



**SEMI-ANNUAL REPORT**  
31 October 2022

# Affin Hwang **New China Tracker** Fund

**MANAGER**  
AHAM Asset Management Berhad  
*(Formerly known as Affin Hwang Asset  
Management Berhad)*  
199701014290 (429786-T)

**TRUSTEE**  
TMF Trustees Malaysia Berhad  
(200301008392 [610812-W])

**Built On Trust**

[aham.com.my](http://aham.com.my)

# AFFIN HWANG NEW CHINA TRACKER FUND

## Semi-Annual Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 October 2022

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## FUND INFORMATION

Fund Name	Affin Hwang New China Tracker Fund
Fund Type	Growth
Fund Category	Feeder fund
Investment Objective	The Fund aims to provide investors with investment results that closely correspond to the performance of the benchmark
Benchmark	S&P New China Sectors Ex A-Shares Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate

## FUND PERFORMANCE DATA

Category	As at 31 Oct 2022 (%)	As at 31 Oct 2021 (%)
Portfolio composition		
Collective investment scheme - local	92.53	95.03
Cash & cash equivalent	7.47	4.97
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	23.711	31.174
NAV per Unit (RM)	0.2488	0.4319
Unit in Circulation (million)	95.318	72.171
Highest NAV	0.3697	0.5241
Lowest NAV	0.2488	0.4074
Return of the Fund (%)	-23.75	-16.83
- Capital Growth (%)	-23.75	-16.83
- Income Distribution (%)	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil
Total Expense Ratio (%) <sup>1</sup>	0.29	0.27
Portfolio Turnover Ratio (times) <sup>2</sup>	0.02	0.26

### **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 increased TER of the Fund during the financial period under review is due to increased expenses incurred by the Fund.

<sup>2</sup> The PTR of the fund was lower due to lesser trading activities of the Fund during the financial period under review.

## MANAGER'S REPORT

### Income Distribution / Unit Split

No income distribution or unit splits were declared for the financial period ended 31 October 2022.

### Performance Review (1 May 2022 to 31 October 2022)

For the period 1 May 2022 to 31 October 2022, the Fund registered a -23.75% return compared to the benchmark return of -26.19%. The Fund thus outperformed the Benchmark by 2.44%. The Net Asset Value per unit ("NAV") of the Fund as at 31 October 2022 was MYR0.2488 while the NAV as at 30 April 2022 was MYR0.3263.

Since commencement, the Fund has registered a return of -50.24% compared to the benchmark return of -52.82%, outperforming by 2.58%.

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/5/22 - 31/10/22)</b>	<b>1 Year</b> <b>(1/11/21 - 31/10/22)</b>	<b>Since Commencement</b> <b>(9/12/20 - 31/10/22)</b>
<b>Fund</b>	<b>(23.75%)</b>	<b>(42.39%)</b>	<b>(50.24%)</b>
<b>Benchmark</b>	<b>(26.19%)</b>	<b>(44.57%)</b>	<b>(52.82%)</b>
<b>Outperformance</b>	<b>2.44%</b>	<b>2.18%</b>	<b>2.58%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/11/21 - 31/10/22)</b>	<b>Since Commencement</b> <b>(9/12/20 - 31/10/22)</b>
<b>Fund</b>	<b>(42.39%)</b>	<b>(30.80%)</b>
<b>Benchmark</b>	<b>(44.57%)</b>	<b>(32.72%)</b>
<b>Outperformance</b>	<b>2.18%</b>	<b>1.92%</b>

