

Affin Hwang Equity Fund

Annual Report
30 April 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Maybank Trustees Berhad (5004-P)

AFFIN HWANG EQUITY FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 30 April 2021

Contents	Page
FUND INFORMATION	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT	V
TRUSTEE'S REPORT	IX
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 APRIL 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	17,987	16,583
5,001 to 10,000	1,594	11,297
10,001 to 50,000	393	6,498
50,001 to 500,000	42	5,054
500,001 and above	1	36,140
Total	20,017	75,572

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As At 30 Apr 2021 (%)	As At 30 Apr 2020 (%)	As At 30 Apr 2019 (%)
Portfolio Composition			
Quoted equities – local			
- Construction	-	0.59	2.64
- Consumer products & services	12.74	7.68	13.30
- Energy	2.09	4.73	6.22
- Financial services	12.68	9.29	19.78
- Healthcare	4.09	7.89	1.62
- Industrial product & services	33.55	10.28	16.69
- Plantation	2.57	-	2.12
- Properties	1.93	-	4.22
- REITs	-	6.14	6.68
- Technology	12.11	10.31	7.72
- Telecommunication & media	4.40	9.35	7.46
- Transport & logistics	5.21	-	-
- Utilities	1.83	5.92	2.04
- Warrant	1.64	-	0.10
Total Quoted equities – local	94.84	72.18	90.59
Cash and cash equivalent	5.16	27.82	9.41
Total	100.00	100.00	100.00
Total NAV (RM ¹ million)	53.761	44.9054	63.389
NAV per Unit (RM)	0.7114	0.4731	0.5305
Unit in Circulation (million)	75.576	94.9120	119.484
Highest NAV	0.7427	0.5533	0.5553
Lowest NAV	0.4696	0.4100	0.5030
Return of the Fund (%) ⁱⁱⁱ	50.37	-10.82	-4.47
- Capital Return (%) ⁱ	50.37	-10.82	-4.47
- Income Return (%) ⁱⁱ	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expenses Ratio (%) ¹	1.69	1.69	1.65
Portfolio Turnover Ratio (times) ²	1.52	1.21	0.86

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

¹ The Fund's MER was unchanged during the financial year.

²The Fund's PTR was higher than previous year due to higher trading activities for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distributions or unit splits were declared for the financial year ended 30 April 2021.

Performance Review

For the period 1 May 2020 to 30 April 2021, the Fund has registered a return of 50.37% as compared to the benchmark return of 13.77%. The Fund thus outperformed the benchmark by 36.60%. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2021 was RM0.7114 while the NAV per unit on 30 April 2020 was RM 0.4731.

Since commencement, the Fund has underperformed the benchmark by 22.75% with returns of 104.43% compared to the benchmark return of 127.18%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/5/20 - 30/4/21)	3 Years (1/5/18 - 30/4/21)	5 Years (1/5/16 - 30/4/21)	Since Commencement (30/4/93 - 30/4/21)
Fund	50.37%	28.11%	56.15%	104.43%
Benchmark	13.77%	(14.37%)	(4.25%)	127.18%
Outperformance	36.60%	42.48%	60.40%	(22.75%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/20 - 30/4/21)	3 Years (1/5/18 - 30/4/21)	5 Years (1/5/16 - 30/4/21)	Since Commencement (30/4/93 - 30/4/21)
Fund	50.37%	8.60%	9.32%	2.58%
Benchmark	13.77%	(5.03%)	(0.86%)	2.97%
Outperformance	36.60%	13.63%	10.18%	(0.39%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

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

Source of Benchmark: Bloomberg

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



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

Benchmark: FTSE Bursa Malaysia KLCI

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

Asset Allocation

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

As at 30 April 2021, the Fund's equity exposure stood at 94.84%, 22.66% higher than last financial year's exposure, while the balance was held in cash and cash equivalent. Cash level was lower as the Manager deployed cash during the perceived market opportunities.

Strategies Employed

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

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. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. 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 are now 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 month.

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. Meanwhile, 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.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. 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.

Following from 2020’s political overhang, Malaysia’s Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

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.

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. Political risk has been delayed with the declaration of state of emergency until August 2021.

