

# Affin Hwang

## Flexible Maturity Income Fund 15

Interim Report  
31 May 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
TMF Trustees Malaysia Berhad  
(200301008392)

# AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

## Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 May 2021

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## FUND INFORMATION

|                      |                                                                                                            |
|----------------------|------------------------------------------------------------------------------------------------------------|
| Fund Name            | Affin Hwang Flexible Maturity Income Fund 15                                                               |
| Fund Type            | Income                                                                                                     |
| Fund Category        | Fixed Income (close-ended)                                                                                 |
| Investment Objective | The Fund aims to provide income through investments in fixed income instruments                            |
| Benchmark            | 5-years Malayan Banking Berhad fixed deposit rate as at investment date                                    |
| Distribution Policy  | Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis |

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

| Size of holdings<br>(units) | No. of unitholders | No. of units held *<br>('000) |
|-----------------------------|--------------------|-------------------------------|
| 5,000 and below             | 35                 | 114                           |
| 5,001 to 10,000             | 45                 | 408                           |
| 10,001 to 50,000            | 88                 | 2,693                         |
| 50,001 to 500,000           | 72                 | 12,512                        |
| 500,001 and above           | 16                 | 80,839                        |
| <b>Total</b>                | <b>256</b>         | <b>96,566</b>                 |

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

| Category                                          | As at<br>31 May 2021<br>(%) |
|---------------------------------------------------|-----------------------------|
| Portfolio Composition                             |                             |
| <b>Unquoted fixed income securities – foreign</b> | <b>92.30</b>                |
| <b>Cash &amp; cash equivalent</b>                 | <b>7.70</b>                 |
| <b>Total</b>                                      | <b>100.00</b>               |
| Total NAV (RM'million)                            | 101.082                     |
| NAV per Unit (RM)                                 | 1.0467                      |
| Unit in Circulation (million)                     | 96.569                      |
| Highest NAV                                       | 1.0990                      |
| Lowest NAV                                        | 1.0395                      |
| Return of the fund <sup>iii</sup> (%)             | 1.03                        |
| - Capital Return <sup>i</sup> (%)                 | -2.81                       |
| - Income Return <sup>ii</sup> (%)                 | 3.96                        |
| Gross Distribution per Unit (sen)                 | 4.12                        |
| Net Distribution per Unit (sen)                   | 4.12                        |
| Management Expense Ratio (%)                      | 0.14                        |
| Portfolio Turnover Ratio (times)                  | 0.14                        |

### **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          |

## MANAGER'S REPORT

### Income Distribution / Unit Split

The Net Asset Value per Unit prior and subsequent to the distributions was as follows:

| Cum-Date  | Ex-Date   | Cum-distribution (RM) | Distribution per Unit (RM) | Ex-distribution (RM) |
|-----------|-----------|-----------------------|----------------------------|----------------------|
| 22-Apr-21 | 23-Apr-21 | 1.0821                | 0.0412                     | 1.0410               |

No unit split was declared for the financial period ended 31 May 2021.

### Performance Review

For the period 1 December 2020 to 31 May 2021, the Fund registered a 1.03% return compared to the benchmark return of 1.16%. The Fund thus underperformed the Benchmark by 0.13%. The Net Asset Value per unit ("NAV") of the Fund as at 31 May 2021 was RM1.0467 while the NAV as at 30 November 2020 was RM1.0770. During the period under review, the Fund has declared a gross income distribution of RM0.0412 per unit.

Since commencement, the Fund has registered a return of 8.81% compared to the benchmark return of 2.60%, outperforming by 6.21%. The fund has met its investment objective.

Table 1: Performance of the Fund

|                       | 6 Months<br>(1/12/20 - 31/5/21) | 1 Year<br>(1/6/20 - 31/5/21) | Since Commencement<br>(23/4/20 - 31/5/21) |
|-----------------------|---------------------------------|------------------------------|-------------------------------------------|
| <b>Fund</b>           | <b>1.03%</b>                    | <b>6.69%</b>                 | <b>8.81%</b>                              |
| <b>Benchmark</b>      | <b>1.16%</b>                    | <b>2.35%</b>                 | <b>2.60%</b>                              |
| <b>Outperformance</b> | <b>(0.13%)</b>                  | <b>4.34%</b>                 | <b>6.21%</b>                              |

Source of Benchmark: Maybank

Table 2: Average Total Return

|                       | 1 Year<br>(1/6/20 - 31/5/21) | Since Commencement<br>(23/4/20 - 31/5/21) |
|-----------------------|------------------------------|-------------------------------------------|
| <b>Fund</b>           | <b>6.69%</b>                 | <b>7.93%</b>                              |
| <b>Benchmark</b>      | <b>2.35%</b>                 | <b>2.35%</b>                              |
| <b>Outperformance</b> | <b>4.34%</b>                 | <b>5.58%</b>                              |

