

# Affin Hwang

## ASEAN Flexi Fund

Annual Report  
30 November 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
Deutsche Trustees Malaysia Berhad (763590-H)

# AFFIN HWANG ASEAN FLEXI FUND

## Annual Report and Audited Financial Statements For Financial Year Ended 30 November 2021

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## FUND INFORMATION

Fund Name	Affin Hwang ASEAN Flexi Fund
Fund Type	Income & Growth
Fund Category	Mixed Assets
Investment Objective	The Fund aims to provide investors with capital appreciation and regular income over the medium to long-term period
Benchmark	50% FTSE/ASEAN 40 Index (for equity and structured products investments) + 50% RAM Quantshop MGS All Index (for fixed income instruments)
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis after the end of the first financial year end of the Fund

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 NOVEMBER 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	134	338
5,001 to 10,000	71	515
10,001 to 50,000	147	3,432
50,001 to 500,000	40	5,624
500,001 and above	6	11,456
<b>Total</b>	<b>398</b>	<b>21,365</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 30 Nov 2021 (%)	As at 30 Nov 2020 (%)	As at 30 Nov 2019 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Consumer products & services	5.43	5.46	-
- Energy	-	-	2.51
- Financial services	4.46	3.82	4.33
- Healthcare	0.17	-	-
- Industrial products & services	0.14	7.36	-
- REITs	-	-	2.39
- Technology	5.31	11.40	2.12
- Utilities	-	-	3.14
<b>Total quoted equities – local</b>	<b>15.51</b>	<b>28.04</b>	<b>14.49</b>
<b>Quoted equities – foreign</b>			
- Basic materials	0.91	-	-
- Consumer goods	-	-	4.90
- Consumer services	-	-	11.00
- Consumer staples	1.86	-	-
- Consumer discretionary	18.71	-	-
- Energy	0.96	3.61	3.29
- Financial services	20.42	56.04	40.70
- Healthcare	-	1.90	4.45
- Industrials	5.55	7.31	3.79
- Real estate	12.69	-	-
- Technology	18.27	11.90	10.34
- Telecommunications	5.52	2.39	1.91
<b>Total quoted equities – foreign</b>	<b>84.89</b>	<b>69.17</b>	<b>80.38</b>
<b>Unquoted fixed income securities – local</b>	-	-	<b>3.31</b>
<b>Unquoted fixed income securities – foreign</b>	-	-	-
<b>Cash &amp; cash equivalent</b>	-	<b>2.79</b>	<b>1.82</b>
<b>Total</b>	<b>100.40*</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	12.561	9.327	15.468
NAV per Unit (RM)	0.5875	0.5340	0.5565
Unit in Circulation (million)	21.380	17.467	27.797
Highest NAV	0.6702	0.5841	0.5894
Lowest NAV	0.5432	0.4159	0.5344
Return of the Fund (%) <sup>iii</sup>	17.07	4.95	2.85
- Capital Growth (%) <sup>i</sup>	10.02	-4.05	2.85
- Income Distribution (%) <sup>ii</sup>	6.41	9.38	Nil
Gross Distribution per Unit (sen)	4.00	5.00	Nil
Net Distribution per Unit (sen)	4.00	5.00	Nil
Management Expense Ratio (%) <sup>1</sup>	2.14	2.28	2.08
Portfolio Turnover Ratio (times) <sup>2</sup>	1.16	3.37	1.13

\*The total portfolio allocation is more than 100% due to timing of settlement in trades.

### **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:-

<sup>1</sup>The lower MER was due to lower expenses incurred by the Fund during the financial year.

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

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

## MANAGER'S REPORT

### Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Nov-21	17-Nov-21	0.6663	0.0400	0.6241

No unit split were declared for the financial year ended 30 November 2021.

### Performance Review

For the period under review from 1 December 2020 to 30 November 2021, the Fund registered a return of 17.07%. Compared to the Benchmark return of 3.26%, the Fund outperformed the Benchmark by 13.81%. The Net Asset Value ("NAV") per unit of the Fund as at 30 November 2021 was RM 0.5875 compared to the NAV per unit of RM 0.5340 as at 30 November 2020. During the period under review, the fund declared a gross income distribution of RM0.04 per unit.

Since commencement, the Fund has registered a return of 47.17% compared to the benchmark return of 44.96%, outperformed by 2.21%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/12/20 - 30/11/21)	3 Years (1/12/18 - 30/11/21)	5 Years (1/12/16 - 30/11/21)	Since Commencement (29/9/14 - 30/11/21)
<b>Fund</b>	<b>17.07%</b>	<b>26.37%</b>	<b>33.01%</b>	<b>47.17%</b>
<b>Benchmark</b>	<b>3.26%</b>	<b>5.03%</b>	<b>17.80%</b>	<b>44.96%</b>
<b>Outperformance</b>	<b>13.81%</b>	<b>21.34%</b>	<b>15.21%</b>	<b>2.21%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/12/20 - 30/11/21)	3 Years (1/12/18 - 30/11/21)	5 Years (1/12/16 - 30/11/21)	Since Commencement (29/9/14 - 30/11/21)
<b>Fund</b>	<b>17.07%</b>	<b>8.11%</b>	<b>5.87%</b>	<b>5.53%</b>
<b>Benchmark</b>	<b>3.26%</b>	<b>1.65%</b>	<b>3.33%</b>	<b>5.31%</b>
<b>Outperformance</b>	<b>13.81%</b>	<b>6.46%</b>	<b>2.54%</b>	<b>0.22%</b>

