

# Affin Hwang

## PRS Growth Fund

Interim Report  
31 January 2020

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
CIMB Commerce Trustee Berhad (313031-A)

# AFFIN HWANG PRS GROWTH FUND

## Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 January 2020

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## FUND INFORMATION

Fund Name	Affin Hwang PRS Growth Fund
Fund Type	Growth
Fund Category	Core (Growth)
Investment Objective	To facilitate the accumulation of retirement savings by Members for their retirement needs, the Fund aims to generate capital growth.
Benchmark	35% FTSE Bursa Malaysia Top 100 Index + 35% MSCI AC Asia ex Japan Index + 30% Maybank 12-Month Fixed Deposit Rate
Distribution Policy	The Fund will endeavour to declare distribution on an annual basis after the end of its first financial year, subject to the availability of income.

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 JANUARY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	8,868	25,991
5,001 to 10,000	3,665	26,411
10,001 to 50,000	7,508	171,617
50,001 to 500,000	385	39,669
500,001 and above	16	17,981
<b>Total</b>	<b>20,442</b>	<b>281,669</b>

\* Note: Excluding Provider's stock

## FUND PERFORMANCE DATA

Category	As at 31 Jan 2020 (%)	As at 31 Jan 2019 (%)	As at 31 Jan 2018 (%)
Portfolio composition			
<b>Collective investment scheme – local</b>			
- Affin Hwang Select Asia (ex Japan) Opportunity Fund	17.20	14.90	16.35
- Affin Hwang Select Asia (ex Japan) Quantum Fund	2.66	-	5.13
- Affin Hwang Bond Fund	12.50	14.13	9.28
- Affin Hwang Select Asia Pacific (ex Japan) Balanced Fund	15.01	14.56	14.81
- Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund	10.06	7.95	5.83
- Affin Hwang Select Bond Fund	12.63	14.14	12.91
- Affin Hwang Select Dividend Fund	9.27	9.76	9.81
- Affin Hwang Select Opportunity Fund	7.54	11.15	11.45
- Affin Hwang World Series – Global Equity Fund	13.10	10.06	12.58
- Affin Hwang World Series – China A Opportunity Fund	-	1.96	-
- Affin Hwang Enhanced Deposit Fund	0.00	0.00	-
<b>Total collective investment scheme – local</b>	<b>99.97</b>	<b>98.61</b>	<b>98.15</b>
<b>Cash &amp; cash equivalent</b>	<b>0.03</b>	<b>1.39</b>	<b>1.85</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (million)	184.043	143.241	121.381
NAV per Unit (in respective currencies)	0.6534	0.6143	0.6704
Unit in Circulation (million)	281.671	233.166	181.054
Highest NAV	0.6724	0.6469	0.6710
Lowest NAV	0.6403	0.5921	0.6300
Return of the Fund (%) <sup>iii</sup>	1.13	-3.17	5.31
- Capital Growth (%) <sup>i</sup>	-0.43	-4.73	5.31
- Income Distribution (%) <sup>ii</sup>	1.56	1.64	Nil
Gross Distribution per Unit (sen)	1.00	1.00	Nil
Net Distribution per Unit (sen)	1.00	1.00	Nil
Management Expense Ratio (%) <sup>1</sup>	0.95	0.95	0.97
Portfolio Turnover Ratio (times) <sup>2</sup>	0.15	0.23	0.10

### **Basis of calculation and assumption made in calculating the returns:-**

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

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

<sup>1</sup> The Fund's MER was unchanged for the financial year.

<sup>2</sup>The Fund's PTR was lower than previous year due to higher average Net Asset Value per Unit over the period under review.

## PROVIDER'S REPORT

### Income Distribution / Unit Split

The NAV per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution	Distribution per Unit (RM)	Ex-distribution
15/10/19	16/10/19	0.6499	0.0100	0.6407

### Performance of the Fund (1 August 2019 – 31 January 2020)

For the period 1 August 2019 – 31 January 2020, the Fund registered a return of 1.13%. The Benchmark for the period registered a return of -0.88%. The Fund thus outperformed the Benchmark by 2.01 percentage points. The Net Asset Value (NAV) per unit of the Fund as at 31 January 2020 was RM 0.6534 while the NAV at 31 July 2019 was RM 0.6562. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since commencement, the Fund registered a return of 52.05%, compared to the benchmark of 30.32%. The Fund outperformed the Benchmark by 21.73%. The Fund has declared a total gross income distribution of RM0.0875 per unit to date. As such, the Provider believes that the Fund's objective of achieving consistent capital appreciation over the long term has been met.