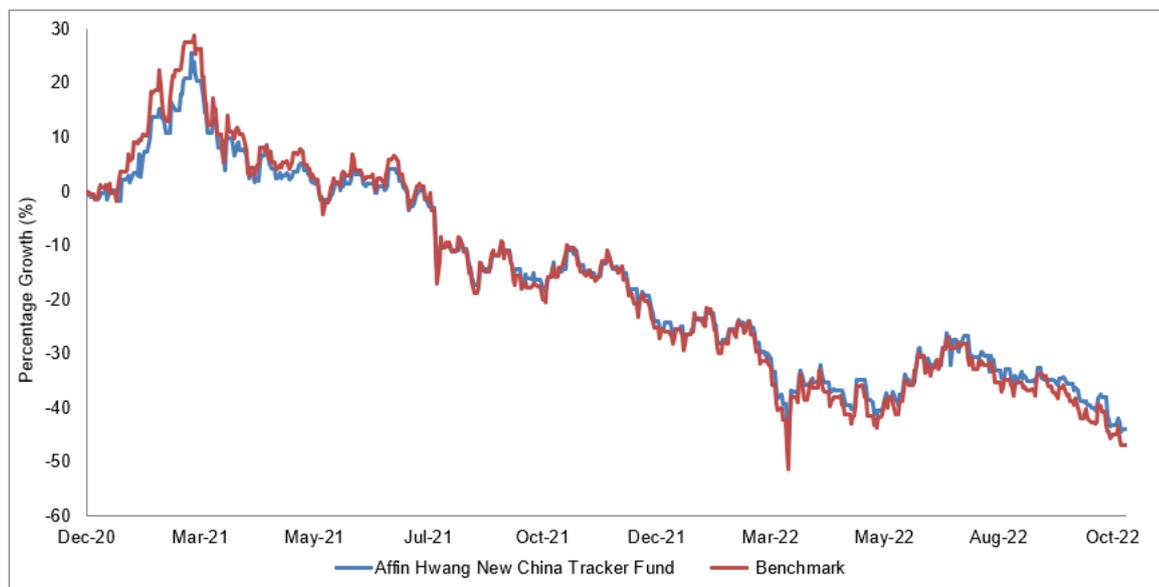
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2022</b> <b>(1/5/21 - 30/4/22)</b>	<b>FYE 2021</b> <b>(9/12/20 - 30/4/21)</b>
<b>Fund</b>	<b>(37.17%)</b>	<b>3.86%</b>
<b>Benchmark</b>	<b>(39.07%)</b>	<b>4.89%</b>
<b>Outperformance</b>	<b>1.90%</b>	<b>(1.03%)</b>

Source of Benchmark: Bloomberg

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



*"This information is prepared by AHAM Asset Management Berhad (AHAM), (formerly known as Affin Hwang Asset Management Berhad) 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: S&P New China Sectors Ex A-Shares Index

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

### **Asset Allocation**

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

As at 31 October 2022, the Fund's exposure into the collective investment scheme stood at 92.53% of the Fund's NAV and the remaining in cash and cash equivalent.

### **Strategies Employed**

The Manager continues to hold the flexibility to invest into a range of asset classes depending on the prevailing market conditions.

### **Market Review**

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions among investor concerns. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As we enter the last quarter of the year, numerous interest rates hikes have taken place over the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points by October 2022 to address inflationary pressures. All eyes will be on the upcoming Fed's policy meeting on the 1-2 November where a 75 basis points (bps) rate hike is widely baked into market expectations. Investors will be keeping a lookout on the Fed' forward commentary to see if there are any signs of a pivot.

Following a slump in the previous month, US equities recovered some ground in October on optimism that the Fed is considering easing monetary policy. The Standard & Poor (S&P) 500 index climbed 8.0% higher as souring consumer confidence and falling home prices raised expectations that the Fed could start to hit

the brakes on tightening. However, despite the recent gain, a comparison of the index with a year ago shows a decline of 15.92%. The Nasdaq index similarly closed 3.9% higher than last month as earnings season kicked into high gear. As of October 2022, 226 companies within the S&P 500 have reported results. Out of this figure, 60% of companies delivered an earnings beat. However, the surprise magnitude was only 0.9% which is well below average levels.

The euro area annual inflation rate was 10.7% year-on-year in October, the energy sector being the largest contributor to the increase. The month also saw the European Commission propose new regulation to cap energy prices and introduce measures such as joint gas purchasing. All sectors in the Eurozone gained in the month, with energy and industrials the largest contributor and the weaker sectors being consumer and consumer staples. The European Central Bank (ECB) raised interest rates by 75 bps and acknowledge that the eurozone may face recession, signalling a sign that the pace of rates rises could soon ease. This increased the appetite for shares.

