

# Affin Hwang Equity Fund

Interim Report  
31 October 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
Maybank Trustees Berhad (5004-P)

# AFFIN HWANG EQUITY 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 Equity Fund
Fund Type	Income & Growth
Fund Category	Equity
Investment Objective	To reward the Unit Holders with a reasonable rate of return on income and to realise capital growth
Benchmark	FTSE Bursa Malaysia KLCI
Distribution Policy	Distribution (if any) will be subject to the availability of income

## 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	17,726	16,189
5,001 to 10,000	1,566	11,099
10,001 to 50,000	416	7,106
50,001 to 500,000	42	4,815
500,001 and above	2	34,705
<b>Total</b>	<b>19,752</b>	<b>73,914</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>Quoted equities – local</b>			
- Construction	-	2.58	2.02
- Consumer products & services	10.89	5.79	9.06
- Energy	4.77	2.11	13.08
- Financial services	16.03	10.64	10.76
- Industrial products & services	29.68	18.24	13.07
- Plantation	-	0.87	2.90
- Property	2.92	0.76	2.21
- REITs	-	4.22	6.13
- Technology	17.38	19.14	13.58
- Telecommunication & media	3.40	2.88	6.22
- Transportation & logistics	3.68	-	-
- Healthcare	2.29	12.75	1.94
- Utilities	1.49	2.63	6.70
- Warrant	1.51	-	-
<b>Total quoted equities – local</b>	<b>94.04</b>	<b>82.61</b>	<b>87.67</b>
<b>Cash &amp; cash equivalent</b>	<b>5.96</b>	<b>17.39</b>	<b>12.33</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	58.673	45.967	59.751
NAV per Unit (RM)	0.7936	0.6017	0.5354
Unit in Circulation (million)	73.929	76.394	111.607
Highest NAV	0.7937	0.6242	0.5439
Lowest NAV	0.6572	0.4696	0.5091
Return of the Fund (%) <sup>iii</sup>	11.55	27.18	0.92
- Capital Growth (%) <sup>i</sup>	11.55	27.18	0.92
- Income Distribution (%) <sup>ii</sup>	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) <sup>1</sup>	0.85	0.87	0.85
Portfolio Turnover Ratio (times) <sup>2</sup>	0.41	0.72	0.48

### **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 decrease in the Fund's MER over the period under review was due to higher average NAV for the financial period.

<sup>2</sup>The decrease in the Fund's PTR over the period under review was due to lower trading activities for the financial period.

## MANAGER'S REPORT

### Income Distribution / Unit Split

No income distribution or 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 11.55% as compared to the benchmark return of -2.46%. The Fund thus outperformed the benchmark by 14.01%. The Net Asset Value (NAV) per unit of the Fund as at 31 October 2021 was RM0.7936 while the NAV per unit on 30 April 2021 was RM0.7114.

Since commencement, the Fund has outperformed the benchmark by 6.45% with returns of 128.05% compared to the benchmark return of 121.60%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	<b>6 Months</b> (1/5/21 - 31/10/21)	<b>1 Year</b> (1/11/20 - 31/10/21)	<b>3 Years</b> (1/11/18 - 31/10/21)	<b>5 Years</b> (1/11/16 - 31/10/21)	<b>Since Commencement</b> (30/4/93 - 31/10/21)
<b>Fund</b>	<b>11.55%</b>	<b>31.89%</b>	<b>51.02%</b>	<b>66.51%</b>	<b>128.05%</b>
<b>Benchmark</b>	<b>(2.46%)</b>	<b>6.50%</b>	<b>(8.60%)</b>	<b>(6.59%)</b>	<b>121.60%</b>
<b>Outperformance</b>	<b>14.01%</b>	<b>25.39%</b>	<b>59.62%</b>	<b>73.10%</b>	<b>6.45%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> (1/11/20 - 31/10/21)	<b>3 Years</b> (1/11/18 - 31/10/21)	<b>5 Years</b> (1/11/16 - 31/10/21)	<b>Since Commencement</b> (30/4/93 - 31/10/21)
<b>Fund</b>	<b>31.89%</b>	<b>14.72%</b>	<b>10.73%</b>	<b>2.93%</b>
<b>Benchmark</b>	<b>6.50%</b>	<b>(2.95%)</b>	<b>(1.35%)</b>	<b>2.83%</b>
<b>Outperformance</b>	<b>25.39%</b>	<b>17.67%</b>	<b>12.08%</b>	<b>0.10%</b>