Table 1: Performance of the Fund

	6 Months (1/8/19 - 31/1/20)	1 Year (1/2/19 - 31/1/20)	3 Years (1/2/17 - 31/1/20)	5 Years (1/2/15 - 31/1/20)	Since Commencement (23/11/12 - 31/1/20)
<b>Fund</b>	1.13%	8.03%	14.90%	26.78%	52.05%
<b>Benchmark</b>	(0.88%)	(0.60%)	4.97%	11.28%	30.32%
<b>Outperformance</b>	2.01%	8.63%	9.93%	15.50%	21.73%

Source of Benchmark: Bursa Malaysia

Table 2: Average Total Return

	1 Year (1/2/19 - 31/1/20)	3 Years (1/2/17 - 31/1/20)	5 Years (1/2/15 - 31/1/20)	Since Commencement (23/11/12 - 31/1/20)
<b>Fund</b>	8.03%	4.74%	4.86%	6.00%
<b>Benchmark</b>	(0.60%)	1.63%	2.16%	3.75%
<b>Outperformance</b>	8.63%	3.11%	2.70%	2.25%

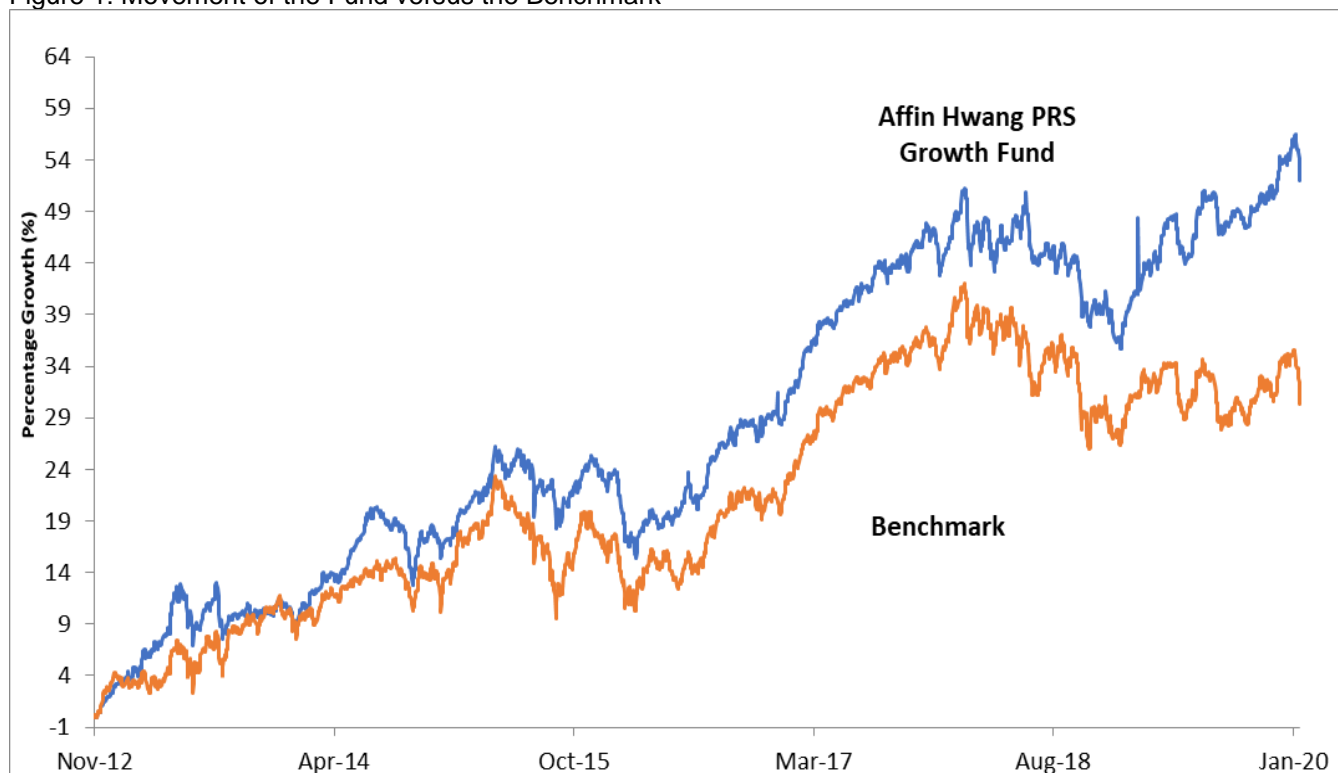
Source of Benchmark: Bursa Malaysia

Table 3: Annual Total Return

	FYE 2019 (01/8/18 - 31/7/19)	FYE 2018 (01/8/17 - 31/7/18)	FYE 2017 (01/8/16 - 31/7/17)	FYE 2016 (01/8/15 - 31/7/16)	FYE 2015 (01/8/14 - 31/7/15)
<b>Fund</b>	<b>3.43%</b>	<b>1.29%</b>	<b>14.64%</b>	<b>2.65%</b>	<b>1.38%</b>
<b>Benchmark</b>	<b>(2.96%)</b>	<b>0.79%</b>	<b>14.37%</b>	<b>1.07%</b>	<b>1.12%</b>
<b>Outperformance / (Underperformance)</b>	<b>6.39%</b>	<b>0.50%</b>	<b>0.27%</b>	<b>1.58%</b>	<b>0.26%</b>

Source of Benchmark: Bursa Malaysia

Figure 1: Movement of the Fund versus the Benchmark



"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."

### **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 January 2020, the Fund's exposure in collective investment schemes stood at 99.97% of the Fund's NAV, while the remaining balance was held in cash. During the period under review, the Provider had stripped off exposure to Affin Hwang World Series – China A Opportunity and added allocation to Select Asia (ex Japan) Quantum Fund. Affin Hwang Enhanced Deposit Fund's exposure to the Fund remains insignificant.

### **Strategy Employed**

The Fund had remained into a portfolio of Collective Investment Schemes (CIS) managed by the Provider. The Provider believes that the portfolio of CIS provides the PRS members with sufficient diversification

across asset-classes and geographical reach that is necessary to mitigate concentration risk. The portfolio of investments is reviewed on a quarterly basis. Nevertheless, the Provider holds the flexibility to rebalance the portfolio, depending on prevailing market conditions.

### **Market Review (1 August 2019 – 31 January 2020)**

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency over the coronavirus outbreak that has claimed the lives of at least 300 people with rates of infection rapidly increasing.

Investors have been closely tracking the coronavirus outbreak to assess its potential impact to the economy as a result of wide scale city and factory shutdowns in China, as well as travel restriction bans. Global supply chains could see disruption due to stalled manufacturing activity; impacting markets like Taiwan and Korea which are heavily interlinked.