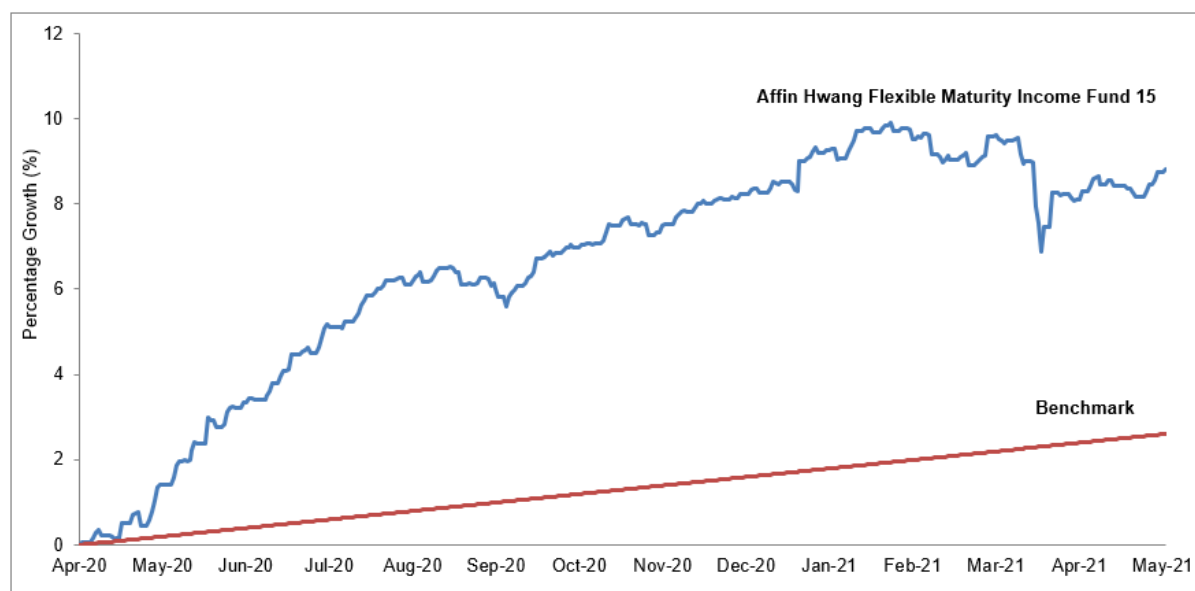
Source of Benchmark: Maybank

Table 3: Annual Total Return

|                       | FYE 2020<br>(23/4/20 - 30/11/20) |
|-----------------------|----------------------------------|
| <b>Fund</b>           | <b>7.70%</b>                     |
| <b>Benchmark</b>      | <b>1.42%</b>                     |
| <b>Outperformance</b> | <b>6.28%</b>                     |

Source of Benchmark: Maybank

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



*"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Maybank." Benchmark: 5-years Malayan Banking Berhad fixed deposit rate as at Investment Date*

**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 May 2021, the asset allocation of the Fund stood at 92.30% of the Fund's NAV in fixed income securities while the remaining was held in cash and cash equivalent.

### **Strategies Employed**

Over the period under review, the Manager maintained a focus on high conviction credit names across both domestic and regional space. To date, the Fund's bond holdings have continued to meet their respective financial obligations in respect of their outstanding debt.

### **Market Review**

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

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

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology

stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Earnings season continues with technology and banking stocks leading way in terms of results. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed's dovish testimony. The S&P 500 index closed 2.4% higher reaching an all-time high of 4,280.70 points in the last week of the month. The Nasdaq index rose 5.6% buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress.

US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank's view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled from 1.60% to close at 1.46% in June as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker down 1.1% in June as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The Group of Seven ("G7") nations and North Atlantic Treaty Organisation ("NATO") held its annual summit in June with political leaders from US and Europe vowing to toughen its stance on China.

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

The commodity market saw multiple consecutive periods of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets in January. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter. Overall, the commodities saw strong return in 1H2021, buoyed by vaccination programs and normalization of the economy.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

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

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Benchmark KLCI fell 3.2% in June as daily new COVID-19 cases remain stubbornly high. Phase One of the movement control under the National Recovery Plan ("NRP"), which was initially scheduled to end on 28 June 2021 has been extended as cases has not fallen below the 4,000 threshold.

To provide aid to affected communities and businesses, the government unveiled the PEMULIH stimulus package worth RM150 billion. However, the direct fiscal injection of the stimulus package amounts to RM10 billion which includes cash handouts targeted at lower income groups as well as salary subsidies. The Prime Minister also announced an opt-in blanket loan moratorium for individual borrowers as well as the i-Citra initiative to allow contributors to withdraw up to RM5,000 from their EPF as a lifeline for households.

The local bond market was similarly in a cautious mood ahead of the Fed's meeting and persistently high cases in the country. The 10-year MGS benchmark yield edged 7bps higher in the month to close at 3.28%. Malaysia's GDP forecast was slashed from 6.0% to 4.0% given the extension in lockdown.

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

On the monetary policy side, Bank Negara Malaysia (BNM) may see more pressure to further slash the Overnight Policy Rate ("OPR") to cushion the economic impact of COVID-19. Malaysia's inflation figure came in at 4.4% in May 2021 as compared to the 4.7% in the preceding month.

## **Investment Outlook**

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

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand.