In Asia the broader MSCI (Morgan Stanley Composite Index) Asia ex-Japan index fell 6.1% in October, dragged by losses in China. The MSCI China index plunged by over 16.8% as COVID-19 flare-ups and policy uncertainty post-Congress weigh on risk sentiment. There were few surprises in China's 20th Party Congress which is held once every 5 years. As expected, the Chinese Communist Party elected Xi Jinping as its general secretary (the highest position in the party) for an unprecedented third term, further cementing his leadership. Markets are jittery as President Xi Jinping's further consolidation of power together with his close allies fuelled risk that disruptive past policies like Beijing's tech regulatory crackdown and its strict zero COVID strategy would continue. Share prices in Taiwan were also lower in October due to ongoing geopolitical tensions with China.

Back on the home front, the local market edged 4.7% higher as election fever heats up. After much speculation, the dissolution of Parliament was announced by Prime Minister Datuk Seri Ismail to pave the way for the 15th general election ("GE15"). The nomination of candidates is set to be announced on the 5 November and voting taking place on the 19 November.

The current market base-case is that Barisan Nasional could muster a sufficient majority to form a new government. This outcome may be viewed positively as markets believe that it signifies policy continuity, where any new fiscal budget would also be similar to the one tabled before.

As of October 2022, US Treasury (UST) yield curve continue to rise and remain inverted on the back of US Fed aggressive rate hike policy to reduce the high level of inflation. UST yields moved higher on a month-on-month basis across the curve. The long end shifted the less, reflecting expectations on slower growth in the future. UST10Y ended higher at 4.05%, an increase of 22bps from the previous month, amidst elevated level of inflation and tight job market. The UST 2Y/10Y inversion was flat at 44bps (Sep: 45bps), reflecting a higher possibility of a recession.

On the domestic front, after the sell-off in the previous month, Malaysian government securities (MGS) yields saw a bit of relief in October as yields ended and the longer-tenured yields, 10, 15, 20 and 30 years, fell by around 3 to 10 bps amidst possibility of central banks slowed down their pace of rates hiking.

Headline inflation tapered off to +4.5% in September (August: +4.7%), suggesting the headline inflation has likely peaked. However, the core Consumer Price Index (CPI) figures continued to tick higher at +4.0% in September (August: +3.8%) amidst elevated commodity prices, strong demand and tight labor markets. Expect headline consumer price index (CPI) to hover at current level before moderating in the fourth quarter of the year (assuming subsidies remain unchanged). Due to the elevated inflation level and strong economic growth, Bank Negara Malaysia (BNM) raised rates by 25 bps in the overnight policy rate (OPR) rate to bring it to 2.75% by year end.

The S&P Goldman Sachs Commodities Index (GSCI) recorded a positive performance in October as higher energy prices offsetting weaker prices for agriculture and precious metals. Energy once again, was the best-performing component of the index with higher prices for oil and unleaded gasoline offsetting a fall in natural gas prices. Gold, however, fell 2% in October from rising bond yields and dollar strength. The commodity fell for the seventh consecutive month in October despite a strong start in the month. The slump was mainly attributed to strong monthly gains in equities and flat bond prices.

## **Investment Outlook**

Markets are set to remain challenging as the global economy waddles through several turbulent changes. The effects of Russia's invasion of Ukraine, the highest level of inflation seen in several decades and lingering COVID-19 pandemic effects all contribute heavily to the outlook. As policymakers aim to lower inflation back to a sustainable range, monetary and fiscal policy that provided support during the pandemic has started to normalise. However, without careful calibration of policies, more economies could potentially see a larger degree of slowing growth or outright contraction. The possibility of another pandemic induced supply chain reduction on top of the continuing Russia-Ukraine conflict could affect the global economy's health.

Economists are expecting a weaker growth in 2023 compared to 2022 with the proliferation of slow global growth induced by the effects of rapid rate hikes and inflation to name a few. A slowdown in the Asia Pacific region is mostly anticipated from sluggish global trade next year as the outlook for exports over the first half of the year is projected to be weak.