Meanwhile, the US-China trade war made some positive headway with the two countries signing a phase-one trade deal. US President Donald Trump and Chinese Vice Premier Liu He signed the pact that will roll back some tariffs as well as see Beijing boost purchases of US goods and services by US\$200 billion over two years. This include purchases of US agriculture products by US\$32 billion over the next two years by China.

The US will cut by half the tariff rate it imposed on September 1 on US\$120 billion worth of Chinese goods to 7.5%. Tariffs that were scheduled to go into effect on December 15 on nearly US\$160 billion worth of Chinese goods including electronics goods were suspended indefinitely. China's retaliatory December 15 tariffs including a 25.0% tariff on US-made autos were also suspended. However, US tariffs of 25.0% on US\$250 billion worth of Chinese goods put in place earlier will remain. These could be rolled back as part of a Phase 2 trade negotiation according to US Treasury Secretary Steven Mnuchin. Negotiations for the second phase of the trade deal is expected to commence before the presidential election in November.

On monetary policy, the US Federal Reserve ("Fed") kept its benchmark rates unchanged in its policy meeting, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed's balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed's target of 2.0%, consensus now expects the central bank to deliver two rate cuts in 2H'2020.

Meanwhile, the European Central Bank left monetary policy unchanged at a historic low of -0.5%, and announced the launched of a strategic review of its monetary policy strategy to assess if its inflation target is still appropriate.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. The rate cut is expected to boost economic growth amid price stability.

### **Investment Outlook**

Markets are drawing comparisons of the coronavirus outbreak to that of SARS (Severe Acute Respiratory Syndrome) in 2003, when the economy also came to a standstill at the height of the disease. However, the long-term impact of epidemics to significantly derail economic growth is transient and stock markets staged a quick recovery soon thereafter once the outbreak is contained.

The quick and measured response from Chinese authorities in containing the outbreak has also soothed fears, as authorities draw upon lessons from past outbreaks like SARS and MERS. Whilst we could see impact to China's 1Q'2020 GDP, additional fiscal and monetary support may cushion downside to its economy albeit with a lag effect.

While the temporary trade truce between US and China has allowed financial markets to stand on firmer ground as compared to 2018, President Trump's hardball negotiation tactics to claim more favourable terms – as reflected in the resurgence of tariff threats in late April 2019 – may spark a new phase of trade uncertainty. Though, the more synchronised dovish stance by central banks globally may help prop up markets to some extent.