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

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

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

## **Soft Commissions received from Brokers**

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

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

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

**Cross Trade**

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

We have acted as Trustee of **Affin Hwang Flexible Maturity Income Fund 15 ("the Fund")** for 6 months financial period ended 31 May 2021. To the best of our knowledge, **Affin Hwang Asset Management Berhad ("the Management Company")**, has operated and managed the Fund in accordance with the following:-

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

During this financial period, a distribution of 4.1200 sen per unit (net) has been distributed to unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For TMF Trustees Malaysia Berhad  
(Company No: 610812-W)

**NORHAYATI BINTI AZIT**  
**DIRECTOR – FUND SERVICES**

Kuala Lumpur  
15 July 2021

**AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

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

# **AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

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

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## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

|                                                                                                  | <u>Note</u> | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|--------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------|
| <b>INVESTMENT INCOME</b>                                                                         |             |                                                                 |
| Interest income from financial assets<br>at amortised cost                                       |             | 10,802                                                          |
| Interest income from financial assets<br>at fair value through profit or loss                    |             | 2,301,453                                                       |
| Net gain on foreign currency exchange                                                            |             | 307,882                                                         |
| Net loss on forward foreign currency contracts<br>at fair value through profit or loss           |             | (1,603,027)                                                     |
| Net gain on financial assets at fair value<br>through profit or loss                             | 8           | 213,675                                                         |
|                                                                                                  |             | <u>1,230,785</u>                                                |
| <b>EXPENSES</b>                                                                                  |             |                                                                 |
| Management fee                                                                                   | 4           | (104,683)                                                       |
| Trustee fee                                                                                      | 5           | (20,937)                                                        |
| Auditors' remuneration                                                                           |             | (3,989)                                                         |
| Tax agent's fee                                                                                  |             | (1,745)                                                         |
| Other expenses                                                                                   |             | (14,947)                                                        |
|                                                                                                  |             | <u>(146,301)</u>                                                |
| <b>NET PROFIT BEFORE TAXATION</b>                                                                |             | 1,084,484                                                       |
| Taxation                                                                                         | 7           | -                                                               |
| <b>NET PROFIT AFTER TAXATION AND TOTAL<br/>COMPREHENSIVE INCOME FOR THE<br/>FINANCIAL PERIOD</b> |             | <u><u>1,084,484</u></u>                                         |
| Net profit after taxation is made up of the following:                                           |             |                                                                 |
| Realised amount                                                                                  |             | 3,299,068                                                       |
| Unrealised amount                                                                                |             | (2,214,584)                                                     |
|                                                                                                  |             | <u><u>1,084,484</u></u>                                         |

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

# AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

|                                                                            | <u>Note</u> | <u>2021</u><br>RM  |
|----------------------------------------------------------------------------|-------------|--------------------|
| <b>ASSETS</b>                                                              |             |                    |
| Cash and cash equivalents                                                  | 9           | 4,449,280          |
| Financial assets at fair value through<br>profit or loss                   | 8           | 93,300,073         |
| Forward foreign currency contracts<br>at fair value through profit or loss | 10          | 3,706,933          |
| Tax recoverable                                                            |             | 27,750             |
| <b>TOTAL ASSETS</b>                                                        |             | <u>101,484,036</u> |
| <b>LIABILITIES</b>                                                         |             |                    |
| Forward foreign currency contracts<br>at fair value through profit or loss | 10          | 363,329            |
| Amount due to Manager<br>- management fee                                  |             | 17,115             |
| Amount due to Trustee                                                      |             | 3,423              |
| Auditors' remuneration                                                     |             | 11,989             |
| Tax agent's fee                                                            |             | 5,245              |
| Other payables and accruals                                                |             | 1,359              |
| <b>TOTAL LIABILITIES</b>                                                   |             | <u>402,460</u>     |
| <b>NET ASSET VALUE OF THE FUND</b>                                         |             | <u>101,081,576</u> |
| <b>EQUITY</b>                                                              |             |                    |
| Unitholders' capital                                                       |             | 96,346,165         |
| Retained earnings                                                          |             | 4,735,411          |
| <b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>                              |             | <u>101,081,576</u> |
| <b>NUMBER OF UNITS IN CIRCULATION</b>                                      | 11          | <u>96,569,000</u>  |
| <b>NET ASSET VALUE PER UNIT (RM)</b>                                       |             | <u>1.0467</u>      |

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

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

|                                                     | Unitholders'<br><u>capital</u><br>RM | Retained<br><u>earnings</u><br>RM | <u>Total</u><br>RM |
|-----------------------------------------------------|--------------------------------------|-----------------------------------|--------------------|
| Balance as at 1 December 2020                       | 98,311,276                           | 7,629,570                         | 105,940,846        |
| Total comprehensive income for the financial period | -                                    | 1,084,484                         | 1,084,484          |
| Distribution (Note 6)                               | -                                    | (3,978,643)                       | (3,978,643)        |
| Movement in unitholders' capital:                   |                                      |                                   |                    |
| Cancellation of units                               | (1,965,111)                          | -                                 | (1,965,111)        |
| Balance as at 31 May 2021                           | <u>96,346,165</u>                    | <u>4,735,411</u>                  | <u>101,081,576</u> |