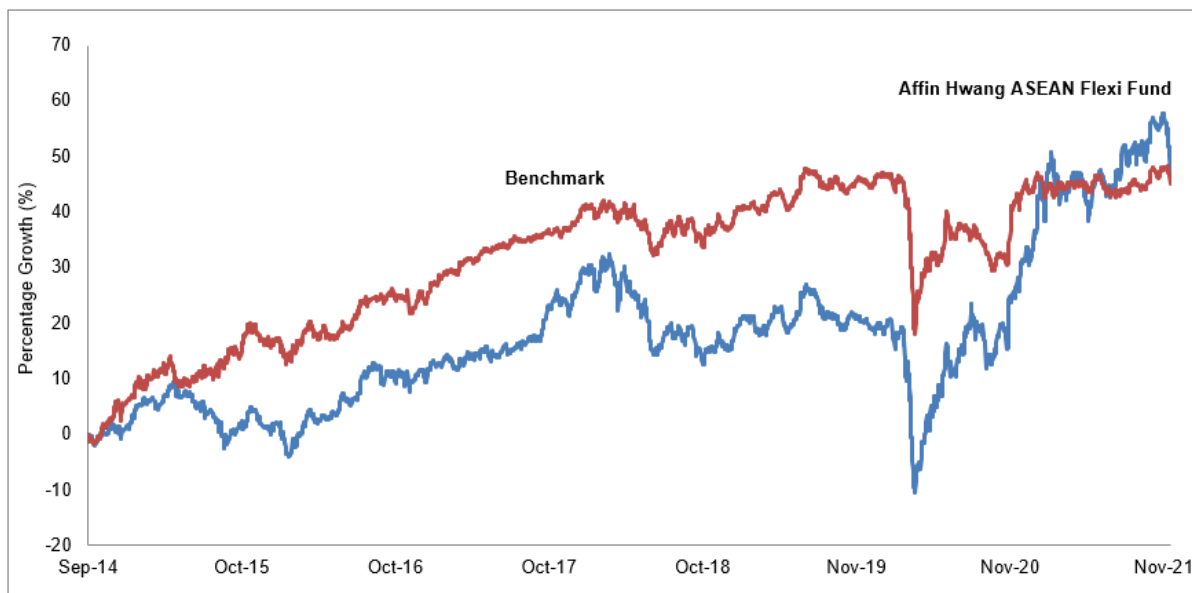
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/12/20 - 30/11/21)	FYE 2020 (1/12/19 - 30/11/20)	FYE 2019 (1/12/18 - 30/11/19)	FYE 2018 (1/12/17 - 30/11/18)	FYE 2017 (1/12/16 - 30/11/17)
<b>Fund</b>	<b>17.07%</b>	<b>4.95%</b>	<b>2.85%</b>	<b>(5.56%)</b>	<b>11.45%</b>
<b>Benchmark</b>	<b>3.26%</b>	<b>(3.09%)</b>	<b>4.95%</b>	<b>1.01%</b>	<b>11.05%</b>
<b>Outperformance</b>	<b>13.81%</b>	<b>8.04%</b>	<b>(2.10%)</b>	<b>(6.57%)</b>	<b>0.40%</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: 50% FTSE/ASEAN 40 Index + 50% RAM Quantshop MGS All 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**

As at 30 November 2021, the Fund's asset allocation stood at 100.40% in equities, due to the timing in trade settlement.

During the year under review, the manager reduced local equities exposure to 15.51% via reducing exposures mainly in industrial and technology sector. Correspondingly, foreign equities have increased as the Fund increased exposures in consumers, real estate and technology.

### **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 higher inflation.

### **Market Review**

Global equities started 2021 on a strong note buoyed by policy easing and optimism surrounding global vaccination rollouts. However, the global recovery grew at an uneven pace as developed markets posted stronger gains compared to emerging markets.

Developed markets have managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility. The S&P 500 index pierced new highs in the year underpinned by a strong earnings rebound as businesses clambered to meet renewed demand.

However, the rally was tested by surging bond yields in the 1Q'2021 as well as the spectre of inflation that would spook investors for the rest of the year. Inflation vaulted strongly from a low-base effect as supply chain disruptions associated with the pandemic led to a sharp increase in input prices.

Markets were soothed initially by dovish comments from the US Federal Reserve which pledged to keep monetary policy accommodative. Fed Chair Jerome Powell held the view that inflation was transitional and that supply-demand imbalances would begin to ease which would cool down inflation.

However with inflation proving stickier than expected, the Fed relented towards the end of year and pivoted towards a hawkish stance. At its policy meeting, the Fed signaled that it would start accelerating its tapering of bond purchases that would pave the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates.

The region was also pulled down by weaker performance in China as authorities cast a wide regulatory dragnet which impacted a range of sectors including technology, education and e-commerce. This was part of a wider 'common prosperity' drive by Beijing to narrow the income gap and increase the political legitimacy of the Communist Party which celebrated its 100<sup>th</sup> anniversary in 2021.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A litany of concerns sent the stock market on a volatile path with fresh lockdowns, political instability as well as new taxes proposed under Budget 2022.

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 appointment provided some clarity by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin who faced a turbulent tenure due to the mishandling of the pandemic as well as a rare royal rebuke.

Markets were also jolted when the government announced a one-off prosperity tax (Cukai Makmur) during the tabling of Budget 2022 for companies that earned super profits. This quelled the initial optimism from economic reopening as earnings forecasts are pared down.