The local market could see further weakness following a plunge in commodity prices such as crude oil and palm oil, as demand from China wanes due to the outbreak. On the flipside, glove makers lead gainers as expectations of rising healthcare demand would lift sales.

### **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.



## **SCHEME TRUSTEE'S REPORT TO THE MEMBERS OF AFFIN HWANG PRS GROWTH FUND**

We, **CIMB Commerce Trustee Berhad** being the Scheme Trustee of **Affin Hwang PRS Growth Fund ('the Fund')** are of the opinion that **Affin Hwang Asset Management Berhad ('the PRS Provider')**, acting in the capacity as PRS Provider of the Fund, has fulfilled its duties in the following manner for the 6 months financial period ended 31 January 2020.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the PRS Provider under the Deeds, the Securities Commission Malaysia's Guidelines on Private Retirement Scheme, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements;
- c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- d) The distribution of income by the Fund is relevant and reflects the investment objectives of the Fund.

For and on behalf of  
**CIMB Commerce Trustee Berhad**

**Lee Kooi Yoke**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
11 March 2020

**AFFIN HWANG PRS GROWTH FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

# **AFFIN HWANG PRS GROWTH FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

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# AFFIN HWANG PRS GROWTH FUND

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020

		6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
	Note		
<b>INVESTMENT INCOME</b>			
Dividend income		1,495,940	1,343,625
Interest income from financial assets at amortised costs		6,177	7,979
Net gain/(loss) on financial assets at fair value through profit or loss	9	1,946,875	(3,998,026)
		<u>3,448,992</u>	<u>(2,646,422)</u>
<b>EXPENSES</b>			
Management fee	4	(1,529,362)	(1,002,553)
Scheme Trustee fee	5	(34,145)	(25,851)
PPA administration fee	6	(34,145)	(25,851)
Auditors' remuneration		(4,283)	(4,285)
Tax agent fee		(1,764)	(1,512)
Other expenses		(1,407)	(838)
		<u>(1,605,106)</u>	<u>(1,060,890)</u>
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		1,843,886	(3,707,312)
<b>TAXATION</b>		-	-
<b>NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE FINANCIAL PERIOD</b>		<u>1,843,886</u>	<u>(3,707,312)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		1,306,532	2,169,375
Unrealised amount		537,354	(5,876,687)
		<u>1,843,886</u>	<u>(3,707,312)</u>

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

# AFFIN HWANG PRS GROWTH FUND

## UNAUDITED INTERIM FINANCIAL POSITION AS AT 31 JANUARY 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	10	192,149	80,263
Amount due from Provider			
- creation of units		5,299	1,981,276
- management fee rebate receivable		228,998	166,493
Financial assets at fair value through profit or loss	9	184,001,235	141,251,257
<b>TOTAL ASSETS</b>		<u>184,427,681</u>	<u>143,479,289</u>
<b>LIABILITIES</b>			
Amount due to Provider			
- management fee		283,600	212,433
- cancellation of units		80,330	-
Amount due to Scheme Trustee		6,302	4,721
Amount due to PPA		6,302	4,721
Auditors' remuneration		4,283	4,285
Tax agent fee		4,764	7,012
Other payables and accruals		(537)	5,101
<b>TOTAL LIABILITIES</b>		<u>385,044</u>	<u>238,273</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>184,042,637</u>	<u>143,241,016</u>
<b>EQUITY</b>			
Members' capital		166,894,600	135,394,087
Retained earnings		17,148,037	7,846,929
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>184,042,637</u>	<u>143,241,016</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>281,671,000</u>	<u>233,166,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.6534</u>	<u>0.6143</u>

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

## AFFIN HWANG PRS GROWTH FUND

### UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020

	Members' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 August 2019	144,690,907	17,825,561	162,516,468
Total comprehensive income for the financial period	-	1,843,886	1,843,886
Distribution (Note 8)	-	(2,521,410)	(2,521,410)
Movement in members' capital:			
Creation of units arising from applications	20,925,036	-	20,925,036
Creation of units arising from distribution	2,521,410	-	2,521,410
Cancellation of units	(1,242,753)	-	(1,242,753)
Balance as at 31 January 2020	<u>166,894,600</u>	<u>17,148,037</u>	<u>184,042,637</u>
Balance as at 1 August 2018	109,628,411	13,544,051	123,172,462
Total comprehensive loss for the financial period	-	(3,707,312)	(3,707,312)
Distribution (Note 8)	-	(1,989,810)	(1,989,810)
Movement in members' capital:			
Creation of units arising from applications	23,884,577	-	23,884,577
Creation of units arising from distribution	1,989,810	-	1,989,810
Cancellation of units	(108,711)	-	(108,711)
Balance as at 31 January 2019	<u>135,394,087</u>	<u>7,846,929</u>	<u>143,241,016</u>