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

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT
For the Financial Year Ended 30 April 2021

TO THE UNIT HOLDERS OF AFFIN HWANG EQUITY FUND

We have acted as Trustee for AFFIN HWANG EQUITY FUND ("the Fund) for the financial year ended 30 April 2021. To the best of our knowledge, AFFIN HWANG ASSET MANAGEMENT BERHAD ("the Manager") has managed the Fund in the financial year under review in accordance with the following:

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

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

BERNICE K M LAU
Head, Operations

Kuala Lumpur, Malaysia
18 June 2021

AFFIN HWANG EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

AFFIN HWANG EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5 – 10
NOTES TO THE FINANCIAL STATEMENTS	11 – 30
STATEMENT BY THE MANAGER	31
INDEPENDENT AUDITORS' REPORT	32 – 35

AFFIN HWANG EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
INVESTMENT INCOME/(LOSS)			
Dividend income		812,864	1,549,671
Interest income from financial assets at amortised cost		96,478	235,172
Net gain/(loss) on financial assets at fair value through profit or loss	7	19,147,847	(6,629,274)
		<u>20,057,189</u>	<u>(4,844,431)</u>
EXPENSES			
Management fee	4	(719,084)	(860,382)
Trustee fee	5	(38,570)	(46,552)
Auditor's remuneration		(7,500)	(7,500)
Tax agent's fee		(4,380)	(6,100)
Transaction costs		(496,014)	(437,654)
Other expenses		(76,450)	(72,177)
		<u>(1,341,998)</u>	<u>(1,430,365)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		18,715,191	(6,274,796)
Taxation	6	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>18,715,191</u>	<u>(6,274,796)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		9,118,148	(2,738,961)
Unrealised amount		9,597,043	(3,535,835)
		<u>18,715,191</u>	<u>(6,274,796)</u>

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

AFFIN HWANG EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	8	1,817,600	13,091,131
Amount due from brokers		1,822,843	54,106
Amount due from Manager - creation of units		299,484	8,858
Dividends receivable		7,374	85,981
Financial assets at fair value through profit or loss	7	50,986,610	32,412,613
TOTAL ASSETS		<u>54,933,911</u>	<u>45,652,689</u>
LIABILITIES			
Amount due to Manager - management fee		66,755	58,116
Amount due to Trustee		3,560	3,100
Amount due to brokers		1,079,380	659,704
Auditors' remuneration		7,500	7,500
Tax agent's fee		13,700	13,700
Other payables and accruals		1,934	5,219
TOTAL LIABILITIES		<u>1,172,829</u>	<u>747,339</u>
NET ASSET VALUE OF THE FUND		<u>53,761,082</u>	<u>44,905,350</u>
EQUITY			
Unitholders' capital		76,341,801	86,201,260
Accumulated losses		(22,580,719)	(41,295,910)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>53,761,082</u>	<u>44,905,350</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>75,576,000</u>	<u>94,912,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7114</u>	<u>0.4731</u>

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

AFFIN HWANG EQUITY FUND

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

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 May 2020	86,201,260	(41,295,910)	44,905,350
Total comprehensive income for the financial year	-	18,715,191	18,715,191
Movement in unitholders' capital:			
Creation of units arising from applications	788,822	-	788,822
Cancellation of units	(10,648,281)	-	(10,648,281)
Balance as at 30 April 2021	<u>76,341,801</u>	<u>(22,580,719)</u>	<u>53,761,082</u>
Balance as at 1 May 2019	98,410,538	(35,021,114)	63,389,424
Total comprehensive loss for the financial year	-	(6,274,796)	(6,274,796)
Movement in unitholders' capital:			
Creation of units arising from applications	257,424	-	257,424
Cancellation of units	(12,466,702)	-	(12,466,702)
Balance as at 30 April 2020	<u>86,201,260</u>	<u>(41,295,910)</u>	<u>44,905,350</u>