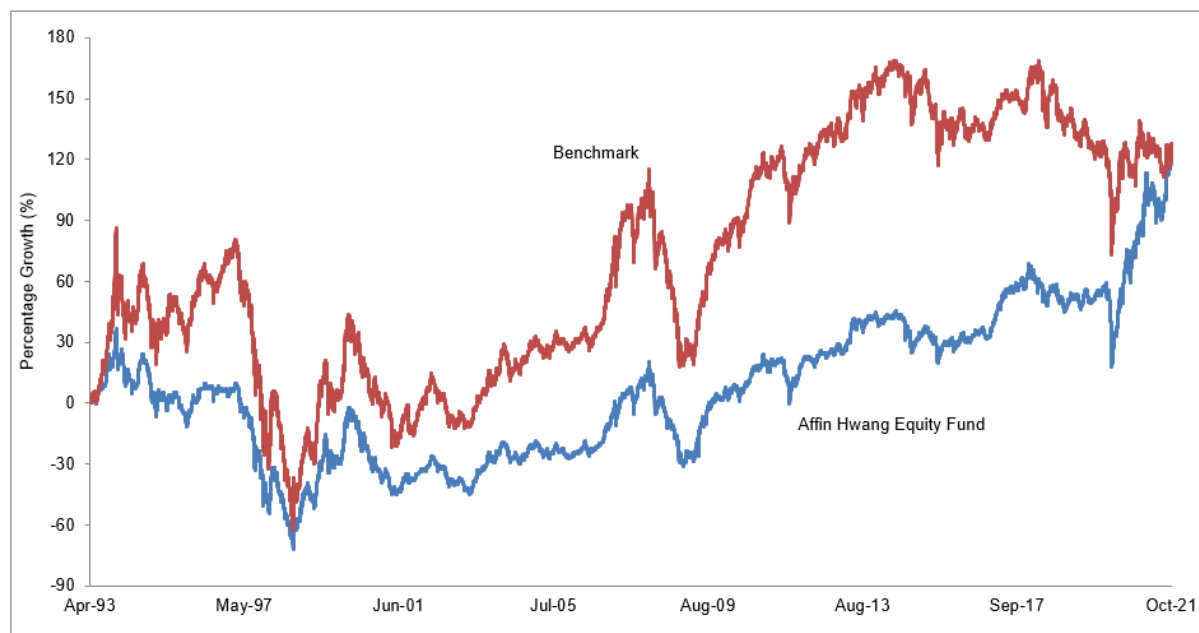
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021</b> (1/5/20 - 30/4/21)	<b>FYE 2020</b> (1/5/19 - 30/4/20)	<b>FYE 2019</b> (1/5/18 - 30/4/19)	<b>FYE 2018</b> (1/5/17 - 30/4/18)	<b>FYE 2017</b> (1/5/16 - 30/4/17)
<b>Fund</b>	<b>50.37%</b>	<b>(10.82%)</b>	<b>(4.47%)</b>	<b>4.79%</b>	<b>16.31%</b>
<b>Benchmark</b>	<b>13.77%</b>	<b>(14.28%)</b>	<b>(12.19%)</b>	<b>5.79%</b>	<b>5.70%</b>
<b>Outperformance</b>	<b>36.60%</b>	<b>3.46%</b>	<b>7.72%</b>	<b>1.00%</b>	<b>10.61%</b>

Source of Benchmark: Bloomberg

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



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

Benchmark: FTSE Bursa Malaysia KLCI

***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 asset allocation of the Fund stood at 94.04% in equities while the balance was held in cash and cash equivalent.

During the period under review, the Manager has decreased the cash level. The Fund's equity exposures were increased mainly via consumer, financial and industrial sectors. REITs were stripped off from the portfolio while healthcare exposure was reduced.

### **Strategies Employed**

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

### **Market Review**

Global 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 rise 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 EQUITY FUND**

We have acted as Trustee of AFFIN HWANG EQUITY FUND ("the Fund") for the financial period ended 31 October 2021. To the best of our knowledge, AFFIN HWANG ASSET MANGEMENT BERHAD ("the Manager") has managed the Fund in the financial period under review in accordance with the following:

1. limitations imposed on the investment powers of the Manager under the deeds, securities laws and Guidelines on Unit Trust Funds;
2. valuation and pricing of the Fund are carried out in accordance with the deeds and any regulatory requirements; and
3. creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirements.