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

# AFFIN HWANG PRS GROWTH FUND

## UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020

	6 months financial period ended <u>Note</u> <u>31.1.2020</u> RM	6 months financial period ended <u>31.1.2019</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	15,645,697	18,731,236
Purchase of investments	(36,612,517)	(41,844,862)
Dividends received	1,495,940	1,343,625
Interest received	6,177	7,979
Management fee paid	(1,526,592)	(1,150,866)
Rebate of management fee received	1,219,583	940,834
Scheme Trustee's fee paid	(33,308)	(25,279)
PPA fee paid	(33,308)	(25,279)
Payment for other fees and expenses	(15,318)	(12,889)
Net cash used in operating activities	<u>(19,853,646)</u>	<u>(22,035,501)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	20,998,067	22,160,302
Payments for cancellation of units	(1,162,423)	(108,711)
Net cash generated from financing activities	<u>19,835,644</u>	<u>22,051,591</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(18,002)	16,090
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>210,151</u>	<u>64,173</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	10 <u><u>192,149</u></u>	<u><u>80,263</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 PRS GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

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

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

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

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

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

(a) Standards and amendments to existing standards effective 1 January 2019:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

##### Interest income

Interest income from short term deposit 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).

##### Dividend income

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.



## AFFIN HWANG PRS GROWTH FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### B INCOME RECOGNITION (CONTINUED)

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

For collective investment schemes ("CIS"), 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 DISTRIBUTION

A distribution to the Fund's members 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 Scheme Trustee of the Fund.

#### D TAXATION

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

#### E FUNCTIONAL AND PRESENTATION CURRENCY

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

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

##### (i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or 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 CIS as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

## **AFFIN HWANG PRS GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)**

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

(i) Classification (continued)

The Fund classifies amount due to Provider, amount due to Scheme Trustee, amount due to PPA, auditors' remuneration, tax agent's fee and other payables and accruals as other financial liabilities.

(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 Shariah-compliant 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 are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the period in which they arise.

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 when the Fund's right to receive payments is established.

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 Scheme Trustee, then the securities are valued as determined in good faith by the Provider, based on the methods or basis approved by the Scheme Trustee after appropriate technical consultation.

Investment in CIS is valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposit.

Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method.

## AFFIN HWANG PRS GROWTH FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### (ii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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

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

##### Write-off

The Fund write 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 impairment gains. 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 changes in value.

## **AFFIN HWANG PRS GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)**

#### **H MEMBERS' CAPITAL**

The members' 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 member to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if a member 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 members with the total number of outstanding units. In accordance with the Securities Commission's ("SC") Guidelines on Private Retirement Schemes, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

#### **I CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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 content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

In undertaking any of the Fund's investment, the Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Private Retirement Schemes.

## **AFFIN HWANG PRS GROWTH FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

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

The Private Retirement Scheme ("PRS") was constituted under the name Hwang PRS Growth Fund (the "Fund") pursuant to the execution of a Deed dated 25 October 2012 as modified by a Supplemental Deed dated 17 June 2013, a Second Supplemental Deed dated 24 July 2014, a Third Supplemental Deed dated 17 October 2014, a Fourth Supplemental Deed dated 13 June 2016 and a Restated Deed dated 18 December 2017 (the "Deeds"). The Fund has changed its name from Hwang PRS Growth Fund to Affin Hwang PRS Growth Fund as amended by the Second Supplemental Deed dated 24 July 2014 entered into between Affin Hwang Asset Management Berhad (the "Provider") and CIMB Commerce Trustee Berhad (the "Scheme Trustee").

The Fund commenced operations on 2 November 2012 and will continue its operations until terminated by the Scheme Trustee as provided under Clause 14.4 of the Deeds.

The Fund may invest in any of the following investments:

- (a) Listed securities;
- (b) Fixed deposit with Financial Institutions;
- (c) Money market instruments such as negotiable certificates of deposits and bankers acceptance;
- (d) Government bonds, treasury bills and other government approved or guaranteed bonds;
- (e) Debentures including private debt securities and bonds;
- (f) Structured products and equity linked notes;
- (g) Units/shares in collective investment schemes, both local and foreign;
- (h) Derivatives; and
- (i) Any other form of investments permitted by Securities Commission from time to time.