However, the government made U-turns on other tax measures proposed under Budget 2022 including reinstating the exemption of all types of foreign incomes for individuals from tax as well as stamp duty cap. Markets were concerned that these initial measures would dampen sentiment and reduce market vibrancy as well as velocity of trading. However, the local market could now see support on the back of easing policy headwinds as investors also price-in better growth prospects.

Looking ahead, we are maintaining a cautious stance on the back of headwinds arising from persistent inflation and higher interest rates which could pressure risk assets. Potential inflection points for the market to turnaround include declining inflation that could herald a shift in the US Federal Reserve's tightening bias. Any additional stimulus measures from China would also be supportive of risk-assets.

## **Investment Outlook**

2022 is set to be a year of transition for markets as investors contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

While we don't expect a rout for markets like during early-2020 at the height of the pandemic or 2008-GFC, some form of correction is anticipated. In fact, Asian stock markets have already started to consolidate.

Our base-case is that inflationary pressures should recede on the back of easing supply bottlenecks and lower commodity prices. Port congestions are starting to ease and commodity prices have rolled over. Input prices will come down if this trend continues, though there will be some lag effect.

While a total lockdown caused by the Omicron variant is not a base-case for now, there will probably be need to make adjustments as we go along. However, developments of new medical treatments such as oral pills can help in the fight against COVID. This would lay the planks for a more sustainable reopening of the economy once we have a complete medical arsenal that is effective against all known variants. There could also be room for the Fed to adjust policy should Omicron turn out to be more destructive than what the market anticipates.

After a wide regulatory dragnet was casted in 2021 by the Chinese government specifically on targeted sectors including education, technology, and e-commerce, recent policy signals by Beijing suggested that the

worst of tightening cycle is over. We see the focus of policymakers shifting from that of regulatory tightening to now supporting growth as its economy wanes.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

In terms of sector opportunities, we see banks as positive, benefit from a rising interest rate cycle as well as improvement in asset quality. Valuations of the sector is also attractive with banking stocks trading at a discount to its book value. Though seeing a lot of pressure now due to ESG headwinds especially pertaining to the welfare of foreign workers, technology and exporters are another key segment that could see potential upside underpinned by strong earnings visibility driven by secular growth trends such as 5G, electric vehicles (EV) and solar energy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and a less hawkish Fed policy as potential turnarounds for the market to improve. Asian markets could also see stronger support on the back of policy easing by China.

### **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 UNITHOLDERS OF AFFIN HWANG ASEAN FLEXI FUND**

We have acted as the Trustee of Affin Hwang ASEAN Flexi Fund ("the Fund") for the financial year ended 30 November 2021. To the best of our knowledge, for the financial year under review, Affin Hwang Asset Management Berhad ("the Manager") has operated and managed the Fund in accordance with the following:

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

We are of the view that the distributions made during this financial year ended 30 November 2020 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Trustee Operations

**Richard Lim Hock Seng**  
Chief Executive Officer

Kuala Lumpur  
14 January 2022

**AFFIN HWANG ASEAN FLEXI FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

# **AFFIN HWANG ASEAN FLEXI FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

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## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		195,136	369,506
Interest income for financial assets at fair value through profit or loss		-	7,222
Interest income for financial assets at amortised cost		1,909	3,814
Net loss on foreign currency exchange		(31,511)	(133,603)
Net gain on financial assets at fair value through profit or loss	8	1,723,613	372,393
		<u>1,889,147</u>	<u>619,332</u>
<b>EXPENSES</b>			
Management fee	4	(206,921)	(212,635)
Trustee fee	5	(6,905)	(7,134)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		-	(3,500)
Transaction costs		(93,647)	(239,667)
Other expenses		(37,162)	(75,563)
		<u>(353,635)</u>	<u>(547,499)</u>
<b>NET PROFIT BEFORE TAXATION</b>		1,535,512	71,833
Taxation	6	-	-
		<u>1,535,512</u>	<u>71,833</u>
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>1,535,512</u>	<u>71,833</u>
Net profit after taxation is made up of the following:			
Realised amount		1,452,918	(429,996)
Unrealised amount		82,594	501,829
		<u>1,535,512</u>	<u>71,833</u>

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

## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	1,034,650	58,564
Amount due from brokers		12,310	435,090
Amount due from Manager			
- creation of units		11,387	74,385
Dividends receivable		6,209	19,234
Financial assets at fair value through profit or loss	8	12,611,311	9,066,887
<b>TOTAL ASSETS</b>		<u>13,675,867</u>	<u>9,654,160</u>
<b>LIABILITIES</b>			
Amount due to brokers		490,955	286,073
Amount due to Manager			
- management fee		19,622	13,458
- cancellation of units		580,771	-
Amount due to Trustee		654	449
Auditors' remuneration		9,000	9,000
Tax agent's fee		4,200	7,700
Other payables and accruals		10,077	10,710
<b>TOTAL LIABILITIES</b>		<u>1,115,279</u>	<u>327,390</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>12,560,588</u>	<u>9,326,770</u>
<b>EQUITY</b>			
Unitholders' capital		4,089,097	1,565,311
Retained earnings		8,471,491	7,761,459
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>12,560,588</u>	<u>9,326,770</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>21,380,000</u>	<u>17,467,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5875</u>	<u>0.5340</u>