In the broader Asian market, bilateral relationships between US and China may continue to deteriorate following an order by the US government in early September 2022 preventing chipmakers including Nvidia and Advanced Micro Devices (AMD) from exporting specific advanced chips to China. On a positive note, delisting fears for US listed Chinese stocks have alleviated to some extent on the news of an agreement between both governments over the auditing dispute being reached.

US economic data that was released in the month posted its first positive growth for 2022. The nation's gross domestic product (GDP) increased at a 2.6% annualized pace in the third quarter of 2022, above the Dow Jones forecast of 2.3%. The growth can be mostly attributed to a narrowing trade deficit, which economists consider to be a one-off occurrence.

We expect markets to remain volatile as markets continue to shift between competing narratives of elevated inflation and rising risk of a recession, which will take time to play out. In addition to global rate hikes, sudden fiscal policy intervention as seen in the UK could further increase volatility. Risks to the outlook continue to remain large and for the most part, to the downside. Central banks and policymakers could misjudge the right stance to contain inflation and reign it in for a soft landing. If policy paths in the largest economies continue to diverge, further US dollar appreciation and cross-border tension could 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, no soft commission was received by the Manager on behalf of the Fund.

## **Cross Trade**

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

### **Securities Financing Transactions**

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

### **Changes Made To the Fund's Prospectus**

There were no changes made to the Fund's prospectus during the financial period under review.

## **TRUSTEE’S REPORT TO THE UNITHOLDERS OF AFFIN HWANG NEW CHINA TRACKER FUND (“FUND”)**

We have acted as Trustee of the Fund for the financial period ended 31 October 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For TMF Trustees Malaysia Berhad  
(Company No.: (200301008392 [610812-W])

**NORHAYATI AZIT  
DIRECTOR – FUND SERVICES**

Kuala Lumpur  
15<sup>th</sup> December 2022

**AFFIN HWANG NEW CHINA TRACKER FUND**

**UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022**

# **AFFIN HWANG NEW CHINA TRACKER FUND**

## **UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022**

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## AFFIN HWANG NEW CHINA TRACKER FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022

	<u>Note</u>	6 months financial period ended <u>31.10.2022</u> RM	6 months financial period ended <u>31.10.2021</u> RM
<b>INVESTMENT LOSS</b>			
Interest income from financial assets at amortised cost		19,747	17,242
Net gain/(loss) on foreign currency exchange		1,142	(23,928)
Net loss on financial asset at fair value through profit or loss	8	(7,340,536)	(4,663,615)
		<u>(7,319,647)</u>	<u>(4,670,301)</u>
<b>EXPENSES</b>			
Management fee	4	(76,694)	(69,344)
Trustee fee	5	(4,603)	(4,163)
Auditors' remuneration		(3,921)	-
Tax agent's fee		(1,829)	-
Transaction costs		(1,388)	(34,424)
Other expenses		(1,729)	(1,633)
		<u>(90,164)</u>	<u>(109,564)</u>
<b>NET LOSS BEFORE TAXATION</b>		(7,409,811)	(4,779,865)
Taxation	7	-	-
		<u>(7,409,811)</u>	<u>(4,779,865)</u>
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u>(7,409,811)</u>	<u>(4,779,865)</u>
Net loss after taxation is made up of the following:			
Realised amount		(87,311)	(28,011)
Unrealised amount		(7,322,500)	(4,751,854)
		<u>(7,409,811)</u>	<u>(4,779,865)</u>

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

## AFFIN HWANG NEW CHINA TRACKER FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	1,782,979	1,535,805
Amount due from Manager			
- creation of units		-	14,725
- management fee rebate receivable		10,775	12,285
Financial asset at fair value through profit or loss	8	21,938,920	29,624,592
<b>TOTAL ASSETS</b>		<u>23,732,674</u>	<u>31,187,407</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		11,517	13,102
- cancellation of units		2,777	-
Amount due to Trustee		691	786
Auditors' remuneration		3,921	-
Tax agent's fee		1,829	-
Other payable and accruals		978	-
<b>TOTAL LIABILITIES</b>		<u>21,713</u>	<u>13,888</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>23,710,961</u>	<u>31,173,519</u>
<b>EQUITY</b>			
Unitholders' capital		44,736,994	36,452,991
Accumulated losses		(21,026,033)	(5,279,472)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>23,710,961</u>	<u>31,173,519</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>95,318,000</u>	<u>72,171,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2488</u>	<u>0.4319</u>