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

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

|                                                                               | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Note                                                                          |                                                                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |                                                                 |
| Proceeds from sale of investments                                             | 17,076,762                                                      |
| Purchase of investments                                                       | (12,425,045)                                                    |
| Interest received                                                             | 2,240,871                                                       |
| Management fee paid                                                           | (104,897)                                                       |
| Trustee fee paid                                                              | (20,980)                                                        |
| Payment for other fees and expenses                                           | (18,945)                                                        |
| Net realised gain on forward foreign currency contracts                       | 573,724                                                         |
| Net realised loss on foreign currency exchange                                | (391,246)                                                       |
|                                                                               | <hr/>                                                           |
| Net cash generated from operating activities                                  | 6,930,244                                                       |
|                                                                               | <hr/>                                                           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |                                                                 |
| Payments for cancellation of units                                            | (1,965,111)                                                     |
| Payments for distribution                                                     | (3,978,643)                                                     |
|                                                                               | <hr/>                                                           |
| Net cash used in financing activities                                         | (5,943,754)                                                     |
|                                                                               | <hr/>                                                           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                              | 986,490                                                         |
| <b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>                                   | 319,164                                                         |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>BEGINNING OF THE FINANCIAL PERIOD</b> | <br>3,143,626                                                   |
|                                                                               | <hr/>                                                           |
| <b>CASH AND CASH EQUIVALENTS AT THE<br/>END OF THE FINANCIAL PERIOD</b>       | <br>4,449,280                                                   |
|                                                                               | <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 FLEXIBLE MATURITY INCOME FUND 15**

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

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

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

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

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

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

(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 FLEXIBLE MATURITY INCOME FUND 15**

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

#### **B INCOME RECOGNITION**

##### 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 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 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.

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

#### **D DISTRIBUTIONS**

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

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

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional and presentation 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 the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

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

- those to be measured subsequently 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 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 and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

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

##### **(ii) Recognition and measurement**

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

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

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

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

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 foreign transactions are presented in the statement of comprehensive income within 'net gain on financial assets at fair value through profit and loss' in the period which they arise.

Unquoted fixed income securities including money market instruments denominated in foreign currencies are revalued at least twice a week by reference to the mid-price quoted in Bloomberg using the Composite Bloomberg Bond Trader ("CBBT") which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

##### (ii) Recognition and measurement

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

##### (iii) Impairment

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.

##### Write-off

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

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

## **AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

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

#### **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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **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 asset 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 a unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

#### **J DERIVATIVE FINANCIAL INSTRUMENTS**

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

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

## **AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

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

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

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgement 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.

#### **L 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 FLEXIBLE MATURITY INCOME FUND 15**

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

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

The Unit Trust Fund was constituted under the name Affin Hwang Flexible Maturity Income Fund 15 (the “Fund”) pursuant to the execution of a Deed dated 23 September 2019 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 23 April 2020 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed or on maturity date of the Fund which falls on the fifth anniversary of the investment date or such earlier date in accordance with the provisions of the Deed or subject to the early maturity feature.

The Fund may invest in any of the following investments:

- (a) Debentures;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives;
- (e) Structured products; and
- (f) Any other form of 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 income through investments in fixed income instruments.

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

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

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

Financial instruments are as follows:

|                                    | <u>Note</u> | At<br>amortised<br><u>cost</u><br>RM | At fair value<br>through<br><u>profit or loss</u><br>RM | <u>Total</u><br>RM |
|------------------------------------|-------------|--------------------------------------|---------------------------------------------------------|--------------------|
| <u>2021</u>                        |             |                                      |                                                         |                    |
| <u>Financial assets</u>            |             |                                      |                                                         |                    |
| Cash and cash equivalents          |             | 4,449,280                            | -                                                       | 4,449,280          |
| Unquoted fixed income securities   | 7           | -                                    | 93,300,073                                              | 93,300,073         |
| Forward foreign currency contracts | 8           | -                                    | 3,706,933                                               | 3,706,933          |
| Total                              |             | <u>4,449,280</u>                     | <u>97,007,006</u>                                       | <u>101,456,286</u> |
| <u>Financial liabilities</u>       |             |                                      |                                                         |                    |
| Forward foreign currency contracts | 8           | -                                    | 363,329                                                 | 363,329            |
| Amount due to Manager              |             |                                      |                                                         |                    |
| - management fee                   |             | 17,115                               | -                                                       | 17,115             |
| Amount due to Trustee              |             | 3,423                                | -                                                       | 3,423              |
| Auditors' remuneration             |             | 11,989                               | -                                                       | 11,989             |
| Tax agent's fee                    |             | 5,245                                | -                                                       | 5,245              |
| Other payables and accruals        |             | 1,359                                | -                                                       | 1,359              |
| Total                              |             | <u>39,131</u>                        | <u>363,329</u>                                          | <u>402,460</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.

#### 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.

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

##### Market risk (continued)

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

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

|                                   | <u>2021</u><br>RM |
|-----------------------------------|-------------------|
| <b>Unquoted investments</b>       |                   |
| Unquoted fixed income securities* | 93,300,073        |

\* includes interest receivable of RM1,141,817.

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities.

| <u>% Change in price</u> | <u>Market value</u><br>RM | <u>Impact on</u><br><u>profit after</u><br><u>tax/NAV</u><br>RM |
|--------------------------|---------------------------|-----------------------------------------------------------------|
| <u>2021</u>              |                           |                                                                 |
| -5%                      | 87,550,343                | (4,607,913)                                                     |
| 0%                       | 92,158,256                | -                                                               |
| +5%                      | 96,766,169                | 4,607,913                                                       |

##### (b) Interest rate risk

In general, when interest rates rise, prices of unquoted fixed income securities will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted fixed income securities fund since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

##### Market risk (continued)

##### (b) Interest rate risk (continued)

Investors should note that unquoted fixed income securities and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% with all other variables held constant.

| <u>% Change in interest rate</u> | <u>Impact on profit after tax/NAV</u><br><u>2021</u><br>RM |
|----------------------------------|------------------------------------------------------------|
| + 2%                             | (704,701)                                                  |
| - 2%                             | 716,930                                                    |