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

## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 December 2020	1,565,311	7,761,459	9,326,770
Total comprehensive income for the financial year	-	1,535,512	1,535,512
Distribution (Note 7)	-	(825,480)	(825,480)
Movement in unitholders' capital:			
Creation of units arising from application	9,323,558	-	9,323,558
Creation of units arising from distribution	825,480	-	825,480
Cancellation of units	(7,625,252)	-	(7,625,252)
Balance as at 30 November 2021	<u>4,089,097</u>	<u>8,471,491</u>	<u>12,560,588</u>
Balance as at 1 December 2019	6,986,521	8,481,276	15,467,797
Total comprehensive income for the financial year	-	71,833	71,833
Distribution (Note 7)	-	(791,650)	(791,650)
Movement in unitholders' capital:			
Creation of units arising from application	576,530	-	576,530
Creation of units arising from distribution	791,650	-	791,650
Cancellation of units	(6,789,390)	-	(6,789,390)
Balance as at 30 November 2020	<u>1,565,311</u>	<u>7,761,459</u>	<u>9,326,770</u>

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

## AFFIN HWANG ASEAN FLEXI FUND

### STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		13,647,845	42,670,932
Purchase of investments		(14,934,641)	(36,734,511)
Dividends received		208,161	386,125
Interest received		1,909	19,574
Management fee paid		(200,757)	(222,413)
Trustee fee paid		(6,700)	(7,460)
Payment for other fees and expenses		(50,295)	(87,611)
Net realised loss on foreign currency exchange		(31,577)	(133,469)
		<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities		(1,366,055)	5,891,167
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		9,386,556	502,145
Payments for cancellation of units		(7,044,481)	(6,789,390)
		<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities		2,342,075	(6,287,245)
		<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		976,020	(396,078)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		66	(134)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		58,564	454,776
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	1,034,650	58,564
		<hr/> <hr/>	<hr/> <hr/>

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 year. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

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

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

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

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

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

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



## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

##### 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.

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

#### **C DISTRIBUTION**

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

#### **D TRANSACTION COSTS**

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)**

#### **E 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 year.

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

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

#### **F FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **G FOREIGN CURRENCY TRANSLATION**

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

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

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.

## AFFIN HWANG ASEAN FLEXI FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(i) Classification (continued)

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 and derivatives not designated as hedging instruments 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 dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

(ii) Recognition and measurement

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

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

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

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

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

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 year 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 ASEAN FLEXI FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### H 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

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 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.

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)**

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

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

###### 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 year.

#### **I CASH AND CASH EQUIVALENTS**

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

#### **J AMOUNT DUE FROM/(TO) BROKERS**

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

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

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.

## **AFFIN HWANG ASEAN FLEXI FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)**

#### **K 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 year 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.

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

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

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

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

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

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

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

## **AFFIN HWANG ASEAN FLEXI FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED TO 30 NOVEMBER 2021**

#### **1 INFORMATION ON THE FUND**

The Unit Trust Fund was constituted under the name Hwang ASEAN Flexi Fund (the “Fund”) pursuant to the execution of a Deed dated 12 November 2013 and modified by the first Supplemental Deed dated 5 November 2014 and Second Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”). The Fund changed its name from Hwang ASEAN Flexi Fund to Affin Hwang ASEAN Flexi Fund dated 5 November 2014.

The Fund commenced operations on 29 September 2014 and will continue its operations until terminated as provided under Clause 12.3 of the Deed.

The Fund may invest in any of the following investments:

- (a) Equities listed or traded on the recognised Malaysian stock exchange or any other foreign exchanges where the regulatory authority is a member of International Organisation of Securities Commission (IOSCO);
- (b) Unlisted equities
- (c) Fixed income securities listed or traded on the recognised Malaysian stock exchange or any other foreign exchanges where the regulatory authority is a member of International Organisation of Securities Commission (IOSCO);
- (d) Unlisted fixed income securities;
- (e) Debt securities which are sovereign issued, sovereign backed or sovereign guaranteed;
- (f) Debentures;
- (g) Money market instruments;
- (h) Deposits with financial institutions;
- (i) Structured products;
- (j) Derivatives;
- (k) REITs;
- (l) Warrants;
- (m) Units/ shares in local and foreign collective investment schemes which are in line with the objective of the Fund and;
- (n) Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund.

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

The main objective of the Fund is to provide investors with capital appreciation and regular income over the medium to long term period.

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

The financial statements were authorised for issue by the Manager on 14 January 2022.

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,034,650	-	1,034,650
Amount due from brokers		12,310	-	12,310
Amount due from Manager				
- creation of units		11,387	-	11,387
Dividends receivable		6,209	-	6,209
Quoted equities	8	-	12,611,311	12,611,311
Total		<u>1,064,556</u>	<u>12,611,311</u>	<u>13,675,867</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		19,622	-	19,622
- cancellation of units		580,771	-	580,771
Amount due to Trustee		654	-	654
Amount due to brokers		490,955	-	490,955
Auditor's remuneration		9,000	-	9,000
Tax agent's fee		4,200	-	4,200
Other payables and accruals		10,077	-	10,077
Total		<u>1,115,279</u>	<u>-</u>	<u>1,115,279</u>



## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

Financial instruments are as follows:

	Note	At amortised cost RM RM	At fair value through profit or loss RM RM	Total RM RM
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	58,564	-	58,564
Amount due from brokers		435,090	-	435,090
Amount due from Manager - creation of units		74,385	-	74,385
Dividends receivable		19,234	-	19,234
Quoted equities	8	-	9,066,887	9,066,887
Total		<u>587,273</u>	<u>9,066,887</u>	<u>9,654,160</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		13,458	-	13,458
Amount due to Trustee		449	-	449
Amount due to brokers		286,073	-	286,073
Auditor's remuneration		9,000	-	9,000
Tax agent's fee		7,700	-	7,700
Other payables and accruals		10,710	-	10,710
Total		<u>327,390</u>	<u>-</u>	<u>327,390</u>

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

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

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

##### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

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

	<u>2021</u> RM	<u>2020</u> RM
<b>Quoted investments</b>		
Quoted equities	12,611,311	9,066,887

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (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 of</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2021</u>		
-10%	11,350,180	(1,261,131)
0%	12,611,311	-
+10%	13,872,442	1,261,131
	<u>                    </u>	<u>                    </u>
<u>2020</u>		
-10%	8,160,198	(906,689)
0%	9,066,887	-
+10%	9,973,576	906,689
	<u>                    </u>	<u>                    </u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (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 associated with deposits with licensed financial institutions is not material as the carrying value of the deposits are held on a short-term basis. The Manager overcomes this exposure by way of maintaining deposits on short-term basis.

The Fund's exposure to interest rate risk associated with deposit with a licensed financial institution is not material as the deposit 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 an unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Hong Kong Dollar	-	1,145	-	1,145
Indonesian Rupiah	2,629,950	-	1,395	2,631,345
Singapore Dollar	3,805,829	9,225	3,366	3,818,420
Thailand Baht	1,830,624	-	-	1,830,624
Philippines Peso	907,048	-	1,448	908,496
United States Dollar	1,489,136	130,964	-	1,620,100
	<u>10,662,587</u>	<u>141,334</u>	<u>6,209</u>	<u>10,810,130</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

##### Market risk (continued)

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

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

			<u>Other liabilities**</u> RM	<u>Total</u> RM
<u>2021</u> (continued)				
<u>Financial liabilities</u>				
Indonesian Rupiah			117,437	117,437
United States Dollar			373,518	373,518
			<u>490,955</u>	<u>490,955</u>
	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Hong Kong Dollar	-	1,116	-	1,116
Indonesian Rupiah	1,613,038	-	-	1,613,038
Singapore Dollar	2,845,031	16,419	309,365	3,170,815
Thailand Baht	1,228,750	-	-	1,228,750
United States Dollar	764,631	13,262	-	777,893
	<u>6,451,450</u>	<u>30,797</u>	<u>309,365</u>	<u>6,791,612</u>
			<u>Other liabilities**</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Singapore Dollar			286,073	286,073

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

\*\* Other liabilities consist of amount due to brokers.

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

##### Market risk (continued)

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

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

	<u>Change in exchange rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>2021</u>		
Hong Kong Dollar	+/- 3.29	+/- 38
Indonesian Rupiah	+/- 5.29	+/- 139,198
Singapore Dollar	+/- 2.78	+/- 102,887
Thailand Baht	+/- 4.88	+/- 89,334
Philippines Peso	+/- 5.19	+/- 47,151
United States Dollar	+/- 3.42	+/-55,407
<hr/>		
<u>2020</u>		
Hong Kong Dollar	+/-7.40	+/-83
Indonesian Rupiah	+/-11.32	+/-182,669
Singapore Dollar	+/-5.38	+/-155,058
Thailand Baht	+/-7.09	+/-87,067
United States Dollar	+/-7.48	+/-58,152
<hr/>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

##### Credit risk

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

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

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

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.

For unquoted fixed income securities, the manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unit Trust Funds.

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

<u>2021</u>	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
Consumer Discretionary			
- NR	-	3,366	3,366
Financial Services			
- AA1	164,238		164,238
- AAA	870,412		870,412
- NR		1,395	1,395
Industrial Product and Services			
- NR	-	12,310	12,310
Others			
- NR	-	11,387	11,387
Telecommunication			
- NR	-	1,448	1,448
	<u>1,034,650</u>	<u>29,906</u>	<u>1,064,556</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

##### Credit risk (continued)

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

<u>2020</u>	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
Financial Services			
- AA1	58,564	-	58,564
- Aa2	-	296,526	296,526
- NR	-	4,140	4,140
Health Care			
- NR	-	583	583
Others			
- NR	-	227,460	227,460
	<u>58,564</u>	<u>528,709</u>	<u>587,273</u>

\* Other assets consist of dividends receivable, amount due from Manager and amount due from brokers.

##### Liquidity risk

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

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

##### Liquidity risk (continued)

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

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

	<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 brokers	490,955	-	490,955
Amount due to Manager			
- management fee	19,622	-	19,622
- cancellation of units	580,771	-	580,771
Amount due to Trustee	654	-	654
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	4,200	4,200
Other payables and accruals	-	10,077	10,077
	<u>1,092,002</u>	<u>23,277</u>	<u>1,115,279</u>
<u>2020</u>			
Amount due to brokers	286,073	-	286,073
Amount due to Manager			
- management fee	13,458	-	13,458
Amount due to Trustee	449	-	449
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	7,700	7,700
Other payables and accruals	-	10,710	10,710
	<u>299,980</u>	<u>27,410</u>	<u>327,390</u>

##### Capital risk

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



## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 financial period end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

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

##### (i) Fair value hierarchy

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

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

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

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

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>12,611,311</u>	<u>-</u>	<u>-</u>	<u>12,611,311</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>9,066,887</u>	<u>-</u>	<u>-</u>	<u>9,066,887</u>

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

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

#### 4 MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 30 November 2021, the management fee is recognised at a rate of 1.80% (2020: 1.80%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's prospectus.