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

## AFFIN HWANG NEW CHINA TRACKER FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 May 2022	44,099,613	(13,616,222)	30,483,391
Total comprehensive loss for the financial period	-	(7,409,811)	(7,409,811)
Movement in unitholders' capital:			
Creation of units arising from applications	873,203	-	873,203
Cancellation of units	(235,822)	-	(235,822)
Balance as at 31 October 2022	<u>44,736,994</u>	<u>(21,026,033)</u>	<u>23,710,961</u>
Balance as at 1 May 2021	24,119,715	(499,607)	23,620,108
Total comprehensive loss for the financial period	-	(4,779,865)	(4,779,865)
Movement in unitholders' capital:			
Creation of units arising from applications	13,334,535	-	13,334,535
Cancellation of units	(1,001,259)	-	(1,001,259)
Balance as at 31 October 2021	<u>36,452,991</u>	<u>(5,279,472)</u>	<u>31,173,519</u>

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

## AFFIN HWANG NEW CHINA TRACKER FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022

	<u>Note</u>	6 months financial period ended <u>31.10.2022</u> RM	6 months financial period ended <u>31.10.2021</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		287,784	-
Purchase of investments		(973,908)	(14,292,667)
Interest received		19,747	17,242
Management fee rebate received		72,647	81,820
Management fee paid		(77,315)	(64,922)
Trustee fee paid		(4,640)	(3,898)
Payment for other fees and expenses		(2,139)	(1,633)
		<hr/>	<hr/>
Net cash flows used in operating activities		(677,824)	(14,264,058)
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		885,507	13,334,015
Payments for cancellation of units		(233,045)	(1,001,259)
		<hr/>	<hr/>
Net cash flows generated from financing activities		652,462	12,332,756
		<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(25,362)	(1,931,302)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		1,142	(23,928)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		1,807,199	3,491,035
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	9	<u>1,782,979</u>	<u>1,535,805</u>

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

## **AFFIN HWANG NEW CHINA TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022**

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

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

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

The preparation of financial statements in conformity with MFRS and IFRS 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 I.

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform – Phase 2' (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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

(a) 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 NEW CHINA TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (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).

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

For exchange-traded funds (“ETF”), 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 profits earned during the financial period.

#### **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.

#### **F FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

## AFFIN HWANG NEW CHINA TRACKER FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

#### G 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.

Investment in ETF have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents and amount due from Manager 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 and amount due to Trustee 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.

## AFFIN HWANG NEW CHINA TRACKER FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

(ii) Recognition and measurement (continued)

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category 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.

Investment in ETF are valued at the last published NAV per unit at the date of statement of financial position.

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

(iii) Impairment

The Fund’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.

## AFFIN HWANG NEW CHINA TRACKER FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

(iii) Impairment (continued)

##### Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

##### Write-off

The Fund 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.

#### H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## **AFFIN HWANG NEW CHINA TRACKER FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)**

#### **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 the 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.

#### **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 impact 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 NEW CHINA TRACKER FUND

## NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022

### 1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang New China Tracker Fund (the "Fund") pursuant to the execution of a Deed dated 15 May 2020 entered into between AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the "Manager") and TMF Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 9 December 2020 and will continue its operations until terminated by the Trustee as provided under Section 12.3 of the Deed.

The Fund may invest in the following permitted investments:

- (i) Units/shares in a collective investment schemes;
- (ii) Money market instruments;
- (iii) Deposits;
- (iv) Derivatives; and
- (v) Any other investments permitted by the SC from time to time which is in line with the objective of the Fund

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

The main objective of the Fund is to provide investors with investment results that closely correspond to the performance of the benchmark, S&P New China Sectors Ex A-Shares Index.

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. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 15 December 2022.