All investments will be subjected to the SC's Guidelines on Private Retirement Schemes, the Deeds, and the objective of the Fund.

The Provider is a company incorporated in Malaysia. The principal activities of the Provider 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 Provider on 11 March 2020.

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised <u>cost</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u>				
Cash and cash equivalents	10	192,149	-	192,149
Amount due from Provider				
- creation of units		5,299	-	5,299
- rebate of management fee receivable		228,998	-	228,998
Collective investment schemes	9	-	184,001,235	184,001,235
Total		<u>426,446</u>	<u>184,001,235</u>	<u>184,427,681</u>
<u>2019</u>				
Cash and cash equivalents	10	80,263	-	80,263
Amount due from Provider				
- creation of units		1,981,276	-	1,981,276
- rebate of management fee receivable		166,493	-	166,493
Collective investment schemes	9	-	141,251,257	141,251,257
Total		<u>2,228,032</u>	<u>141,251,257</u>	<u>143,479,289</u>

All current liabilities are financial liabilities which are carried at amortised cost.

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

Financial risk management is carried out through internal control processes adopted by the Provider and adherence to the investment restrictions as stipulated by the SC's Guidelines on Private Retirement Schemes.

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Provider 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 follow:

	<u>2020</u> RM	<u>2019</u> RM
<b>Quoted investments</b>		
Collective investment schemes	184,001,235	141,251,257

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 collective investment schemes, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2020</u>		
-5%	174,801,173	(9,200,062)
0%	184,001,235	-
+5%	193,201,297	9,200,062
<u>2019</u>		
-5%	134,188,694	(7,062,563)
0%	141,251,257	-
+5%	148,313,820	7,062,563

##### (b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to short term placement with a financial institution. The Provider overcomes this exposure by way of maintaining deposits on short term basis.

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the carrying value of the deposits are held on a short term basis.

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Market risk (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 investments. The Provider 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 Provider are governed by the SC's Guidelines on Private Retirement Schemes.

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

	Cash and cash <u>equivalents</u> RM	Amount due from <u>Provider</u> RM	<u>Total</u> RM
<u>2020</u>			
Financials			
- AAA	192,149	-	192,149
Others			
- NR	-	234,297	234,297
	<u>192,149</u>	<u>234,297</u>	<u>426,446</u>
<u>2019</u>			
Financials			
- AAA	80,263	-	80,263
Others			
- NR	-	2,147,769	2,147,769
	<u>80,263</u>	<u>2,147,769</u>	<u>2,228,032</u>



## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by members. The 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 one month RM	Between one month to one year RM	Total RM
<u>2020</u>			
Amount due to Provider			
- management fee	283,600	-	283,600
- cancellation of units	80,330	-	80,330
Amount due to Scheme Trustee	6,302	-	6,302
Amount due to PPA	6,302	-	6,302
Auditors' remuneration	-	4,283	4,283
Tax agent fee	-	4,764	4,764
Other payables and accruals	-	(537)	(537)
	<u>376,534</u>	<u>8,510</u>	<u>385,044</u>
<u>2019</u>			
Amount due to Provider			
- management fee	212,433	-	212,433
Amount due to Scheme Trustee	4,721		4,721
Amount due to PPA	4,721		4,721
Auditors' remuneration	-	4,285	4,285
Tax agent fee	-	7,012	7,012
Other payables and accruals	-	5,101	5,101
	<u>221,875</u>	<u>16,398</u>	<u>238,273</u>

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Capital risk

The capital of the Fund is represented by equity consisting of members' 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 members. 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 members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

##### Collective investment scheme risk

This risk is associated with the Fund's investment in CIS exposing the Fund to the inherent investment risks faced by the CIS. The fund may also be exposed to liquidity risk which may arise from the inability of the CIS to meet redemption amounts, as well as the risk of not being aligned with the Fund's mandate in the event the CIS that the Fund is invested into breaches its asset allocation limits. Therefore, should any of the risks faced by the CIS materialised, the performance of the Fund will be affected.

#### 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 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)

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss - collective investment schemes	184,001,235	-	-	184,001,235
<u>2019</u>				
Financial assets at fair value through profit or loss - collective investment schemes	141,251,257	-	-	141,251,257

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

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

## **AFFIN HWANG PRS GROWTH FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)**

#### **4 MANAGEMENT FEE**

In accordance with the Deed, the Provider 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 January 2020, the management fee is recognised at a rate of 1.80% (2019: 1.80%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Disclosure Document.