For **Maybank Trustees Berhad**  
(Company No.: 5004-P)

**BERNICE K M LAU**  
Head, Operations

Kuala Lumpur, Malaysia  
15 December 2021

**AFFIN HWANG EQUITY FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

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

# **AFFIN HWANG EQUITY FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

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

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## AFFIN HWANG EQUITY 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 31.10.2021 RM	6 months financial period ended 31.10.2020 RM
<b>INVESTMENT INCOME</b>			
Dividend income		564,147	297,377
Interest income from financial assets at amortised cost		21,465	64,977
Net gain on financial assets at fair value through profit or loss	7	5,996,082	10,635,920
		<u>6,581,694</u>	<u>10,998,274</u>
<b>EXPENSES</b>			
Management fee	4	(400,518)	(335,319)
Trustee fee	5	(21,364)	(18,101)
Auditors' remuneration		(3,781)	(3,781)
Tax agent's fee		-	(2,208)
Transaction costs		(135,770)	(222,970)
Other expenses		(29,870)	(41,833)
		<u>(591,303)</u>	<u>(624,212)</u>
<b>NET PROFIT BEFORE TAXATION</b>		5,990,391	10,374,062
Taxation	6	-	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>5,990,391</u>	<u>10,374,062</u>
Net profit after taxation is made up of the following:			
Realised amount		929,835	5,203,617
Unrealised amount		5,060,556	5,170,445
		<u>5,990,391</u>	<u>10,374,062</u>

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

## AFFIN HWANG EQUITY 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	8	3,452,984	7,547,690
Amount due from brokers		97,117	505,734
Amount due from Manager			
- creation of units		3,937	-
Dividend receivables		42,178	15,230
Financial assets at fair value through profit or loss	7	55,177,431	37,990,522
<b>TOTAL ASSETS</b>		<u>58,773,647</u>	<u>46,059,176</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		72,954	59,845
- cancellation of units		-	7,968
Amount due to Trustee		3,891	3,192
Auditors' remuneration		3,781	3,781
Tax agent's fee		13,700	15,908
Other payables and accruals		6,563	1,351
<b>TOTAL LIABILITIES</b>		<u>100,889</u>	<u>92,045</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>58,672,758</u>	<u>45,967,131</u>
<b>EQUITY</b>			
Unitholders' capital		75,263,086	76,888,979
Accumulated losses		(16,590,328)	(30,921,848)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>58,672,758</u>	<u>45,967,131</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<u>73,929,000</u>	<u>76,394,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7936</u>	<u>0.6017</u>

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

## AFFIN HWANG EQUITY FUND

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

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 May 2021	76,341,801	(22,580,719)	53,761,082
Total comprehensive income for the financial period	-	5,990,391	5,990,391
Movement in unitholders' capital:			
Creation of units	1,198,256	-	1,198,256
Cancellation of units	(2,276,971)	-	(2,276,971)
Balance as at 31 October 2021	<u>75,263,086</u>	<u>(16,590,328)</u>	<u>58,672,758</u>
Balance as at 1 May 2020	86,201,260	(41,295,910)	44,905,350
Total comprehensive income for the financial period	-	10,374,062	10,374,062
Movement in unitholders' capital:			
Creation of units	76,588	-	76,588
Cancellation of units	(9,388,869)	-	(9,388,869)
Balance as at 31 October 2020	<u>76,888,979</u>	<u>(30,921,848)</u>	<u>45,967,131</u>

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

## AFFIN HWANG EQUITY FUND

### UNAUDITED INTERIM STATEMENT OF CASH FLOWS 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>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		24,765,194	37,029,311
Purchase of investments		(22,313,587)	(33,082,632)
Interest received		21,465	64,977
Dividend received		529,343	368,128
Management fee paid		(394,318)	(333,590)
Trustee fee paid		(21,033)	(18,009)
Payment for other fees and expenses		(168,512)	(276,171)
		<hr/>	<hr/>
Net cash flows generated from operating activities		2,418,552	3,752,014
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,198,594	85,446
Payments for cancellation of units		(2,276,971)	(9,380,901)
		<hr/>	<hr/>
Net cash flows used in financing activities		(1,078,377)	(9,295,455)
		<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH CASH EQUIVALENTS</b>		1,340,175	(5,543,441)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		2,112,809	13,091,131
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	8	3,452,984	7,547,690
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The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.



## AFFIN HWANG EQUITY 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 revenue and expenses during the reported financial period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

(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 EQUITY FUND**

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

#### **B INCOME RECOGNITION**

##### Dividend income

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

##### Interest income

Interest income from short term deposits with licensed financial institutions 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).

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

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

#### **C TRANSACTION COSTS**

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

#### **D TAXATION**

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

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

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

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

## AFFIN HWANG EQUITY FUND

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

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

##### (i) Classification

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

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

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

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

The Fund classifies cash and cash equivalents, amount due from brokers, amount due from Manager and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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

##### (ii) Recognition and measurement

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

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

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

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

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

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

## AFFIN HWANG EQUITY FUND

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

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

##### (ii) Recognition and measurement (continued)

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, 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.

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

##### Quantitative criteria:

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

##### Qualitative criteria:

The debtor meets unlikelihood 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.