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (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>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,782,979	-	1,782,979
Amount due from Manager				
- management fee rebate receivable		10,775	-	10,775
Exchange-traded fund	8	-	21,938,920	21,938,920
Total		<u>1,793,754</u>	<u>21,938,920</u>	<u>23,732,674</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		11,517	-	11,517
- creation of units		2,777	-	2,777
Amount due to Trustee		691	-	691
Auditors' remuneration		3,921	-	3,921
Tax agent's fee		1,829	-	1,829
Other payables and accruals		978	-	978
Total		<u>21,713</u>	<u>-</u>	<u>21,713</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,535,805	-	1,535,805
Amount due from Manager				
- creation of units		14,725	-	14,725
- management fee rebate receivable		12,285	-	12,285
Exchange-traded fund	8	-	29,624,592	29,624,592
Total		<u>1,562,815</u>	<u>29,624,592</u>	<u>31,187,407</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		13,102	-	13,102
Amount due to Trustee		786	-	786
Total		<u>13,888</u>	<u>-</u>	<u>13,888</u>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (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), credit risk, liquidity risk and capital risk.

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

#### 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 are as follows:

	<u>2022</u> RM	<u>2021</u> RM
<b>Quoted investment</b>		
Exchange-traded fund	21,938,920	29,624,592

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 4% (2021: 10%) and decreased by 4% (2021: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities.

The Fund's overall exposure to price risk was as follows:

<u>% Change in price</u>	<u>Market value</u> RM	Impact on (loss)/profit after tax/NAV RM
<u>2022</u>		
-4%	21,061,363	(877,557)
0%	21,938,920	-
+4%	22,816,477	877,557
<u>2021</u>		
-10%	26,662,133	(2,962,459)
0%	29,624,592	-
+10%	32,587,051	2,962,459

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

##### Market risk (continued)

##### (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 future 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 is not material as the deposits are held on a short term basis.

##### (c) Currency risk

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

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

	Cash and cash equivalents RM	<u>Total</u> RM
<u>2022</u>		
Financial assets		
Hong Kong Dollar	14,530	14,530
	<u>          </u>	<u>          </u>
<u>2021</u>		
Financial assets		
United States Dollar	1,376	1,376
	<u>          </u>	<u>          </u>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

##### Market risk (continued)

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

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

	<u>Change in rate</u> %	Impact on loss after <u>tax/NAV</u> RM
<u>2022</u>		
United States Dollar	+/- 10%	<u>+/- 1,453</u>
<u>2021</u>		
United States Dollar	+/- 10%	<u>+/- 138</u>

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

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

	<u>Cash and cash equivalents</u> RM	Amount due from <u>Manager</u> RM	<u>Total</u> RM
<u>2022</u>			
Financial services			
- AAA	1,782,979	-	1,782,979
Others			
- NR	-	10,775	10,775
	<u>1,782,979</u>	<u>10,775</u>	<u>1,793,754</u>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

##### Credit risk (continued)

	<u>Cash and cash equivalents</u> RM	<u>Amount due from Manager</u> RM	<u>Total</u> RM
<u>2021</u>			
Financial services			
- AAA	1,535,805	-	1,535,805
Others			
- NR	-	27,010	27,010
	<u>1,535,805</u>	<u>27,010</u>	<u>1,562,815</u>

##### Liquidity risk

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

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>2022</u>			
Amount due to Manager			
- management fee	11,517	-	11,517
- creation of units	2,777	-	2,777
Amount due to Trustee	691	-	691
Auditors' remuneration	-	3,921	3,921
Tax agent's fee	-	1,829	1,829
Other payables and accruals	-	978	978
	<u>14,985</u>	<u>6,728</u>	<u>21,713</u>
<u>2021</u>			
Amount due to Manager			
- management fee	13,102	-	13,102
Amount due to Trustee	786	-	786
	<u>13,888</u>	<u>-</u>	<u>13,888</u>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (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 net of accumulated losses. 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. 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.

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.