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

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### 5 TRUSTEE FEE

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

For the financial year ended 30 November 2021, the Trustee fee is recognised at a rate of 0.06% (2020: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, exclusive of foreign custodian fees and charges as stated in the Fund's prospectus.

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

#### 6 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation	-	-

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit before taxation	1,535,512	71,833
Tax at Malaysian statutory rate of 24% (2020: 24%)	368,523	17,240
Tax effects of:		
Investment income not subject to tax	(453,396)	(148,640)
Expenses not deductible for tax purposes	33,052	77,967
Restriction on tax deductible expenses for Unit Trust Fund	51,821	53,433
Tax expense	-	-

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### 7 DISTRIBUTION

	<u>2021</u> RM	<u>2020</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	825,480	791,650
Gross realised income	<u>825,480</u>	<u>791,650</u>
Less: Expenses	<u>-</u>	<u>-</u>
	<u><u>825,480</u></u>	<u><u>791,650</u></u>
Gross/net distribution per unit (sen)	<u>4.00</u>	<u>5.00</u>
Ex-date	<u>17.11.2021</u>	<u>18.11.2020</u>

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Included in distributions for the financial year is an amount of RM825,480 (2020: RM791,650) made from previous year's realised income.

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

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss		
- quoted equities – local	1,948,724	2,615,437
- quoted equities – foreign	<u>10,662,587</u>	<u>6,451,450</u>
	<u><u>12,611,311</u></u>	<u><u>9,066,887</u></u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of investments	1,641,086	(129,570)
- unrealised gain on changes in fair value	<u>82,527</u>	<u>501,963</u>
	<u><u>1,723,613</u></u>	<u><u>372,393</u></u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(a) Quoted equities – local

(i) Quoted equities – local as at 30 November 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>				
Formosa Prosonic Industries Bhd	78,100	139,385	291,313	2.32
Guan Chong Bhd	86,800	224,899	236,964	1.89
Heineken Malaysia Bhd	7,300	161,259	153,154	1.22
	<u>172,200</u>	<u>525,543</u>	<u>681,431</u>	<u>5.43</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	17,900	186,335	230,910	1.84
AMMB Holdings Bhd	104,400	326,142	329,904	2.62
	<u>122,300</u>	<u>512,477</u>	<u>560,814</u>	<u>4.46</u>
<u>Healthcare</u>				
Kossan Rubber Industries Bhd	9,900	24,440	21,285	0.17
<u>Industrial Product &amp; Services</u>				
Ta Win Holdings Bhd - Warrant	349,280	-	17,464	0.14
<u>Technology</u>				
Greotech Technology Bhd	13,100	40,185	90,521	0.72
Pentamaster Corporation Bhd	41,500	180,312	235,305	1.87
Unisem M Bhd	81,600	232,100	341,904	2.72
	<u>136,200</u>	<u>452,597</u>	<u>667,730</u>	<u>5.31</u>
Total quoted equities – local	<u>789,880</u>	<u>1,515,057</u>	<u>1,948,724</u>	<u>15.51</u>
Accumulated unrealised gain on quoted equities – local		<u>433,667</u>		
Total quoted equities – local		<u>1,948,724</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 November 2020 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>				
Formosa Prosonic Industries Bhd	156,600	279,484	357,048	3.83
Heineken Malaysia Bhd	7,300	161,258	151,694	1.63
	<u>163,900</u>	<u>440,742</u>	<u>508,742</u>	<u>5.46</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	19,500	184,135	203,970	2.19
RCE Capital Bhd	69,000	143,472	152,490	1.63
	<u>88,500</u>	<u>327,607</u>	<u>356,460</u>	<u>3.82</u>
<u>Industrial Products &amp; Services</u>				
D'Nonce technology Bhd	235,100	158,837	139,885	1.50
Supercomnet Technologies Bhd	151,800	303,985	306,636	3.29
Thong Guan Industries Bhd	91,600	169,587	239,992	2.57
	<u>478,500</u>	<u>632,409</u>	<u>686,513</u>	<u>7.36</u>
<u>Technology</u>				
GHL Systems Bhd	192,150	177,850	363,164	3.89
Greatch Technology Bhd	39,200	240,499	352,800	3.78
Pentamaster Corporation Bhd	41,500	180,312	205,010	2.20
Unisem M Bhd	25,400	139,700	142,748	1.53
	<u>298,250</u>	<u>738,361</u>	<u>1,063,722</u>	<u>11.40</u>
Total quoted equities – local	<u>1,029,150</u>	2,139,119	<u>2,615,437</u>	<u>28.04</u>
Accumulated unrealised gain on quoted equities – local		<u>476,318</u>		
Total quoted equities – local		<u>2,615,437</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 30 November 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Staples</u>				
Dairy Farm International Holdings	9,000	132,438	117,250	0.93
<u>Indonesia</u>				
<u>Consumer Discretionary</u>				
Astra International Tbk PT	141,900	254,672	240,187	1.91
Mitra Adiperkasa Tbk PT	1,375,600	320,304	294,328	2.34
Surya Citra Media Pt Tbk	933,500	120,860	93,574	0.74
	<u>2,451,000</u>	<u>695,836</u>	<u>628,089</u>	<u>4.99</u>
<u>Consumer Staples</u>				
PT Cisarua Mountain Dairy Tbk -IPO	128,800	116,274	116,274	0.93
<u>Financial Services</u>				
Bank Central Asia Tbk PT	238,000	362,520	507,488	4.04
Bank Mandiri Persero Tbk PT	127,300	234,201	261,181	2.08
PT Bank Negara Indo Persero	183,300	334,375	365,332	2.91
	<u>548,600</u>	<u>931,096</u>	<u>1,134,001</u>	<u>9.03</u>
<u>Real Estate</u>				
Ciputra Development Tbk PT	807,000	255,457	247,176	1.97
<u>Technology</u>				
Bukalapak.com PT Tbk	1,816,300	434,235	287,473	2.29
<u>Telecommunications</u>				
Telekomunikasi Indonesia	185,500	140,319	216,937	1.73