## **AFFIN HWANG EQUITY FUND**

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

#### **G CASH AND CASH EQUIVALENTS**

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

#### **H AMOUNTS DUE FROM/(TO) BROKERS**

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

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

Significant financial difficulties of the 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.

#### **I 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 unitholders' option 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 EQUITY FUND**

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

#### **J 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.

#### **K 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 EQUITY 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 of Amanah Saham PHB (the "Fund") pursuant to the execution of a Principal Deed dated 15 April 1993, a First Supplemental Deed dated 4 May 1994, a Second Supplemental Deed dated 1 October 1996, a Third Supplemental deed dated 1 October 1996, a Supplemental Deed dated 18 November 1998, Second Supplemental Deed dated 31 May 2002, Third Supplemental Deed dated 23 August 2007, Fourth Supplemental Deed dated 13 October 2008, Fifth Supplemental Deed dated 22 July 2014, Sixth Supplemental Deed dated 27 July 2015 and Seventh Supplemental Deed dated 5 October 2018 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and Maybank Trustees Berhad (the "Trustee"). The Fund, under a Second Supplemental Deed dated 31 May 2002, was later renamed to Affin Equity Fund, changed its pricing policy to forward pricing and replaced units certificates with statements and from Affin Equity Fund to Affin Hwang Equity Fund as amended by the Fifth Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 29 April 1993 and will continue its operations until terminated by the Trustee as provided under Clause 23 of the Supplemental Deed.

The Fund may invest in the following permitted investments subject to the following restrictions imposed or as may be amended from time to time by the Securities Commission ("SC") and/or the relevant authorities and/or the Deed:

- (i) Listed securities;
- (ii) Unlisted securities including, without limitation, securities that have been approved by relevant authorities for the listing of and quotation for such securities;
- (iii) Fixed deposits with financial institutions;
- (iv) Money market instruments;
- (v) Government bonds, treasury bills and other Government approved or guaranteed bonds;
- (vi) Debentures including private debt securities and bonds;
- (vii) Units/Shares in collective investment schemes, both local and foreign;
- (viii) Equity linked instruments; and
- (ix) Any other form of investments as may be permitted by the Securities Commissions from time to time that is in line with the Trust's objectives.

The objective of the Fund is to reward the unitholders with a reasonable rate of return on income and to realise capital growth.

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 EQUITY 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 of the Fund are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial asset</u>				
Cash and cash equivalents	8	3,452,984	-	3,452,984
Amount due from brokers		97,117	-	97,117
Amount due from Manager				
- creation of units		3,937	-	3,937
Dividend receivables		42,178	-	42,178
Quoted equities	7	-	55,177,431	55,177,431
Total		<u>3,596,216</u>	<u>55,177,431</u>	<u>58,773,647</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		72,954	-	72,954
Amount due to Trustee		3,891	-	3,891
Auditor's remuneration		3,781	-	3,781
Tax agent's fee		13,700	-	13,700
Other payables and accruals		6,563	-	6,563
Total		<u>100,889</u>	<u>-</u>	<u>100,889</u>
<u>2020</u>				
<u>Financial asset</u>				
Cash and cash equivalents	8	7,547,690	-	7,547,690
Amount due from brokers		505,734	-	505,734
Dividend receivables		15,230	-	15,230
Quoted equities	7	-	37,990,522	37,990,522
Total		<u>8,068,654</u>	<u>37,990,522</u>	<u>46,059,176</u>



## AFFIN HWANG EQUITY 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)

Financial instruments of the Fund are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		59,845	-	59,845
- cancellation of units		7,968	-	7,968
Amount due to Trustee		3,192	-	3,192
Auditor's remuneration		3,781	-	3,781
Tax agent's fee		15,908	-	15,908
Other payables and accruals		1,351	-	1,351
		<u>92,045</u>	<u>-</u>	<u>92,045</u>

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate 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 SC's Guidelines on Unit Trust Funds.

#### 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>2021</u> RM	<u>2020</u> RM
<b>Quoted investments</b>		
Quoted equities	<u>55,177,431</u>	<u>37,990,522</u>

## AFFIN HWANG EQUITY 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)

##### Market risk (continued)

##### (a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2020: 10%) and decreased by 10% (2020: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after tax/ <u>NAV</u> RM
<u>2021</u>		
-10%	49,659,688	(5,517,743)
0%	55,177,431	-
+10%	60,695,174	5,517,743
<u>2020</u>		
-10%	34,191,470	(3,799,052)
0%	37,990,522	-
+10%	41,789,574	3,799,052

##### (b) 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 cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short term deposit placements with licensed 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 are not material as the carrying value of the deposits are held on a short-term basis.