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

i) Fair value hierarchy

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>2022</u>				
Financial asset at fair value through profit or loss - exchange-traded fund	21,938,920	-	-	21,938,920
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>2021</u>				
Financial asset at fair value through profit or loss - exchange-traded fund	29,624,592	-	-	29,624,592
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment schemes. The Fund does not adjust the quoted prices for these instruments.

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

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

#### 4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate up to 5.00% per annum of the NAV of the Fund calculated on a daily basis.

For the 6 months financial period ended 31 October 2022, management fee is recognised at a rate of 0.50% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate up to 0.10% per annum of the NAV of the Fund calculated on a daily basis (excluding foreign custodian fees and charges).

For the 6 months financial period ended 31 October 2022, the Trustee fee is recognised at a rate of 0.03% per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the 6 months financial period ended 31 October 2021, auditors' remuneration and tax agent's fee is borne by the Manager.

#### 7 TAXATION

	6 months financial period ended <u>31.10.2022</u> RM	6 months financial period ended <u>31.10.2021</u> RM
Current taxation	-	-

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

#### 7 TAXATION (CONTINUED)

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

	6 months financial period ended <u>31.10.2022</u> RM	6 months financial period ended <u>31.10.2021</u> RM
Net loss before taxation	<u>(7,409,811)</u>	<u>(4,779,865)</u>
Tax at Malaysian statutory rate of 24% (2021: 24%)	(1,778,355)	(1,147,168)
Tax effects of:		
Investment loss not brought to tax	1,774,017	1,136,307
Expenses not deductible for tax purposes	(15,010)	(5,782)
Restriction on tax deductible expenses for Unit Trust Funds	19,348	16,643
Tax expense	<u>-</u>	<u>-</u>

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

	<u>2022</u> RM	<u>2021</u> RM
Financial asset at fair value through profit or loss:		
- exchange-traded fund – local	<u>21,938,920</u>	<u>29,624,592</u>
	6 months financial period ended <u>31.10.2022</u> RM	6 months financial period ended <u>31.10.2021</u> RM
Net loss on financial asset at fair value through profit or loss:		
- realised loss on sale of investments	(88,986)	-
- unrealised loss on changes in fair value	(7,323,642)	(4,727,926)
- management fee rebate on exchange-traded fund #	72,092	64,311
	<u>(7,340,536)</u>	<u>(4,663,615)</u>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

# In arriving at the fair value of the Fund's investment in collective investment schemes, the management fee initially paid to the Manager of collective investment schemes have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines, management fee charged on the Fund's investments in collective investment schemes have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the net asset value of the collective investment schemes.

(a) Exchange-traded fund - local

(i) Exchange-traded fund – local as at 31 October 2022 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Tradeplus S&P New China Tracker*	5,773,400	42,780,371	21,938,920	92.53
Total exchange-traded fund - local	<u>5,773,400</u>	<u>42,780,371</u>	<u>21,938,920</u>	<u>92.53</u>
Accumulated unrealised loss on exchange-traded fund - local		(20,841,451)		
Total exchange-traded fund - local		<u>21,938,920</u>		

(ii) Exchange-traded fund – local as at 31 October 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Tradeplus S&P New China Tracker*	4,305,900	34,808,817	29,624,592	95.03
Total exchange-traded fund - local	<u>4,305,900</u>	<u>34,808,817</u>	<u>29,624,592</u>	<u>95.03</u>
Accumulated unrealised loss on exchange-traded fund - local		(5,184,225)		
Total exchange-traded fund - local		<u>29,624,592</u>		

\* Managed by the Manager of the Fund.

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

(b) Target fund top holdings

(i) The Target fund's top holdings as at 31 October 2022 is as follows:

	Percentage of target fund NAV %
AIA Group Ltd	11.50
Alibaba Group Holding Ltd	8.90
Meituan Dianping	8.60
Tencent Holdings Ltd	8.30
JD.com Inc	5.20
Ping An Insurance (Group) Co of China	3.60
NetEase Inc	3.30
Baidu Inc	3.20
Pinduoduo Inc	2.90
BYD Co Ltd	2.40
Total	<hr/> 57.90 <hr/>

(ii) The Target fund's top holdings as at 31 October 2021 is as follows:

	Percentage of target fund NAV %
Meituan Dianping	9.80
Tencent Holdings Ltd	9.60
AIA Group Ltd	9.50
Alibaba Group Holding Ltd	9.40
JD.com Inc	5.00
Wuxi Biologics Cayman Inc	3.30
NIO Inc	3.30
Baidu Inc	3.20
NetEase Inc	2.90
Ping An Insurance Group Co of China Ltd H Shares	2.80
Total	<hr/> 58.80 <hr/>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	72,742	48,735
Deposit with a licensed financial institution	1,710,237	1,487,070
	<u>1,782,979</u>	<u>1,535,805</u>

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

	<u>2022</u> %	<u>2021</u> %
Deposit with a licensed financial institution	<u>2.50</u>	<u>1.75</u>

Deposit with a licensed financial institution have an average maturity of 1 day (2021: 1 day).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial period	93,421,000	45,488,000
Creation of units arising from applications	2,625,000	28,811,000
Cancellation of units during the financial period	(728,000)	(2,128,000)
At the end of the financial period	<u>95,318,000</u>	<u>72,171,000</u>

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top brokers for the 6 months financial period ended 31 October 2022 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> %
Maybank Kim Eng Securities	607,302	48.14	486	48.12
CIMB Investment Bank Bhd	486,060	38.52	389	38.51
RHB Investment Bank Bhd	168,330	13.34	135	13.37
	<u>1,261,692</u>	<u>100.00</u>	<u>1,010</u>	<u>100.00</u>

- (ii) Details of transactions with the top 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 #	8,436,500	59.17	15,514	68.23
Maybank Kim Eng Securities	1,978,395	13.88	1,583	6.96
RHB Investment Bank Bhd	1,508,206	10.58	3,771	16.59
CIMB Bank Bhd	1,051,077	7.37	841	3.70
CIMB Investment Bank Bhd	983,136	6.89	786	3.46
CGS-CIMB Futures Sdn Bhd	300,929	2.11	241	1.06
	<u>14,258,243</u>	<u>100.00</u>	<u>22,736</u>	<u>100.00</u>

# Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, the former holdings company of the Manager amounting to RM Nil (2021: RM8,436,500). 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 NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

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

<u>Related parties</u>	<u>Relationship</u>
CVC Capital Partners Asia V L.P., CVC Capital Partners Investment Asia L.P. and CVC Capital Partners Asia V Associates L.P. (collectively known as "CVC Asia V")	Ultimate holding companies of the Manager
CVC Capital Partners Asia V Limited companies	General Partner of the ultimate holding
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn. Bhd.	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) ("AHAM")	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding companies of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	Directors of the Manager

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

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

	2022		2021	
The Manager:	No. of units	RM	No. of units	RM
The Manager:				
The Manager: AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the units are held legally for booking purposes)	3,061	762	2,654	1,146
	3,061	762	2,654	1,146

#### 13 TOTAL EXPENSE RATIO (“TER”)

	6 months financial period ended <u>31.10.2022</u> %	6 months financial period ended <u>31.10.2021</u> %
TER	0.29	0.27
	0.29	0.27

TER is derived from the following calculation:

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

- 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
- 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 was RM30,432,860 (2021: RM27,530,694).

## AFFIN HWANG NEW CHINA TRACKER FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2022 (CONTINUED)

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

	6 months financial period ended 31.10.2022	6 months financial period ended 31.10.2021
PTR (times)	0.02	0.26

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 = RM974,979 (2021: RM14,292,667)  
total disposal (aggregate cost) for the financial period = RM376,453 (2021: RM Nil)

#### 15 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Change in corporate shareholding of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad).

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad). has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

## **AFFIN HWANG NEW CHINA TRACKER FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 27 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 October 2022 and of its financial performance, changes in equity and cash flows for the 6 months financial period ended 31 October 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

For and on behalf of the Manager,  
**AHAM ASSET MANAGEMENT BERHAD**  
**(FORMERLY KNOWN AS AFFIN HWANG ASSET MANAGEMENT BERHAD).**

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

Kuala Lumpur  
15 December 2022

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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**AHAM Asset Management Berhad**

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