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 November 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Philippines</u>				
<u>Consumer Discretionary</u>				
Robinsons Retail Holdings Inc	42,800	178,701	234,925	1.87
<u>Financial Services</u>				
BDO Unibank Inc	18,830	197,386	195,509	1.56
<u>Telecommunications</u>				
Globe Telecom Inc	960	227,999	264,030	2.10
PLDT Inc	1,510	206,230	212,584	1.69
	2,470	434,229	476,614	3.79
<u>Singapore</u>				
<u>Consumer Discretionary</u>				
Hour Glass Ltd	54,700	291,759	360,199	2.87
Jardine Cycle & Carriage Ltd	2,800	181,000	182,312	1.45
SATS Ltd	38,900	483,145	454,857	3.62
	96,400	955,904	997,368	7.94
<u>Financial Services</u>				
DBS Group Holdings Ltd	5,388	421,664	495,227	3.94
United Overseas Bank Ltd	4,800	378,557	376,194	3.00
	10,188	800,221	871,421	6.94
<u>Industrials</u>				
Credit Bureau Asia Ltd	100,000	283,241	350,789	2.79
Singapore Tech Engineering Ltd	29,600	353,634	346,112	2.76
	129,600	636,875	696,901	5.55



## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 November 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Singapore</u> (continued)				
<u>Real Estate</u>				
Digital Core REIT Mgmt PL -IPO	100,000	369,820	369,820	2.94
Lendlease Global Commer REIT	139,000	379,319	374,252	2.98
	<u>239,000</u>	<u>749,139</u>	<u>744,072</u>	<u>5.92</u>
<u>Technology</u>				
AEM Holdings Ltd	37,700	460,629	592,794	4.72
Grand Venture Technology Ltd	71,000	249,959	273,093	2.17
	<u>108,700</u>	<u>710,588</u>	<u>865,887</u>	<u>6.89</u>
<u>Thailand</u>				
<u>Basic Materials</u>				
PTT Global Chemical PCL	16,300	133,923	113,606	0.91
<u>Consumer Discretionary</u>				
Home Product Center PCL	292,500	530,827	491,458	3.91
<u>Energy</u>				
PTT Exploration & Production	8,500	129,168	120,072	0.96
<u>Financial Services</u>				
Siam Commercial Bank PLC	11,500	190,716	173,900	1.38
Tisco Financial Group- NVDR	17,000	154,911	189,364	1.51
	<u>28,500</u>	<u>345,627</u>	<u>363,264</u>	<u>2.89</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 November 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Thailand (continued)				
Real Estate				
Central Pattana PCL	78,900	560,772	510,630	4.07
Supalai Public Co Ltd	35,500	99,652	91,901	0.73
	<u>114,400</u>	<u>660,424</u>	<u>602,531</u>	<u>4.80</u>
Technology				
KCE Electronics PCL	12,200	89,573	139,693	1.11
	<u>12,200</u>	<u>89,573</u>	<u>139,693</u>	<u>1.11</u>
United States of America				
Technology				
Sea Ltd	829	451,829	1,002,066	7.98
	<u>829</u>	<u>451,829</u>	<u>1,002,066</u>	<u>7.98</u>
Total quoted equities – foreign	<u>7,067,417</u>	9,710,069	<u>10,662,587</u>	<u>84.89</u>
Accumulated unrealised gain on quoted equities – foreign		<u>952,518</u>		
Total quoted equities – foreign		<u>10,662,587</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 November 2020 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Indonesia</u>				
<u>Financial Services</u>				
Bank Central Asia Tbk PT	71,300	525,666	636,124	6.82
Bank Mandiri Persero Tbk PT	75,000	127,234	136,525	1.46
Bank Rakyat Indonesia Persero	210,000	192,841	247,191	2.65
Ciputra Development Tbk PT	712,400	149,815	188,626	2.02
PT Bank Negara Indo Persero	105,800	187,157	181,934	1.95
	<u>1,174,500</u>	<u>1,182,713</u>	<u>1,390,400</u>	<u>14.90</u>
<u>Telecommunications</u>				
Telekomunikasi Indonesia	239,500	181,166	222,638	2.39
<u>Singapore</u>				
<u>Financial Services</u>				
Ascendas Real Estate InvTrust	21,154	195,509	191,347	2.05
Credit Bureau Asia Limited - IPO	100,000	283,241	283,241	3.04
DBS Group Holdings Ltd	4,900	342,276	376,071	4.03
Frasers Centrepoint Trust	85,372	566,474	603,221	6.47
Keppel DC REIT	42,500	274,303	363,721	3.90
	<u>253,926</u>	<u>1,661,803</u>	<u>1,817,601</u>	<u>19.49</u>
<u>Industrials</u>				
Frencken Group Ltd	87,600	282,164	301,478	3.23
Nanofilm Technologies Intl PL	39,200	313,172	380,846	4.08
	<u>126,800</u>	<u>595,336</u>	<u>682,324</u>	<u>7.31</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 November 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Singapore</u> (continued)				
<u>Technology</u>				
AEM Holdings Ltd	32,100	211,773	345,106	3.70
<u>Thailand</u>				
<u>Financial Services</u>				
Central Pattana PCL	78,900	560,772	535,729	5.75
Tisco Financial Group- NVDR	17,000	154,911	179,430	1.92
	<u>95,900</u>	<u>715,683</u>	<u>715,159</u>	<u>7.67</u>
<u>Health Care</u>				
Bangkok Dusit Medical Services	61,200	185,704	176,916	1.90
<u>Oil &amp; Gas</u>				
PTT PCL	62,600	322,557	336,675	3.61
<u>United States of America</u>				
<u>Technology</u>				
Sea Limited	1,041	567,375	764,631	8.20
Total quoted equities – foreign	<u>2,047,567</u>	5,624,110	<u>6,451,450</u>	<u>69.17</u>
Accumulated unrealised gain on quoted equities – foreign		<u>827,340</u>		
Total quoted equities – foreign		<u>6,451,450</u>		