The Fund's exposure to interest rate risk associated with deposit with a licensed financial institution 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 an unfavourable movements 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.

|                         | <u>Unquoted<br/>fixed income<br/>securities</u><br>RM | <u>Forward<br/>foreign<br/>currency<br/>contracts</u><br>RM | <u>Cash<br/>and cash<br/>equivalents</u><br>RM | <u>Total</u><br>RM |
|-------------------------|-------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------|--------------------|
| <u>2021</u>             |                                                       |                                                             |                                                |                    |
| <u>Financial assets</u> |                                                       |                                                             |                                                |                    |
| Euro                    | -                                                     | -                                                           | 146,098                                        | 146,098            |
| Singapore Dollar        | 13,080,898                                            | -                                                           | 37,530                                         | 13,118,428         |
| United States Dollar    | 80,219,175                                            | 3,706,933                                                   | 4,141,353                                      | 88,067,461         |
|                         | <u>93,300,073</u>                                     | <u>3,706,933</u>                                            | <u>4,324,981</u>                               | <u>101,331,987</u> |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

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

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

|                              | Forward<br>foreign<br>currency<br>contracts<br>RM | Total<br>RM    |
|------------------------------|---------------------------------------------------|----------------|
| <u>2021</u> (continued)      |                                                   |                |
| <u>Financial liabilities</u> |                                                   |                |
| Singapore Dollar             | 201,032                                           | 201,032        |
| United States Dollar         | 162,297                                           | 162,297        |
|                              | <u>363,329</u>                                    | <u>363,329</u> |

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 10% (2020: 10%) 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 (decrease)/increase in the net assets attributable to unitholders by approximately 10% (2020: 10%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

|                      | Change<br>in price<br>% | Impact on<br>profit after<br>tax/NAV<br>RM |
|----------------------|-------------------------|--------------------------------------------|
| <u>2021</u>          |                         |                                            |
| Euro                 | +/- 10                  | +/- 14,610                                 |
| Singapore Dollar     | +/- 10                  | +/- 1,291,740                              |
| United States Dollar | +/- 10                  | +/- 8,790,516                              |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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.

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 in the Deed and SC's Guidelines on Unit Trust Funds.

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

|                    | Unquoted<br>fixed<br>income<br>securities<br>RM | Forward<br>foreign<br>currency<br>contracts<br>RM | Cash<br>and cash<br>equivalents<br>RM | Total<br>RM |
|--------------------|-------------------------------------------------|---------------------------------------------------|---------------------------------------|-------------|
| <u>2021</u>        |                                                 |                                                   |                                       |             |
| Basic Materials    |                                                 |                                                   |                                       |             |
| - Baa2             | 5,661,528                                       | -                                                 | -                                     | 5,661,528   |
| - Baa3             | 2,068,184                                       | -                                                 | -                                     | 2,068,184   |
| - BBB+             | 3,457,179                                       | -                                                 | -                                     | 3,457,179   |
| Consumer Goods     |                                                 |                                                   |                                       |             |
| - BBB-             | 4,067,010                                       | -                                                 | -                                     | 4,067,010   |
| Financial Services |                                                 |                                                   |                                       |             |
| - AA2              | -                                               | 616,528                                           | -                                     | 616,528     |
| - AA3              | -                                               | 643,387                                           | -                                     | 643,387     |
| - AAA              | -                                               | 1,782,648                                         | 4,449,280                             | 6,231,928   |
| - Ba1              | 1,655,158                                       | -                                                 | -                                     | 1,655,158   |
| - Baa1             | 4,216,298                                       | -                                                 | -                                     | 4,216,298   |
| - Baa2             | 2,990,465                                       | -                                                 | -                                     | 2,990,465   |
| - Baa3             | 7,845,347                                       | -                                                 | -                                     | 7,845,347   |
| - BBB              | 12,630,902                                      | -                                                 | -                                     | 12,630,902  |
| - BBB-             | 7,587,883                                       | -                                                 | -                                     | 7,587,883   |
| - NR               | -                                               | 664,370                                           | -                                     | 664,370     |
| Industrials        |                                                 |                                                   |                                       |             |
| - Baa1             | 6,643,783                                       | -                                                 | -                                     | 6,643,783   |
| - Baa2             | 7,526,457                                       | -                                                 | -                                     | 7,526,457   |
| - NR               | 1,844,771                                       | -                                                 | -                                     | 1,844,771   |
| Real Estate        |                                                 |                                                   |                                       |             |
| - B1               | 4,807,362                                       | -                                                 | -                                     | 4,807,362   |
| - B2               | 2,563,732                                       | -                                                 | -                                     | 2,563,732   |
| - BB-              | 5,736,197                                       | -                                                 | -                                     | 5,736,197   |
| - BBB-             | 7,740,166                                       | -                                                 | -                                     | 7,740,166   |

# AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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:

|                         | Unquoted<br>fixed<br>income<br>securities<br>RM | Forward<br>foreign<br>currency<br>contracts<br>RM | Cash<br>and cash<br>equivalents<br>RM | Total<br>RM        |
|-------------------------|-------------------------------------------------|---------------------------------------------------|---------------------------------------|--------------------|
| <u>2021</u> (continued) |                                                 |                                                   |                                       |                    |
| Technology<br>- Baa2    | 4,257,651                                       | -                                                 | -                                     | 4,257,651          |
|                         | <u>93,300,073</u>                               | <u>3,706,933</u>                                  | <u>4,449,280</u>                      | <u>101,456,286</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.