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

#### **5 SCHEME TRUSTEE FEE**

In accordance with the Deed, the Scheme Trustee is entitled to an annual fee at a rate not exceeding 1.00% per annum on the NAV of the Fund.

For the 6 months financial period ended 31 January 2020, the Scheme Trustee's fee is recognised at a rate of 0.04% (2019: 0.04%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Disclosure Document.

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

#### **6 PRIVATE PENSION ADMINISTRATOR ("PPA") ADMINISTRATION FEE**

For the 6 months financial period ended 31 January 2020, the PPA administration fee is recognised at a rate of 0.04% (2019: 0.04%) per annum on the NAV of the Fund calculated on a daily basis.

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

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 7 TAXATION

	6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
Current taxation – local	-	-
The numerical reconciliation between net profit/ (loss) before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:		
	6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
Net profit/(loss) before taxation	1,843,887	(3,707,314)
Tax at Malaysian statutory rate of 24% (2019: 24%)	442,532	(889,756)
Tax effects of:		
(Investment income no subject to tax)/		
Investment loss exempt from tax	(829,474)	596,566
Expenses not deductible for tax purposes	349,963	265,168
Restriction on tax deductible expenses for PRS Funds	36,979	28,022
Tax expense	-	-

# AFFIN HWANG PRS GROWTH FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

### 8 DISTRIBUTION

	6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
Distribution to members are from the following sources:		
Previous year's realised income	2,521,410	1,989,810
Net distribution amount	<u>2,521,410</u>	<u>1,989,810</u>
Gross/net distribution per unit (sen)	<u>1.00</u>	<u>1.00</u>
Ex date	<u>16.10.2019</u>	<u>17.10.2018</u>

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

Included in distribution for the financial period is an amount of RM2,521,410 (2019: RM1,989,810) made from previous year's realised income.

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

	2020 RM	2019 RM
Designated at fair value through profit or loss at inception		
- collective investment schemes - local	<u>184,001,235</u>	<u>141,251,257</u>
Net gain on financial assets at fair value through profit or loss		
- realised gain on sale of investments	189,939	1,098,557
- unrealised gain/(loss) on changes in fair value	537,354	(5,876,687)
- management fee rebate on collective investment scheme#	<u>1,219,583</u>	<u>780,104</u>
	<u>1,946,876</u>	<u>(3,998,026)</u>

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

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Collective investment schemes – local

(i) Collective investment schemes – local as at 31 January 2020 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang Bond Fund	37,584,540	21,970,363	23,005,497	12.50
Affin Hwang Select Bond Fund - RM class	33,539,880	22,138,865	23,239,783	12.63
Affin Hwang Select Dividend Fund	26,907,190	17,182,301	17,061,849	9.27
Affin Hwang Select Opportunity Fund	14,564,173	14,453,561	13,885,483	7.54
Affin Hwang Select Asia Pacific (ex Japan) Balanced Fund - MYR class	45,019,683	25,575,209	27,624,078	15.01
Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund - MYR class	30,107,499	18,187,293	18,510,090	10.06
Affin Hwang Enhanced Deposit Fund	4,490	5,216	5,277	-
Affin Hwang Select Asia (Ex Japan) Opportunity Fund - MYR class	43,697,051	27,811,004	31,662,883	17.20
Affin Hwang Select Asia (Ex Japan) Quantum Fund - MYR class	3,530,728	4,863,931	4,902,769	2.66
Affin Hwang World Series - Global Equity Fund - MYR class	33,375,140	19,639,427	24,103,526	13.10
Total collective investment schemes – local	<u>268,330,374</u>	<u>171,827,170</u>	<u>184,001,235</u>	<u>99.97</u>
Accumulated unrealised gain on collective Investment schemes – local		<u>12,174,065</u>		
Total collective investment schemes – local		<u>184,001,235</u>		

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Collective investment schemes – local (continued)