##### Credit risk

Credit risk refers to the ability of any 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 cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

## AFFIN HWANG EQUITY 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)

##### Credit risk (continued)

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

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

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

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

	Cash and cash <u>equivalents</u> RM	Amount due from <u>brokers</u> RM	Amount due from <u>Manager</u> RM	Dividend <u>receivables</u> RM	<u>Total</u> RM
<u>2021</u>					
Financial Services					
- AAA	227,472	-	-	-	227,472
- AA2	-	-	-	42,178	42,178
- AA3	3,225,512	-	-	-	3,225,512
Industrial Products & Services					
- NR	-	97,117	-	-	97,117
Others					
- NR	-	-	3,937	-	3,937
	<u>3,452,984</u>	<u>97,117</u>	<u>3,937</u>	<u>42,178</u>	<u>3,596,216</u>
<u>2020</u>					
Consumer Product & Services					
- NR	-	37,813	-	-	37,813
Energy					
- NR	-	95,219	-	-	95,219
Finance					
- AAA	2,332,606	-	-	-	2,332,606
- AA3	5,215,084	-	-	-	5,215,084
Healthcare					
- NR	-	372,702	-	9,818	382,520
REITs					
- NR	-	-	-	5,412	5,412
	<u>7,547,690</u>	<u>505,734</u>	<u>-</u>	<u>15,230</u>	<u>8,068,654</u>

## AFFIN HWANG EQUITY 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 bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	72,954	-	72,954
- cancellation of units		-	
Amount due to Trustee	3,891	-	3,891
Auditors' remuneration	-	3,781	3,781
Tax agent's fee	-	13,700	13,700
Other payables and accruals	-	6,563	6,563
	<u>76,845</u>	<u>24,044</u>	<u>100,889</u>
<u>2020</u>			
Amount due to Manager			
- management fee	59,845	-	59,845
- cancellation of units	7,968	-	7,968
Amount due to Trustee	3,192	-	3,192
Auditors' remuneration	-	3,781	3,781
Tax agent's fee	-	15,908	15,908
Other payables and accruals	-	1,351	1,351
	<u>71,005</u>	<u>21,040</u>	<u>92,045</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 EQUITY FUND

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

#### 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. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

An active market is a market in which transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques.

##### (i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

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				
- quoted equities	55,177,431	-	-	55,177,431

## AFFIN HWANG EQUITY 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: (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss - quoted equities	37,990,522	-	-	37,990,522

Investments whose values are based on quoted market price in active markets and are therefore classified within level 1 includes active listed equities. The Fund does not adjust the quoted prices for these instruments.

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

#### 4 MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 1.50% per annum of the NAV of the Fund calculated on a daily basis.

For 6 months financial period ended 31 October 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum based 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 amounts recognised above.

#### 5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum on the NAV of the Fund.

For the 6 months financial period ended 31 October 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 0.08%) per annum based 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 Trustee in respect of Trustee fee other than the amounts recognised above.

## AFFIN HWANG EQUITY 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 - local	-	-

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>	6 months financial period ended <u>31.10.2020</u>
Net profit before taxation	5,990,391	10,374,062
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	1,437,693	2,489,775
Tax effect of:		
Investment income not subject to tax	(1,579,606)	(2,639,586)
Expenses not deductible for tax purposes	44,881	68,427
Restrictions on tax deductible expenses for Unit Trust Funds	97,032	81,384
Tax expense	-	-

#### 7 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:		
- quoted equities – local	55,177,431	37,990,522
Net gain on financial assets at fair value through profit or loss		
- realised gain on sale of investments	935,526	5,465,475
- unrealised gain on changes in fair value	5,060,556	5,170,445
	5,996,082	10,635,920

## AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local

(i) Quoted equities – local as at 31 October 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products &amp; Services</u>				
Hong Leong Industries Bhd	166,100	1,181,926	1,513,171	2.58
Malayan Flour Mills Bhd	2,768,800	2,203,555	2,090,444	3.56
Berjaya Food Bhd	491,000	898,530	996,730	1.70
Formosa Prosonic Industries Bhd	416,000	872,130	1,788,800	3.05
	<u>3,841,900</u>	<u>5,156,141</u>	<u>6,389,145</u>	<u>10.89</u>
<u>Energy</u>				
Reservoir Link Energy Bhd	1,972,800	1,041,618	1,075,176	1.83
Dayang Enterprise Hldgs Bhd	747,400	1,042,993	736,189	1.25
Wah Seong Corporation Bhd	1,354,900	741,130	989,077	1.69
	<u>4,075,100</u>	<u>2,825,741</u>	<u>2,800,442</u>	<u>4.77</u>
<u>Financial Services</u>				
AMMB Holdings Bhd	523,400	1,596,747	1,758,624	3.00
CIMB Group Holdings Bhd	229,342	985,218	1,197,165	2.04
RHB Bank Bhd	281,190	1,425,697	1,569,040	2.67
Malayan Banking Bhd	263,629	2,214,844	2,122,213	3.62
Public Bank Bhd	396,200	1,607,538	1,652,154	2.82
Hong Leong Bank Bhd	58,700	982,185	1,104,734	1.88
	<u>1,752,461</u>	<u>8,812,229</u>	<u>9,403,930</u>	<u>16.03</u>
<u>Healthcare</u>				
IHH Healthcare Bhd	205,700	1,125,800	1,345,278	2.29
<u>Industrial Products &amp; Services</u>				
Supercomnet Technologies Bhd	619,600	1,208,220	1,121,476	1.91
Scope Industries Bhd	4,700,800	1,185,468	1,668,784	2.84
Asia Poly Holdings Bhd	5,323,900	1,762,243	1,064,780	1.81
Scientex Bhd	536,900	779,772	2,496,585	4.26
V.S. Industry Bhd	1,436,500	1,342,633	2,269,670	3.87
Kobay Technology Berhad	227,800	640,007	1,195,950	2.04
PIE Industrial Bhd	308,700	1,073,116	1,185,408	2.02
Ta Win Holdings Bhd	16,026,000	1,531,873	2,403,900	4.10
SKP Resources Bhd	837,150	1,070,685	1,523,613	2.60



## AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 31 October 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products &amp; Services</u>				
(continued)				
ATA IMS Bhd	409,100	865,204	1,026,841	1.75
Press Metal Aluminium Hldg Bhd	261,800	1,373,521	1,452,990	2.48
	<u>30,688,250</u>	<u>12,832,742</u>	<u>17,409,997</u>	<u>29.68</u>
<u>Property</u>				
Eco World Development Grp Bhd	1,677,300	835,809	1,710,846	2.92
<u>Technology</u>				
GHL Systems Bhd	302,050	277,427	595,039	1.01
NCT Alliance Bhd	2,115,900	1,116,246	1,216,643	2.07
Genetec Technology Bhd	80,000	944,000	3,720,000	6.34
Inari Amertron Bhd	404,400	1,073,867	1,560,984	2.66
Greotech Technology Bhd	146,300	600,793	1,048,971	1.79
Malaysian Pac Industries Bhd	30,700	306,863	1,436,760	2.45
Unisem M Berhad	145,200	440,021	621,456	1.06
	<u>3,224,550</u>	<u>4,759,217</u>	<u>10,199,853</u>	<u>17.38</u>
<u>Telecommunications &amp; Media</u>				
Opcom Holdings Berhad	503,500	286,675	604,200	1.03
TIME dotCom Berhad	308,700	976,488	1,392,237	2.37
	<u>812,200</u>	<u>1,263,163</u>	<u>1,996,437</u>	<u>3.40</u>
<u>Transportation &amp; Logistics</u>				
MISC Bhd	137,500	917,125	970,750	1.65
TASCO Bhd	930,800	685,854	1,191,424	2.03
	<u>1,068,300</u>	<u>1,602,979</u>	<u>2,162,174</u>	<u>3.68</u>
<u>Utilities</u>				
YTL Corp Bhd	1,383,300	1,025,342	871,479	1.49

## AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 31 October 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Warrants</u>				
Malayan Flour Mills Bhd - Warrant	1,284,200	567,696	359,576	0.61
V.S. Industry Bhd - Warrant	287,300	-	143,650	0.24
Ta Win Holdings Bhd - Warrant	6,410,400	-	384,624	0.66
	<u>7,981,900</u>	<u>567,696</u>	<u>887,850</u>	<u>1.51</u>
Total quoted equities – local	<u>56,710,961</u>	40,806,859	<u>55,177,431</u>	<u>94.04</u>
Accumulated unrealised gain on quoted equities – local		<u>14,370,572</u>		
Total quoted equities – local		<u>55,177,431</u>		

## AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 October 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Gamuda Bhd	355,500	1,208,763	1,183,815	2.58
<u>Consumer Products &amp; Services</u>				
Guan Chong Bhd	347,500	624,277	976,475	2.12
Hong Leong Industries Bhd	166,100	1,181,926	1,239,106	2.70
Kumpulan Powernet Bhd	136,300	384,196	444,338	0.97
	<u>649,900</u>	<u>2,190,399</u>	<u>2,659,919</u>	<u>5.79</u>
<u>Energy</u>				
Dialog Group Bhd	262,600	821,528	971,620	2.11
<u>Financial Services</u>				
Allianz Malaysia Bhd	65,600	945,226	863,296	1.88
Hong Leong Bank Bhd	81,300	1,360,334	1,203,240	2.62
Malayan Banking Bhd	179,161	1,567,313	1,254,127	2.73
Public Bank Bhd	51,500	868,990	776,620	1.69
RHB Bank Bhd	187,200	893,811	791,856	1.72
	<u>564,761</u>	<u>5,635,674</u>	<u>4,889,139</u>	<u>10.64</u>
<u>Healthcare</u>				
Hartalega Holdings Bhd	108,600	2,106,200	1,954,800	4.25
IHH Healthcare Bhd	168,700	930,621	838,439	1.82
Kossan Rubber Industries Bhd	139,800	894,626	1,034,520	2.25
Supermax Corp Bhd	110,900	604,038	1,049,114	2.28
Top Glove Corp Bhd	115,500	812,257	989,835	2.15
	<u>643,500</u>	<u>5,347,742</u>	<u>5,866,708</u>	<u>12.75</u>

## AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 October 2020 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Industrial Products &amp; Services</u>				
ATA IMS Bhd	391,500	665,991	814,320	1.77
Petronas Chemicals Group Bhd	84,800	486,856	496,080	1.08
Sarawak Consolidated Ind Bhd	127,800	361,928	440,910	0.96
Scientex Bhd	183,400	799,088	2,178,792	4.74
SKP Resources Bhd	466,000	563,677	820,160	1.78
Sunway Berhad	515,992	824,285	691,429	1.50
Supercomnet Technologies Bhd	941,800	1,836,510	2,024,870	4.41
V.S. Industry Bhd	398,400	435,059	920,304	2.00
	<u>3,109,692</u>	<u>5,973,394</u>	<u>8,386,865</u>	<u>18.24</u>
<u>Plantation</u>				
FGV Holdings Bhd	377,400	393,230	400,044	0.87
<u>Property</u>				
Malaysian Resources Corp Bhd	932,100	480,043	349,538	0.76
<u>REITS</u>				
IGB REIT	621,100	1,018,355	1,031,026	2.24
Sunway REIT	640,500	1,076,780	909,510	1.98
	<u>1,261,600</u>	<u>2,095,135</u>	<u>1,940,536</u>	<u>4.22</u>

## AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 October 2020 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Technology</u>				
Frontken Corp Bhd	273,000	928,200	955,500	2.08
GHL Systems Bhd	452,100	622,867	994,620	2.16
Greatech Technology Bhd	245,700	1,315,048	1,882,062	4.09
Inari Amertron Bhd	391,300	741,191	993,902	2.16
Iris Corporation Bhd	1,037,300	338,968	259,325	0.56
JHM Consolidation Bhd	765,800	1,211,118	1,324,834	2.88
Malaysian Pac Industries Bhd	66,500	664,704	1,463,000	3.18
Pentamaster Corporation Bhd	185,700	566,305	934,071	2.03
	<u>3,417,400</u>	<u>6,388,401</u>	<u>8,807,314</u>	<u>19.14</u>
<u>Telecommunications &amp; Media</u>				
TIME dotCom Bhd	102,900	976,488	1,325,352	2.88
<u>Utilities</u>				
Tenaga Nasional Bhd	126,800	1,596,307	1,209,672	2.63
Total quoted equities – local	<u>11,804,153</u>	<u>33,107,104</u>	<u>37,990,522</u>	<u>82.61</u>
Accumulated unrealised gain on quoted equities – local		<u>4,883,418</u>		
Total quoted equities – local		<u>37,990,522</u>		

## AFFIN HWANG EQUITY FUND

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

#### 8 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	227,472	29,395
Deposits with licensed financial institutions	3,225,512	7,518,295
	<u>3,452,984</u>	<u>7,547,690</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	<u>1.75</u>	<u>1.75</u>

Deposits with licensed financial institutions have an average maturity period of 1 day (2020: 2 days).

#### 9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of unit	<u>2020</u> No. of unit
At beginning of the financial period	75,576,000	94,912,000
Creation of units arising from applications	1,596,000	133,000
Cancellation of units	(3,243,000)	(18,651,000)
At end of the financial period	<u>73,929,000</u>	<u>76,394,000</u>