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	164,238	58,564
Deposit with a licensed financial institution	870,412	-
	<u>1,034,650</u>	<u>58,564</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>-</u>

Deposit with a licensed financial institution has an average maturity of 1 day (2020: Nil days).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	17,467,000	27,797,000
Creation of units arising from applications during the financial year	14,843,992	1,082,517
Creation of units arising from distribution during the financial year	1,325,008	1,474,483
Cancellation of units during the financial year	(12,256,000)	(12,887,000)
At the end of the financial year	<u>21,380,000</u>	<u>17,467,000</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the financial year ended 30 November 2021:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd*	3,075,457	10.87	10,996	11.74
Macquarie Securities (Australia) Ltd	2,740,954	9.69	10,105	10.79
DBS Vickers Securities (Singapore) Pte Ltd	2,570,750	9.08	7,455	7.96
CLSA Ltd (Hong Kong)	2,340,054	8.27	7,500	8.01
CITI Group Global Market Ltd	2,163,575	7.65	8,003	8.55
PT Mandiri Sekuritas	1,944,368	6.87	8,383	8.95
Credit Suisse (Hong Kong) Ltd	1,787,171	6.32	6,444	6.88
PT CIMB Securities Indonesia	1,716,555	6.07	5,182	5.54
CIMB Securities (Singapore) Pte Ltd	1,671,253	5.91	4,208	4.49
Bank of American, N.A. (Jakarta Branch)	1,334,159	4.70	4,393	4.69
Others	6,951,895	24.57	20,978	22.40
	<u>28,296,191</u>	<u>100.00</u>	<u>93,647</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers for the financial year ended 30 November 2020:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CLSA Ltd (Hong Kong)	10,493,183	13.14	24,775	10.34
PT CIMB Securities Indonesia	7,838,297	9.81	23,541	9.82
CIMB Bank Bhd	7,700,562	9.64	21,543	8.99
Affin Hwang Investment Bank Bhd*	7,056,975	8.83	23,437	9.78
Macquarie Bank Ltd	6,807,160	8.52	21,414	8.93
PT Mandiri Sekuritas	6,163,822	7.72	26,584	11.09
CITI Group Global Market Ltd	5,966,871	7.47	14,754	6.16
Merrill Lynch International Ltd	4,174,090	5.23	12,873	5.37
DBS Vickers Securities (Singapore) Pte Ltd	3,695,010	4.63	11,950	4.99
Credit Suisse Securities (Malaysia) Sdn Bhd	2,519,841	3.15	8,876	3.70
Others	17,460,224	21.86	49,921	20.83
	<u>79,876,035</u>	<u>100.00</u>	<u>239,668</u>	<u>100.00</u>

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

\* Included in transactions with brokers and dealers are trades with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting to RM3,075,457 (2020: RM7,056,975). The Manager is of the opinion that all transactions with the related compaies have been entered into in the normal course of business at agreed terms between the related parties.

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

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

<u>Related parties</u>	<u>Relationships</u>
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 statements
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

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

	<u>2021</u>		<u>2020</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	15,054	8,844	3,019	1,612

## AFFIN HWANG ASEAN FLEXI FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021 (CONTINUED)

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

	<u>2021</u> %	<u>2020</u> %
MER	2.14	2.28

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM11,506,997 (2020: RM11,888,440).

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

	<u>2021</u>	<u>2020</u>
PTR (times)	1.16	3.37

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM15,084,255 (2020: RM36,749,322)  
total disposal for the financial year = RM11,622,358 (2020: RM43,369,368)

#### 15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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 ASEAN FLEXI 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 as the Manager, the financial statements set out on pages 1 to 37 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 November 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

Kuala Lumpur  
14 January 2022

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG ASEAN FLEXI FUND

### REPORT ON THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Affin Hwang ASEAN Flexi Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 November 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 November 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 37.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG ASEAN FLEXI FUND (CONTINUED)

### REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

#### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal controls as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or has no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG ASEAN FLEXI FUND (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG ASEAN FLEXI FUND (CONTINUED)**

**OTHER MATTERS**

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants**

**Kuala Lumpur  
14 January 2022**

## **DIRECTORY OF SALES OFFICE**

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