(ii) Collective investment schemes – local as at 31 January 2019 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang Bond Fund	34,947,997	20,255,873	20,241,880	14.13
Affin Hwang Enhanced Deposit Fund	4,362	5,066	5,097	-
Affin Hwang Select Bond Fund - RM class	31,077,835	20,352,753	20,250,317	14.14
Affin Hwang Select Dividend Fund	21,628,255	13,711,306	13,986,993	9.76
Affin Hwang Select Asia (Ex Japan) Opportunity Fund - MYR class	32,272,121	19,420,249	21,341,554	14.90
Affin Hwang Select Asia Pacific (ex Japan) Balanced Fund - RM class	37,190,609	20,837,355	20,849,055	14.56
Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund - RM class	19,707,512	11,716,125	11,385,030	7.95
Affin Hwang Select Opportunity Fund	16,257,263	16,216,843	15,977,638	11.15
Affin Hwang World Series - China A Opportunity Fund - MYR class	5,618,088	2,807,920	2,807,920	1.96
Affin Hwang World Series - Global Equity Fund - MYR class	23,682,020	12,890,497	14,405,773	10.06
Total collective investment schemes – local	<u>222,386,062</u>	<u>138,213,987</u>	<u>141,251,257</u>	<u>98.61</u>
Accumulated unrealised gain on collective Investment schemes – local		<u>3,037,270</u>		
Total collective investment schemes – local		<u>141,251,257</u>		



## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 10 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	81,839	80,263
Deposit with a licensed financial institution	110,310	-
	<u>192,149</u>	<u>80,263</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposit with a licensed financial institution	<u>2.75</u>	<u>-</u>

Deposit with a licensed financial institution has an average day to maturity period of 3 days (2019: Nil).

#### 11 NUMBER OF UNIT IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial period	247,666,000	191,015,000
Creation of units arising from applications	31,978,283	39,064,154
Creation of units arising from distribution	3,931,717	3,259,846
Cancellation of units	<u>(1,905,000)</u>	<u>(173,000)</u>
	<u>281,671,000</u>	<u>233,166,000</u>

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 12 TRANSACTIONS WITH DEALERS/PROVIDER

- (i) Details of transaction with the provider for the 6 months financial period ended 31 January 2020 are as follows:

	Value of trade RM	Percentage of total trade %
<u>Name of provider</u>		
Affin Hwang Asset Management Bhd #*	50,762,274	100.00

- (ii) Details of transaction with the provider for the 6 months financial period ended 31 January 2019 are as follows:

	Value of trade RM	Percentage of total trade %
<u>Name of provider</u>		
Affin Hwang Asset Management Bhd #*	59,232,474	100.00

There is no brokerage fee paid to the provider.

# Included in the transactions with the Provider are trades conducted with Affin Hwang Asset Management Berhad, the Provider, amounting to RM50,762,274 (2019: RM59,232,474). The Provider is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

\* Affin Hwang Asset Management Bhd, the Provider of the Fund, is the Manager of Affin Hwang Bond Fund, Affin Hwang Enhanced Deposit Fund, Affin Hwang Select Bond Fund, Affin Hwang Select Dividend Fund, Affin Hwang Select Opportunity Fund, Affin Hwang Select Asia (Ex Japan) Opportunity Fund, , Affin Hwang Select Asia Pacific (ex Japan) Balanced Fund, Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund, Affin Hwang Select Asia (Ex Japan) Quantum Fund, Affin Hwang World Series - Global Equity Fund and Affin Hwang World Series - China A Opportunity Fund, the CIS that the Fund invests in during the financial period.

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 13 UNITS HELD BY THE PROVIDER AND PARTIES RELATED TO THE PROVIDER

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Provider
Affin Hwang Investment Bank Berhad	Holding company of the Provider
Affin Bank Berhad ("ABB")	Ultimate holding company of the Provider
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Provider
Directors of Affin Hwang Asset Management Berhad	Directors of the Provider

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

	<u>2020</u>		<u>2019</u>	
	No. of units	RM	No. of units	RM
<u>The Provider:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>2,635</u>	<u>1,722</u>	<u>7,682</u>	<u>4,719</u>
<u>Parties related to Provider:</u>				
Directors of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>4,876,118</u>	<u>3,186,035</u>	<u>3,907,470</u>	<u>2,400,479</u>

## AFFIN HWANG PRS GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

	6months financial period ended 31.1.2020 %	6 months financial period ended 31.1.2019 %
MER	0.95	0.95

MER is derived from the following calculation:

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

A	=	Management fee excluding management fee rebate
B	=	Scheme Trustee's fees
C	=	PPA administration fee
D	=	Auditors' remuneration
E	=	Tax agent fee
F	=	Other expenses
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM169,307,276 (2019: RM128,060,922)

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

	6 months financial period ended 31.1.2020	6 months financial period ended 31.1.2019
PTR (times)	0.15	0.23

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 = RM36,612,517 (2019: RM41,844,862)  
total disposal for the financial period = RM15,455,758 (2019: RM17,632,679)

## **AFFIN HWANG PRS GROWTH FUND**

### **STATEMENT BY THE PROVIDER**

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Provider, the financial statements set out on pages 1 to 25 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

Kuala Lumpur  
11 March 2020

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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