|                                                                            | Within<br>one month<br>RM | Between<br>one month<br>to one-year<br>RM | Total<br>RM    |
|----------------------------------------------------------------------------|---------------------------|-------------------------------------------|----------------|
| <u>2021</u>                                                                |                           |                                           |                |
| Forward foreign currency contracts<br>at fair value through profit or loss | -                         | 363,329                                   | 363,329        |
| Amount due to Manager<br>- management fee                                  | 17,115                    | -                                         | 17,115         |
| Amount due to Trustee                                                      | 3,423                     | -                                         | 3,423          |
| Auditors' remuneration                                                     | -                         | 11,989                                    | 11,989         |
| Tax agent's fee                                                            | -                         | 5,245                                     | 5,245          |
| Other payables and accruals                                                | -                         | 1,359                                     | 1,359          |
|                                                                            | <u>20,538</u>             | <u>381,922</u>                            | <u>402,460</u> |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

##### Capital risk

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

#### 3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is 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 market (such as trading securities) is based on quoted market prices at the close of trading on the period end date.

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

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

##### (i) Fair value hierarchy

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

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

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

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

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MAY 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><br>RM | <u>Level 2</u><br>RM | <u>Level 3</u><br>RM | <u>Total</u><br>RM |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|--------------------|
| <u>2021</u>                                                 |                      |                      |                      |                    |
| Financial assets at fair value through profit or loss       |                      |                      |                      |                    |
| - unquoted fixed income securities                          | -                    | 93,300,073           | -                    | 93,300,073         |
| - forward foreign currency contracts                        | -                    | 3,706,933            | -                    | 3,706,933          |
|                                                             | <u>-</u>             | <u>97,007,006</u>    | <u>-</u>             | <u>97,007,006</u>  |
| Financial liabilities at fair value through profit or loss: |                      |                      |                      |                    |
| - forward foreign currency contracts                        | -                    | 363,329              | -                    | 363,329            |
|                                                             | <u>-</u>             | <u>363,329</u>       | <u>-</u>             | <u>363,329</u>     |

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities and forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- (ii) The carrying values of cash and cash equivalents and all current liabilities, except for forward foreign currency contracts are a reasonable approximation of the fair values due to their short-term nature.

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

#### 4 MANAGEMENT FEE

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

For the 6 months financial period ended 31 May 2021, the management fee is recognised at a rate of 0.20% 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 not exceeding 0.10% per annum on the NAV of the Fund, exclusive of foreign custodian fees.

For the 6 months financial period ended 31 May 2021, the Trustee fee is recognised at a rate of 0.04% per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 6 DISTRIBUTION

6 months  
financial  
period ended  
31.5.2021  
RM

Distribution to unitholders is from the following sources:

|                                          |           |
|------------------------------------------|-----------|
| Interest income                          | 563,072   |
| Net realised gain on sale of investments | 732,081   |
| Previous year's realised income          | 2,704,904 |
|                                          | <hr/>     |
| Gross realised income                    | 4,000,057 |
| Less: Expenses                           | (21,414)  |
|                                          | <hr/>     |
| Net distribution amount                  | 3,978,643 |
|                                          | <hr/>     |

|                                       |       |
|---------------------------------------|-------|
| Gross/Net distribution per unit (sen) | 4.12  |
|                                       | <hr/> |

|         |           |
|---------|-----------|
| Ex-date | 23.4.2021 |
|         | <hr/>     |

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

Included in distribution for the financial period is an amount of RM2,704,904 made from previous year's realised income.

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

#### 7 TAXATION

|  | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|--|-----------------------------------------------------------------|
|--|-----------------------------------------------------------------|

|                  |   |
|------------------|---|
| Current taxation | - |
|------------------|---|

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

|                                                             | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|-------------------------------------------------------------|-----------------------------------------------------------------|
| Net profit before taxation                                  | 1,084,484                                                       |
| Tax at Malaysian statutory rate 24%                         | 260,276                                                         |
| Tax effects of:                                             |                                                                 |
| Investment income not brought to tax                        | (295,388)                                                       |
| Expenses not deductible for tax purposes                    | 8,791                                                           |
| Restriction on tax deductible expenses for Unit Trust Funds | 26,321                                                          |
| Tax expense                                                 | -                                                               |

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

|                                                        | <u>2021</u><br>RM |
|--------------------------------------------------------|-------------------|
| Financial assets at fair value through profit or loss: |                   |
| - unquoted fixed income securities – foreign           | 93,300,073        |

|                                                                    | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|--------------------------------------------------------------------|-----------------------------------------------------------------|
| Net loss on financial assets at fair value through profit or loss: |                                                                 |
| - realised loss on sale of investments                             | 567,237                                                         |
| - unrealised loss on changes in fair value                         | (353,562)                                                       |
|                                                                    | 213,675                                                         |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