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

AFFIN HWANG EQUITY FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		76,293,025	78,414,877
Purchase of investments		(77,564,250)	(59,126,247)
Dividend received		891,471	1,474,640
Interest received		96,478	235,172
Rebate of management fee received		4,097	12,470
Management fee paid		(714,542)	(893,561)
Trustee fee paid		(38,110)	(47,656)
Payment for other fees and expenses		(91,615)	(79,087)
		<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities		(1,123,446)	19,990,608
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		498,196	248,566
Payments for cancellation of units		(10,648,281)	(12,500,571)
		<hr/>	<hr/>
Net cash flows used in financing activities		(9,854,876)	(12,252,005)
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,273,531)	7,738,603
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		13,091,131	5,352,528
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	1,817,600	13,091,131
		<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

AFFIN HWANG EQUITY FUND

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

B INCOME RECOGNITION

Dividend income

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

Interest income

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

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

Realised gain and loss on sale of investments

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

C TRANSACTION COSTS

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

D TAXATION

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG EQUITY FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest ("SPPI"), however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

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

(ii) Recognition and initial measurement

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

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

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

AFFIN HWANG EQUITY FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and initial measurement (continued)

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

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

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

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG EQUITY FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

G CASH AND CASH EQUIVALENTS

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

H AMOUNT DUE FROM/(TO) BROKERS

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

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

AFFIN HWANG EQUITY FUND

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

I UNITHOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net 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 year if unitholder exercises the right to put the unit back to the Fund.

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

J CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

K REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

1 INFORMATION ON THE FUND

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

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

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

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

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

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

The financial statements were authorised for issue by the Manager on 18 June 2021.

AFFIN HWANG EQUITY FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	1,817,600	-	1,817,600
Quoted equities	7	-	50,986,610	50,986,610
Amount due from brokers		1,822,843	-	1,822,843
Amount due from Manager - creation of units		299,484	-	299,484
Dividends receivable		7,374	-	7,374
Total		<u>3,947,301</u>	<u>50,986,610</u>	<u>54,933,911</u>
<u>Financial liabilities</u>				
Amount due to brokers		1,079,380	-	1,079,380
Amount due to Manager - management fee		66,755	-	66,755
Amount due to Trustee		3,560	-	3,560
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		13,700	-	13,700
Other payables and accruals		1,934	-	1,934
Total		<u>1,172,829</u>	<u>-</u>	<u>1,172,829</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	13,091,131	-	13,091,131
Quoted equities	7	-	32,412,613	32,412,613
Amount due from brokers		54,106	-	54,106
Amount due from Manager - creation of units		8,858	-	8,858
Dividends receivable		85,981	-	85,981
Total		<u>13,240,076</u>	<u>32,412,613</u>	<u>45,652,689</u>

AFFIN HWANG EQUITY FUND

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

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to brokers		659,704	-	659,704
Amount due to Manager				
- management fee		58,116	-	58,116
Amount due to Trustee		3,100	-	3,100
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		13,700	-	13,700
Other payables and accruals		5,219	-	5,219
Total		<u>747,339</u>	<u>-</u>	<u>747,339</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2021</u> RM	<u>2020</u> RM
Quoted investments		
Quoted equities	<u>50,986,610</u>	<u>32,412,613</u>

AFFIN HWANG EQUITY FUND

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

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

Market risk (continued)

(a) Price risk (continued)

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

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2021</u>		
-10%	45,887,949	(5,098,661)
0%	50,986,610	-
+10%	56,085,271	5,098,661
<u>2020</u>		
-10%	29,171,352	(3,241,261)
0%	32,412,613	-
+10%	35,653,874	3,241,261

(b) Interest rate risk

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

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

The Fund's exposure to interest rate risk associated with deposit with a licensed financial institution is not material as the deposit are held on a short term basis.

