67,998
Restriction on tax deductible expenses for Unit Trust Funds	406,092	1,008,182
Tax expense	-	-

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### 7 DISTRIBUTIONS

	6 months financial period ended <u>31.10.2021</u> RM	6 months financial period ended <u>31.10.2020</u> RM
Distribution to unitholders are from the following sources:		
Interest income	-	3,246,462
Previous year's realised income	9,199,858	33,110,042
Gross realised income	9,199,858	36,356,504
Less: Expenses	-	(1,035,204)
Net distribution amount	<u>9,199,858</u>	<u>35,321,300</u>

During the 6 months financial period 31 October 2021, distributions were made as follows:

<u>Ex-date</u>	Gross/Net distribution per unit Sen
17.05.2021	0.09
27.05.2021	0.09
09.06.2021	0.08
23.06.2021	0.08
14.07.2021	0.08
28.07.2021	0.08
11.08.2021	0.08
25.08.2021	0.08
08.09.2021	0.08
22.09.2021	0.08
13.10.2021	0.08
27.10.2021	0.08
	<u>0.98</u>

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### 7 DISTRIBUTIONS (CONTINUED)

During the 6 months financial period 31 October 2020, distributions were made as follows:

<u>Ex-date</u>	Gross/Net distribution <u>per unit</u> Sen
13.05.2020	0.17
27.05.2020	0.17
10.06.2020	0.17
24.06.2020	0.16
08.07.2020	0.16
22.07.2020	0.11
12.08.2020	0.09
26.08.2020	0.09
09.09.2020	0.09
23.09.2020	0.09
14.10.2020	0.09
28.10.2020	0.09
	1.48
	1.48

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 distribution for the financial period is an amount of RM9,199,858 (2020: RM33,110,042) made from previous year's realised income.

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

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- deposits with licensed financial institutions	801,380,467	2,785,745,431
	801,380,467	2,785,745,431

\*Includes interest receivable of RM3,466,866 (2020: RM20,606,128).

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

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	2.00	2.29
	2.00	2.29

The deposits have an average day to maturity of 30 days (2020: 111 days).



## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### 9 NUMBER OF UNIT IN CIRCULATION

	<u>2021</u>	<u>2020</u>
	No of units	No of units
At beginning of the financial period	1,577,124,000	2,539,891,000
Creation of units arising from applications	422,876,229	885,084,137
Creation of units arising from distributions	7,893,172	26,694,326
Cancellation of units	(1,324,181,401)	(1,076,155,463)
At the end of the financial period	<u>683,712,000</u>	<u>2,375,514,000</u>

#### 10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

- (i) Details of transactions with the financial institutions for the 6 months financial period ended 31 October 2021 are as follows:

<u>Name of financial institutions</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Hong Leong Bank Bhd	13,102,580,412	42.18
KAF Investment Bank Bhd	6,219,528,573	20.02
Affin Bank Bhd#	2,810,300,863	9.05
Public Bank Bhd	2,742,925,876	8.83
Hong Leong Investment Bank Bhd	2,065,664,878	6.65
CIMB Bank Bhd	1,337,813,392	4.31
RHB Bank Bhd	920,756,146	2.97
Affin Hwang Investment Bank Bhd#	920,642,163	2.96
Ambank Bhd	531,279,735	1.71
CIMB Islamic Bank Bhd	231,122,046	0.74
Others	179,225,714	0.58
	<u>31,061,839,798</u>	<u>100.00</u>

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

#### 10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)

- (ii) Details of transactions with the financial institutions for the 6 months financial period ended 31 October 2020 are as follows:

<u>Name of financial institutions</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
Hong Leong Bank Bhd	19,747,308,861	71.55
Public Bank Bhd	1,863,903,105	6.75
Affin Hwang Investment Bank Bhd#	1,773,767,073	6.43
RHB Bank Bhd	1,063,109,711	3.85
Ambank Bhd Treasury Dept	965,205,311	3.50
CIMB Bank Bhd	622,395,260	2.25
CIMB Islamic Bank Bhd	521,138,110	1.89
Public Islamic Bank Bhd	412,846,692	1.49
Hong Leong Islamic Bank Bhd	230,891,329	0.84
Alliance Islamic Bank Bhd	221,191,128	0.80
Others	178,377,352	0.65
	<u>27,600,133,932</u>	<u>100.00</u>

#Included in transactions with dealers are trades conducted with Affin Bank Bhd and Affin Hwang Investment Bank Bhd, companies related to the Manager amounting to RM2,810,300,863 and RM920,642,163 (2020: RM Nil and RM1,773,767,073), respectively. The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties .

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

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

<u>Related parties</u>	<u>Relationships</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

The units held by the Manager and parties related to the Manager as at the end of the financial period are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>No of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>414,099</u>	<u>485,199</u>	<u>64,961</u>	<u>76,102</u>
<u>Party related to the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>134,791</u>	<u>157,934</u>	<u>-</u>	<u>-</u>
Affin Hwang Trustee Berhad (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>1,171,957</u>	<u>1,372,948</u>
Accelvantage Academy Sdn Bhd (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>459,374</u>	<u>538,157</u>

## AFFIN HWANG ENHANCED DEPOSIT FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)

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

	6 months financial period ended <u>31.10.2021</u> RM	6 months financial period ended <u>31.10.2020</u> RM
MER	<u>0.16</u>	<u>0.16</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM1,111,002,336 (2020: RM2,768,404,169).

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

	6 months financial period ended <u>31.10.2021</u> RM	6 months financial period ended <u>31.10.2020</u> RM
PTR (times)	<u>28.42</u>	<u>8.68</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM31,061,839,798 (2020: RM23,944,697,421)  
total disposal for the financial period = RM32,098,300,477 (2020: RM24,141,650,325)

## **AFFIN HWANG ENHANCED DEPOSIT FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021 (CONTINUED)**

#### **14 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

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

## **AFFIN HWANG ENHANCED DEPOSIT FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 24 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2021 and of its financial performance, changes in equity and cash flows for the financial period ended 31 October 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

Kuala Lumpur  
15 December 2021

## **DIRECTORY OF SALES OFFICE**

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