(a) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 May 2021 are as follows:

| <u>Name of issuer</u>                                              | <u>Nominal<br/>value<br/>RM</u> | <u>Adjusted<br/>cost<br/>RM</u> | <u>Fair<br/>value<br/>RM</u> | <u>Percentage<br/>of NAV<br/>%</u> |
|--------------------------------------------------------------------|---------------------------------|---------------------------------|------------------------------|------------------------------------|
| <u>Bonds</u>                                                       |                                 |                                 |                              |                                    |
| 3% AAC Technologies Holdings<br>Inc Call: 27.11.2022 (Baa2)        | 4,123,500                       | 4,186,320                       | 4,257,651                    | 4.21                               |
| 6.5% Asahi Mutual Life Insurance<br>Co Call: 05.09.2023 (BBB-)     | 4,123,500                       | 4,596,982                       | 4,498,029                    | 4.45                               |
| 3.425% CCCI Treasury Ltd<br>Call: 21.11.2024 (Baa2)                | 4,123,500                       | 4,364,730                       | 4,166,854                    | 4.12                               |
| 4.1% Chinalco Capital Holdings Ltd<br>Call: 11.09.2024 (BBB+)      | 3,298,800                       | 3,470,819                       | 3,457,179                    | 3.42                               |
| 6.45% CIFI Holdings Group Co Ltd<br>Call: 07.11.2022 (BB-)         | 3,298,800                       | 3,442,649                       | 3,517,181                    | 3.48                               |
| 3.35% CNAC HK Finbridge Co Ltd<br>Call: 22.09.2023 (Baa3)          | 2,061,750                       | 2,024,242                       | 2,068,184                    | 2.05                               |
| 3.375% CNAC HK Finbridge Co Ltd<br>19.06.2024 (Baa2)               | 4,123,500                       | 4,421,439                       | 4,301,996                    | 4.26                               |
| 8% Country Garden Holdings Co Ltd<br>Call: 27.09.2021 (BBB-)       | 3,711,150                       | 4,139,353                       | 3,983,631                    | 3.94                               |
| 5.625% Credit Suisse Group AG<br>Call: 06.06.2024 (Ba1)            | 1,561,650                       | 1,575,820                       | 1,655,158                    | 1.64                               |
| 3.3% DBS Group Holdings Ltd<br>Call: 27.02.2025 (Baa1)             | 2,474,100                       | 2,495,247                       | 2,560,983                    | 2.53                               |
| 4.125% Ford Motor Credit Co LLC<br>20.06.2024 (BBB-)               | 3,904,125                       | 3,577,651                       | 4,067,010                    | 4.02                               |
| 6.25% HSBC Holdings PLC<br>Call: 23.03.2023 (Baa3)                 | 4,123,500                       | 4,311,146                       | 4,411,755                    | 4.36                               |
| 5.5% Huarong Finance II Co<br>Ltd 16.01.2025 (Baa2)                | 4,123,500                       | 4,671,742                       | 2,990,465                    | 2.96                               |
| 2.25% HX Cement Inter Fin<br>19.11.2025 (Baa1)                     | 3,298,800                       | 3,283,964                       | 3,281,481                    | 3.25                               |
| 4.75% Indonesia Asahan<br>Aluminium Tbk Call: 15.04.2025<br>(Baa2) | 1,237,050                       | 1,291,825                       | 1,359,532                    | 1.34                               |
| 7.4% KWG Group Holding Ltd<br>Call: 05.03.2022 (BB-)               | 2,061,750                       | 2,157,627                       | 2,219,016                    | 2.19                               |
| 3.15% Mapletree Industrial<br>Trust Call: 11.05.2026 (BBB-)        | 1,561,650                       | 1,543,080                       | 1,574,631                    | 1.56                               |
| 3.25% MCC Holding Hong Kong<br>Corp Ltd Call: 12.03.2023 (Baa2)    | 3,298,800                       | 3,430,584                       | 3,359,603                    | 3.32                               |
| 3.8% Nanyang Commercial Bank Ltd<br>Call: 20.11.2024 (Baa3)        | 3,298,800                       | 3,370,184                       | 3,433,592                    | 3.40                               |
| 4.15% National Australia Bank Ltd<br>Call: 19.05.2023 (Baa1)       | 1,561,650                       | 1,562,205                       | 1,655,315                    | 1.64                               |

# AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

(a) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 31 May 2021 are as follows: (continued)