## AFFIN HWANG EQUITY FUND

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

#### 10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 October 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	15,115,781	36.59	50,090	36.89
Public Investment Bank Bhd	3,947,119	9.57	12,877	9.48
TA Securities Bhd	2,558,439	6.19	8,158	6.01
Hong Leong Investment Bank Bhd	1,979,174	4.79	6,894	5.08
CGS – CIMB Securities Sdn. Bhd	1,953,028	4.73	6,714	4.95
Malayan Banking Bhd	1,908,640	4.62	6,700	4.93
RHB Investment Bank Bhd	1,860,691	4.50	5,940	4.38
Macquarie Capital Securities (Malaysia) Sdn. Bhd.	1,740,908	4.21	6,121	4.51
KAF Seagroatt & Campbell Securities Sdn Bhd	1,550,388	3.75	5,286	3.89
Kenanga Investment Bank Bhd	1,525,811	3.70	5,007	3.69
Others	7,166,480	17.35	21,983	16.19
	<u>41,306,459</u>	<u>100.00</u>	<u>135,770</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 October 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	29,033,871	41.53	91,645	41.14
UOB Kay Hian Securities (M) Sdn Bhd	4,847,641	6.94	14,621	6.56
Hong Leong Investment Bank Bhd	4,501,785	6.44	15,011	6.74
Public Investment Bank Bhd	4,444,069	6.36	14,722	6.61
RHB Investment Bank Bhd	4,167,844	5.96	12,292	5.52
Alliance Investment Bank Bhd	4,013,352	5.74	13,365	6.00
KAF Seagroatt & Campbell Securities Sdn Bhd	3,593,607	5.14	11,869	5.33
CGS - CIMB Securities Sdn Bhd	3,168,765	4.53	10,814	4.85
Malayan Banking Bhd	2,708,296	3.87	8,985	4.03
Kenanga Investment Bank Bhd	2,267,971	3.25	7,356	3.30
Others	7,156,666	10.24	22,090	9.92
	<u>69,903,867</u>	<u>100.00</u>	<u>222,770</u>	<u>100.00</u>

# Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM15,115,781 (2020: RM29,033,871). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

## AFFIN HWANG EQUITY 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

	<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>15,177</u>	<u>12,044</u>	<u>2,476</u>	<u>1,490</u>
<u>Parties related to the Manager:</u>				
Affin Bank Berhad (The units are held beneficially)	<u>51,104</u>	<u>40,556</u>	<u>51,104</u>	<u>30,749</u>
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	<u>217,891</u>	<u>172,918</u>	<u>-</u>	<u>-</u>



## AFFIN HWANG EQUITY 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> %	6 months financial period ended <u>31.10.2020</u> %
MER	<u>0.85</u>	<u>0.87</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM52,968,668 (2020: RM44,879,626).

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

	6 months financial period ended <u>31.10.2021</u>	6 months financial period ended <u>31.10.2020</u>
PTR (times)	<u>0.41</u>	<u>0.72</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 = RM21,234,207 (2020: RM32,422,928)  
total disposal for the financial period = RM22,103,942 (2020: RM32,015,464)

#### 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 EQUITY 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 29 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, 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**

### **HEAD OFFICE**

Affin Hwang Asset Management Berhad  
Ground Floor  
Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur

Tel : 03 – 2116 6000  
Fax : 03 – 2116 6100  
Toll free no : 1-800-88-7080  
Email: [customercare@affinhwangam.com](mailto:customercare@affinhwangam.com)

### **PENANG**

Affin Hwang Asset Management Berhad  
No. 10-C-24 Precinct 10  
Jalan Tanjung Tokong  
10470 Penang

Tel : 04 – 899 8022  
Fax : 04 – 899 1916

### **PERAK**

Affin Hwang Asset Management Berhad  
1, Persiaran Greentown 6  
Greentown Business Centre  
30450 Ipoh Perak

Tel : 05 – 241 0668  
Fax : 05 – 255 9696

### **MELAKA**

Affin Hwang Asset Management Berhad  
Ground Floor, No. 584, Jalan Merdeka  
Taman Melaka Raya  
75000 Melaka

Tel : 06 – 281 2890 / 3269  
Fax : 06 – 281 2937

### **JOHOR**

Affin Hwang Asset Management Berhad  
Unit 22-05, Level 22  
Menara Landmark  
No. 12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor Darul Takzim

Tel : 07 – 227 8999  
Fax : 07 – 223 8998

### **SABAH**

Affin Hwang Asset Management Berhad  
Lot No. B-2-09, 2<sup>nd</sup> Floor  
Block B, Warisan Square  
Jalan Tun Fuad Stephens  
88000 Kota Kinabalu  
Sabah

Tel : 088 – 252 881  
Fax : 088 – 288 803

## **DIRECTORY OF SALES OFFICE (CONTINUED)**

### **SARAWAK**

Affin Hwang Asset Management Berhad  
Ground Floor, No. 69  
Block 10, Jalan Laksamana Cheng Ho  
93200 Kuching  
Sarawak

Tel : 082 – 233 320  
Fax : 082 – 233 663

Affin Hwang Asset Management Berhad  
1<sup>st</sup> Floor, Lot 1291  
Jalan Melayu, MCLD  
98000 Miri  
Sarawak

Tel : 085 – 418 403  
Fax : 085 – 418 372

[www.affinhwangam.com](http://www.affinhwangam.com)

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)