AFFIN HWANG EQUITY FUND

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

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

Credit risk

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

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

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

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

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>			
Financial Services			
- AAA	378,056	-	378,056
- AA3	1,439,544	-	1,439,544
- AA2	-	1,385,165	1,385,165
- NR	-	437,678	437,678
Health Care			
- NR	-	7,374	7,374
Others			
- NR	-	299,484	299,484
	<u>1,817,600</u>	<u>2,129,701</u>	<u>3,947,301</u>

AFFIN HWANG EQUITY FUND

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

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

Credit risk (continued)

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

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>			
Financial Services			
- AAA	9,717,319	-	9,717,319
- AA3	3,373,812	-	3,373,812
- NR	-	100,423	100,423
Consumer Products & Services			
- NR	-	4,948	4,948
Industrial Products & Services			
- NR	-	35,339	35,339
Telecommunication & Media			
- NR	-	8,235	8,235
	<u>13,091,131</u>	<u>148,945</u>	<u>13,240,076</u>

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

Liquidity risk

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

AFFIN HWANG EQUITY FUND

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

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

Liquidity risk (continued)

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to brokers	1,079,380	-	1,079,380
Amount due to Manager			
- management fee	66,755	-	66,755
Amount due to Trustee	3,560	-	3,560
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	13,700	13,700
Other payables and accruals	-	1,934	1,934
	<u>1,149,695</u>	<u>23,134</u>	<u>1,172,829</u>
<u>2020</u>			
Amount due to brokers	659,704	-	659,704
Amount due to Manager			
- management fee	58,116	-	58,116
Amount due to Trustee	3,100	-	3,100
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	13,700	13,700
Other payables and accruals	-	5,219	5,219
	<u>720,920</u>	<u>26,419</u>	<u>747,339</u>

Capital risk

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

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

AFFIN HWANG EQUITY FUND

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

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 markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

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

(i) Fair value hierarchy

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

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

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

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

AFFIN HWANG EQUITY FUND

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

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>50,986,610</u>	<u>-</u>	<u>-</u>	<u>50,986,610</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>32,412,613</u>	<u>-</u>	<u>-</u>	<u>32,412,613</u>

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

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

4 MANAGEMENT FEE

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

For the financial year ended 30 April 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum based on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

5 TRUSTEE FEE

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

For the financial year ended 30 April 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 0.08%) per annum based on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

AFFIN HWANG EQUITY FUND

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

5 TRUSTEE FEE (CONTINUED)

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

6 TAXATION

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

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit/(loss) before taxation	18,715,191	(6,274,796)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	4,491,646	(1,505,951)
Tax effect of:		
(Investment income not subject to tax)/investment loss not brought to tax	(4,813,725)	1,162,663
Expenses not deductible for tax purposes	137,380	133,532
Restrictions on tax deductible expenses for Unit Trust Funds	184,699	209,756
Tax expense	-	-

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at at fair value through profit or loss:		
- quoted equities – local	50,986,610	32,412,613
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of investments	9,550,804	(3,093,439)
- unrealised gain/(loss) on changes in fair value	9,597,043	(3,535,835)
	19,147,847	(6,629,274)

AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities - local

(i) Quoted equities – local as at 30 April 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products & Services</u>				
Formosa Prosonic Industries Bhd	545,800	1,144,251	1,369,958	2.55
Hong Leong Industries Bhd	166,100	1,181,926	1,566,323	2.91
Kumpulan Powernet Bhd	213,000	150,099	440,910	0.82
Malayan Flour Mills Bhd	2,768,800	2,203,555	2,602,672	4.84
NTPM Holdings Bhd	1,460,100	1,086,409	868,760	1.62
	<u>5,153,800</u>	<u>5,766,240</u>	<u>6,848,623</u>	<u>12.74</u>
<u>Energy</u>				
Wah Seong Corporation Bhd	1,354,900	741,130	1,124,567	2.09
	<u>1,354,900</u>	<u>741,130</u>	<u>1,124,567</u>	<u>2.09</u>
<u>Financial Services</u>				
Allianz Malaysia Bhd	56,500	814,105	744,670	1.39
AMMB Holdings Bhd	365,200	1,119,030	1,088,296	2.02
CIMB Group Holdings Bhd	253,294	1,098,127	1,048,637	1.95
Hong Leong Bank Bhd	81,300	1,360,334	1,448,766	2.70
Malayan Banking Bhd	126,710	1,105,105	1,042,823	1.94
RHB Bank Bhd	276,600	1,404,537	1,441,086	2.68
	<u>1,159,604</u>	<u>6,901,238</u>	<u>6,814,278</u>	<u>12.68</u>
<u>Health Care</u>				
IHH Healthcare Bhd	205,700	1,125,800	1,098,438	2.04
Supermax Corp Bhd	183,100	1,076,006	1,104,093	2.05
	<u>388,800</u>	<u>2,201,806</u>	<u>2,202,531</u>	<u>4.09</u>

AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 30 April 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Industrial Products & Services</u>				
Asia Poly Holdings Bhd	4,709,300	1,596,301	1,648,255	3.07
ATA IMS Bhd	391,200	800,694	1,177,512	2.19
Cahaya Mata Sarawak Bhd	467,400	1,073,182	958,170	1.78
Hiap Teck Venture Bhd	2,150,600	1,064,268	1,354,878	2.52
Press Metal Aluminium Hldg Bhd	266,600	1,008,631	1,386,320	2.58
Samchem Holdings Bhd	864,500	1,087,957	1,607,970	2.99
Sarawak Consolidated Ind Bhd	306,700	217,143	521,390	0.97
Scientex Bhd	536,900	779,772	2,238,873	4.16
SKP Resources Bhd	861,250	1,101,508	1,429,675	2.66
Sunway Bhd	528,192	843,195	850,389	1.58
Supercomnet Technologies Bhd	941,800	1,836,510	1,827,092	3.40
Ta Win Holdings Bhd	2,669,100	1,064,437	987,567	1.84
V.S. Industry Bhd	740,400	1,384,039	2,050,908	3.81
	<u>15,433,942</u>	<u>13,857,637</u>	<u>18,038,999</u>	<u>33.55</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	62,900	1,456,788	1,383,800	2.57
<u>Property</u>				
Eco World Development Grp Bhd	1,677,300	835,809	1,039,926	1.93
<u>Technology</u>				
Frontken Corp Bhd	147,750	334,900	462,457	0.86
GHL Systems Bhd	302,050	277,427	540,670	1.01
Greatech Technology Bhd	258,300	691,243	1,552,383	2.89
Inari Amertron Bhd	242,500	459,337	834,200	1.55
Malaysian Pac Industries Bhd	40,900	408,818	1,586,920	2.95
My EG Services Bhd	487,500	869,681	950,625	1.77
Unisem M Bhd	74,800	453,355	578,204	1.08
	<u>1,553,800</u>	<u>3,494,761</u>	<u>6,505,459</u>	<u>12.11</u>

AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 30 April 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunication & Media</u>				
Media Prima Bhd	1,729,700	1,118,449	934,038	1.74
TIME dotCom Bhd	102,900	976,488	1,428,252	2.66
	<u>1,832,600</u>	<u>2,094,937</u>	<u>2,362,290</u>	<u>4.40</u>
<u>Transport & Logistics</u>				
Malaysia Airports Holdings Bhd	89,000	481,187	533,110	0.99
MISC Bhd	137,500	917,125	932,250	1.73
TASCO Bhd	1,114,900	821,506	1,337,880	2.49
	<u>1,341,400</u>	<u>2,219,818</u>	<u>2,803,240</u>	<u>5.21</u>
<u>Utilities</u>				
YTL Corp Bhd	1,383,300	1,025,342	982,143	1.83
<u>Warrants</u>				
Jaks Resources Bhd - Warrant	1,248,000	513,392	405,600	0.76
Malayan Flour Mills Bhd - Warrant	1,284,200	567,696	475,154	0.88
SKP Resources Bhd - Warrant#	137,800	-	-	-
Frontken Corp Bhd - Warrant #	82,350	-	-	-
	<u>2,752,350</u>	<u>1,081,088</u>	<u>880,754</u>	<u>1.64</u>
Total quoted equities – local	<u>34,094,696</u>	<u>41,676,594</u>	<u>50,986,610</u>	<u>94.84</u>
Accumulated unrealised gain on quoted equities – local		<u>9,310,016</u>		
Total quoted equities – local		<u>50,986,610</u>		

Issuance of free warrants with entitlement date on 21 April 2021 and 27 April 2021. The listing date of the warrants are after 30 April 2021.

AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities - local (continued)

(ii) Quoted equities – local as at 30 April 2020 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Construction</u>				
Gamuda Bhd	82,800	280,237	266,616	0.59
<u>Consumer Products & Services</u>				
Guan Chong Bhd	436,400	783,984	1,012,448	2.25
Hong Leong Industries Bhd	235,600	1,676,470	1,943,700	4.33
Sime Darby Bhd	247,400	460,164	492,326	1.10
	<u>919,400</u>	<u>2,920,618</u>	<u>3,448,474</u>	<u>7.68</u>
<u>Energy</u>				
Dialog Group Bhd	298,000	916,055	986,380	2.20
Malaysia Marine&Heavy Eng. Bhd	709,400	627,227	333,418	0.74
Veleso Energy Bhd	3,292,800	523,944	477,456	1.06
Wah Seong Corporation Bhd	529,635	623,565	328,374	0.73
	<u>4,829,835</u>	<u>2,690,791</u>	<u>2,125,628</u>	<u>4.73</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	56,005	641,882	510,206	1.14
Allianz Malaysia Bhd	46,800	671,036	658,008	1.46
Bursa Malaysia Bhd	106,400	534,512	632,016	1.41
Hong Leong Bank Bhd	72,500	1,232,742	961,350	2.14
Malayan Banking Bhd	186,661	1,681,015	1,411,157	3.14
	<u>468,366</u>	<u>4,761,187</u>	<u>4,172,737</u>	<u>9.29</u>
<u>Health Care</u>				
Duopharma Biotech Bhd	800,350	1,093,383	1,248,546	2.78
IHH Healthcare Bhd	89,500	505,967	468,980	1.04
Supermax Corp Bhd	736,600	1,347,974	1,826,768	4.07
	<u>1,626,450</u>	<u>2,947,324</u>	<u>3,544,294</u>	<u>7.89</u>

AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities - local (continued)

(ii) Quoted equities – local as at 30 April 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Industrial Products & Services</u>				
ATA IMS Bhd	734,600	1,249,648	808,060	1.80
Scientex Bhd	183,400	799,088	1,503,880	3.35
SKP Resources Bhd	378,100	398,998	431,034	0.96
Sunway Bhd	597,292	954,160	937,748	2.09
V.S. Industry Bhd	1,008,200	932,165	932,585	2.08
	<u>2,901,592</u>	<u>4,334,059</u>	<u>4,613,307</u>	<u>10.28</u>
<u>REITs</u>				
IGB REIT	621,100	1,018,355	1,068,292	2.38
KLCCP Stapled Group				
Stapled Security	125,300	1,001,424	979,846	2.18
Sunway REIT	450,800	798,586	707,756	1.58
	<u>1,197,200</u>	<u>2,818,365</u>	<u>2,755,894</u>	<u>6.14</u>
<u>Technology</u>				
GHL Systems Bhd	480,300	661,719	960,600	2.14
Inari Amertron Bhd	415,500	783,301	590,010	1.31
JHM Consolidation Bhd	728,700	1,165,818	692,265	1.54
Malaysian Pac Industries Bhd	94,400	943,579	1,010,080	2.25
Mi Equipment Holdings Bhd	39,400	85,892	89,832	0.20
Pentamaster Corporation Bhd	274,800	1,257,033	1,143,168	2.55
UWC Bhd	61,500	138,283	144,525	0.32
	<u>2,094,600</u>	<u>5,035,625</u>	<u>4,630,480</u>	<u>10.31</u>
<u>Telecommunication & Media</u>				
Axiata Group Bhd	183,000	608,948	715,530	1.59
Digi.Com Bhd	211,400	1,001,259	972,440	2.17
OCK Group Bhd	2,015,500	1,209,300	1,027,905	2.29
TIME dotCom Bhd	151,100	1,357,560	1,480,780	3.30
	<u>2,561,000</u>	<u>4,177,067</u>	<u>4,196,655</u>	<u>9.35</u>

AFFIN HWANG EQUITY FUND

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

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

(a) Quoted equities - local (continued)

(ii) Quoted equities – local as at 30 April 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Utilities</u>				
Tenaga Nasional Bhd	217,200	2,734,367	2,658,528	5.92
Total quoted equities – local	<u>16,898,443</u>	<u>32,699,640</u>	<u>32,412,613</u>	<u>72.18</u>
Accumulated unrealised loss on quoted equities – local		<u>(287,027)</u>		
Total quoted equities – local		<u>32,412,613</u>		

8 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	378,056	22,015
Deposit with a licensed financial institution	1,439,544	13,069,116
	<u>1,817,600</u>	<u>13,091,131</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>2.54</u>

Deposit with a licensed financial institution of the Fund have an average maturity period of 3 days (2020: 4 days).