| <u>Name of issuer</u>                                                        | <u>Nominal<br/>value<br/>RM</u> | <u>Adjusted<br/>cost<br/>RM</u> | <u>Fair<br/>value<br/>RM</u> | <u>Percentage<br/>of NAV<br/>%</u> |
|------------------------------------------------------------------------------|---------------------------------|---------------------------------|------------------------------|------------------------------------|
| <u>Bonds (continued)</u>                                                     |                                 |                                 |                              |                                    |
| 4.75% Phoenix Group Holdings PLC<br>Call: 04.06.2026 (BBB)                   | 3,298,800                       | 3,551,525                       | 3,578,469                    | 3.54                               |
| 5.625% Phoenix Group Holdings PLC<br>Call: 29.01.2025 (BBB-)                 | 2,886,450                       | 2,894,578                       | 3,089,854                    | 3.06                               |
| 4.9% Powerlong Real Estate<br>Call: 13.05.2024 (B2)                          | 824,700                         | 819,198                         | 818,639                      | 0.81                               |
| 5.95% Powerlong Real Estate<br>Call: 30.04.2023 (B2)                         | 824,700                         | 829,027                         | 865,459                      | 0.86                               |
| 6.95% Powerlong Real Estate<br>Call: 23.07.2021 (B2)                         | 824,700                         | 873,183                         | 879,634                      | 0.87                               |
| 6.75% QBE Insurance Group Ltd<br>Call: 02.12.2024 (BBB)                      | 4,123,500                       | 4,814,424                       | 4,809,908                    | 4.76                               |
| 3.55% Sepco Virgin Ltd<br>Call: 25.10.2024 (Baa1)                            | 3,298,800                       | 3,428,449                       | 3,362,302                    | 3.33                               |
| 5.2% Shimao Group Holdings<br>Limited Call: 30.01.2022 (BBB-)                | 2,061,750                       | 2,195,920                       | 2,181,904                    | 2.16                               |
| 6.75% Times China Holdings Ltd<br>Call: 16.07.2022 (B1)                      | 4,535,850                       | 4,846,717                       | 4,807,362                    | 4.75                               |
| 5.875% UBS Grp Funding Switzerland<br>AG Call: 28.11.2023 (BBB)              | 3,904,125                       | 3,973,606                       | 4,242,525                    | 4.20                               |
| 8.1% Yinson Juniper Ltd<br>Call: 29.03.2024 (NR)                             | 1,649,400                       | 1,782,970                       | 1,844,771                    | 1.82                               |
| Total unquoted fixed income<br>securities – foreign                          | <u>89,602,650</u>               | <u>93,927,206</u>               | <u>93,300,073</u>            | <u>92.30</u>                       |
| Accumulated unrealised loss on<br>unquoted fixed income securities – foreign |                                 | <u>(627,133)</u>                |                              |                                    |
| Total unquoted fixed income<br>securities – foreign                          |                                 | <u>93,300,073</u>               |                              |                                    |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

#### 9 CASH AND CASH EQUIVALENTS

2021  
RM

|                                               |                  |
|-----------------------------------------------|------------------|
| Cash and bank balances                        | 4,349,173        |
| Deposit with a licensed financial institution | 100,107          |
|                                               | <u>4,449,280</u> |

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

2021  
%

|                                               |             |
|-----------------------------------------------|-------------|
| Deposit with a licensed financial institution | <u>1.75</u> |
|-----------------------------------------------|-------------|

The deposit with a licensed financial institution has an average maturity of 1 day.

#### 10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 18 forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM97,622,910. The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Singapore Dollar and United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

#### 11 NUMBER OF UNITS IN CIRCULATION

2021  
No. of units

|                                           |                    |
|-------------------------------------------|--------------------|
| At the beginning of the financial period  | 98,368,000         |
| Cancellation of units                     | <u>(1,799,000)</u> |
| Balance as at the end of financial period | <u>96,569,000</u>  |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

#### 12 TRANSACTIONS WITH DEALERS

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

| <u>Name of dealers</u>                    | Value<br>of trade<br>RM | Percentage<br>of total trade<br>% |
|-------------------------------------------|-------------------------|-----------------------------------|
| BNP Paribas Securities                    | 5,764,356               | 19.80                             |
| Nomura Singapore Ltd                      | 4,630,890               | 15.90                             |
| Deutsche Bank AG London                   | 4,435,289               | 15.23                             |
| Australia & New Zealand Banking Group Ltd | 3,499,343               | 12.02                             |
| Standard Chartered Bank                   | 3,185,547               | 10.94                             |
| Citigroup Global Markets                  | 2,644,620               | 9.08                              |
| MarketAxess Holdings Inc                  | 2,596,013               | 8.92                              |
| OCBC Singapore Ltd                        | 1,540,250               | 5.29                              |
| Bank of America                           | 817,005                 | 2.82                              |
|                                           | <u>29,113,313</u>       | <u>100.00</u>                     |

# Included in the transactions with dealers are cross trades conducted between the Fund and other funds; and private mandates managed by the Manager amounting to:

| <u>Name of dealers</u>   | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|--------------------------|-----------------------------------------------------------------|
| MarketAxess Holdings Inc | <u>2,596,013</u>                                                |

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

|                                              | 6 months<br>financial<br>period ended<br><u>31.5.2021</u><br>RM |
|----------------------------------------------|-----------------------------------------------------------------|
| Affin Hwang Flexible Maturity Income Fund 8  | 816,443                                                         |
| Affin Hwang Flexible Maturity Income Fund 11 | 1,779,570                                                       |
|                                              | <u>2,596,013</u>                                                |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

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

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

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

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

|                                                                                          |              | <u>2021</u>  |
|------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                          | No. of units | RM           |
| <u>The Manager:</u>                                                                      |              |              |
| Affin Hwang Asset Management Berhad<br>(The units are held legally for booking purposes) | 2,407        | 2,519        |
|                                                                                          | <u>2,407</u> | <u>2,519</u> |

## AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15

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

#### 13 MANAGEMENT EXPENSE RATIO ("MER")

6 months  
financial  
period ended  
31.5.2021  
%

MER 0.14

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM104,969,615.

#### 14 PORTFOLIO TURNOVER RATIO ("PTR")

6 months  
financial  
period ended  
31.5.2021

PTR (times) 0.14

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 = RM12,425,045  
total disposal for the financial period = RM16,129,561

## **AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

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

#### **15 COMPARATIVES**

There are no comparative figures as this is the first set of interim financial statements prepared since the launch of the Fund.

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

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

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

## **AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 15**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, Affin Hwang Asset Management Berhad, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 29 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 May 2021 and of its financial performance, changes in equity and cash flows for the 6 months financial period ended 31 May 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

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

Kuala Lumpur  
15 July 2021

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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

### **SARAWAK**

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