AFFIN HWANG EQUITY FUND

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

9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of unit	<u>2020</u> No. of unit
At the beginning of the financial year	94,912,000	119,484,000
Creation of units arising from application during the financial year	1,162,000	597,000
Cancellation of units during the financial year	(20,498,000)	(25,169,000)
At the end of the financial year	<u>75,576,000</u>	<u>94,912,000</u>

10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the financial year ended 30 April 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	68,143,282	43.68	169,430	43.69
UOB Kay Hian Securities (M) Sdn Bhd	13,577,004	8.70	33,943	8.75
RHB Investment Bank Bhd	9,782,796	6.27	23,127	5.96
Hong Leong Investment Bank Bhd	8,441,483	5.41	21,150	5.45
CGS – CIMB Securities Sdn. Bhd	7,510,718	4.81	18,777	4.84
Malayan Banking Bhd	7,283,270	4.67	18,083	4.66
Public Investment Bank Bhd	7,176,605	4.60	18,016	4.65
Alliance Investment Bank Bhd	6,415,853	4.11	16,060	4.14
KAF Seagroatt & Campbell Securities Sdn Bhd	4,945,636	3.17	12,364	3.19
CLSA Securities Malaysia Sdn. Bhd	4,610,550	2.96	11,690	3.01
Others	18,128,808	11.62	45,167	11.65
	<u>156,016,005</u>	<u>100.00</u>	<u>387,807</u>	<u>100.00</u>

AFFIN HWANG EQUITY FUND

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

10 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers for the financial year ended 30 April 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Berhad#	51,981,923	37.86	130,092	38.93
Public Investment Bank Berhad	9,214,298	6.71	23,084	6.91
Kenanga Investment Bank Berhad	8,767,877	6.39	21,946	6.57
CLSA Securities Malaysia Sdn Bhd	7,258,333	5.29	14,419	4.31
Malayan Banking Berhad	7,134,730	5.20	17,863	5.35
CGS – CIMB Securities Sdn Bhd	6,994,861	5.09	16,624	4.97
RHB Investment Bank Berhad	6,966,450	5.07	17,451	5.22
Hong Leong Investment Bank Berhad	6,785,229	4.94	16,331	4.89
UOB Kay Hian Securities (M) Sdn Bhd	5,566,706	4.05	13,931	4.17
Alliance Investment Bank Berhad	4,373,167	3.19	10,971	3.28
Others	22,257,772	16.21	51,454	15.40
	<u>137,301,346</u>	<u>100.00</u>	<u>334,166</u>	<u>100.00</u>

Included in transactions with brokers are trades conducted with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM68,143,282 (2020: RM51,981,923). The Manager is of the opinion that all the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG EQUITY FUND

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

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

The related party of and its relationship 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 units held by the Manager as at the end of the financial year are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,848	2,737	2,955	1,398
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Penultimate holding company of the Manager</u>				
Affin Bank Berhad (The units are held beneficially)	51,104	36,355	51,104	24,177
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG EQUITY FUND

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

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	1.69	1.69

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM48,207,980 (2020: RM58,185,209).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2021</u>	<u>2020</u>
PTR (times)	1.52	1.21

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM77,739,187 (2020: RM59,478,485)
total disposal for the financial year = RM68,762,234 (2020: RM80,951,555)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG EQUITY FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 30 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 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
18 June 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG EQUITY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

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

Basis for opinion

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

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

Independence and other ethical responsibilities

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 June 2021

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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

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

PENANG

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

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

PERAK

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

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

MELAKA

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

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

JOHOR

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

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

SABAH

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

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

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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

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

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

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

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)