

Affin Hwang

Flexible Maturity Income Fund 11

Annual Report
19 January 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

Annual Report and Audited Financial Statements For The Financial Period From 1 February 2020 To 19 January 2021 (Date of Maturity)

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FUND INFORMATION

Fund Name	Affin Hwang Flexible Maturity Income Fund 11
Fund Type	Income
Fund Category	Fixed Income (close-ended)
Investment Objective	The Fund aims to provide income through investments in fixed income instruments
Duration of the Fund	Three (3) years close-ended Fund
Termination Date	8 March 2022
Benchmark	3-years Malayan Banking Berhad fixed deposit rate as at Investment Date
Distribution Policy	Depending on the level of income the Fund generates, the Fund will provide distribution on an annual basis

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 19 JANUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	58	188
5,001 to 10,000	38	365
10,001 to 50,000	63	1,731
50,001 to 500,000	31	4,971
500,001 and above	4	143,031
Total	194	150,286

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 19 Jan 2021 (%)	As at 31 Jan 2020 (%)
Portfolio composition		
Unquoted fixed income securities – local	-	13.98
Unquoted fixed income securities – foreign	-	81.12
Total unquoted fixed income securities	-	95.10
Cash & cash equivalent	100.00	4.90
Total	100.00	100.00
Total NAV (RM'million)	150.288	162.752
NAV per Unit (RM)	1.0000	1.0766
Unit in Circulation (million)	150.288	151.168
Highest NAV	1.0931	1.0781
Lowest NAV	0.9737	1.0000
Return of the Fund (%) ⁱⁱⁱ	5.98	7.66
- Capital Growth (%) ⁱ	-7.11	7.66
- Income Distribution (%) ⁱⁱ	14.10	Nil
Gross Distribution per Unit (sen)	13.8327	Nil
Net Distribution per Unit (sen)	13.8327	Nil
Management Expense Ratio (%) ¹	0.08	0.07
Portfolio Turnover Ratio (times) ²	0.83	0.81

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

¹The MER of the Fund was higher due to higher expenses incurred during the financial period.

²The PTR of the Fund increased for the period under review due to higher average sum of total acquisition and disposal for the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
8 Mar 2020	9 Mar 2020	1.0829	0.04635	1.0322
18 Jan 2021	19 Jan 2021	1.0920	0.091977	1.0000

No unit split was declared for the financial period ended 19 January 2021.

Performance Review (1 February 2020 to 19 January 2021)

For the period under review from 1 February 2020 to 19 January 2021, the Fund registered a 5.98% return compared to the benchmark return of 3.30%. The Fund thus outperformed the Benchmark by 2.68%. The Net Asset Value ("NAV") of the Fund as at 19 January 2021 was RM1.0000 per unit while the NAV as at 31 January 2020 was RM1.0766 per unit. During the period under review, the Fund has declared a total income distribution of RM0.1383 per unit.

Since commencement, the Fund has registered a return of 14.10% compared to the benchmark return of 6.47%, outperformed by 7.63%. We believe the fund's objective to provide income through investments in fixed income instruments has been met.

Table 1: Performance of the Fund

	1 Year (20/1/20 - 19/1/21)	Since Commencement (8/3/19 - 19/1/21)
Fund	6.30%	14.10%
Benchmark	3.41%	6.47%
Outperformance	2.89%	7.63%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (20/1/20 - 19/1/21)	Since Commencement (8/3/19 - 19/1/21)
Fund	6.30%	7.29%
Benchmark	3.41%	3.40%
Outperformance	2.89%	3.89%

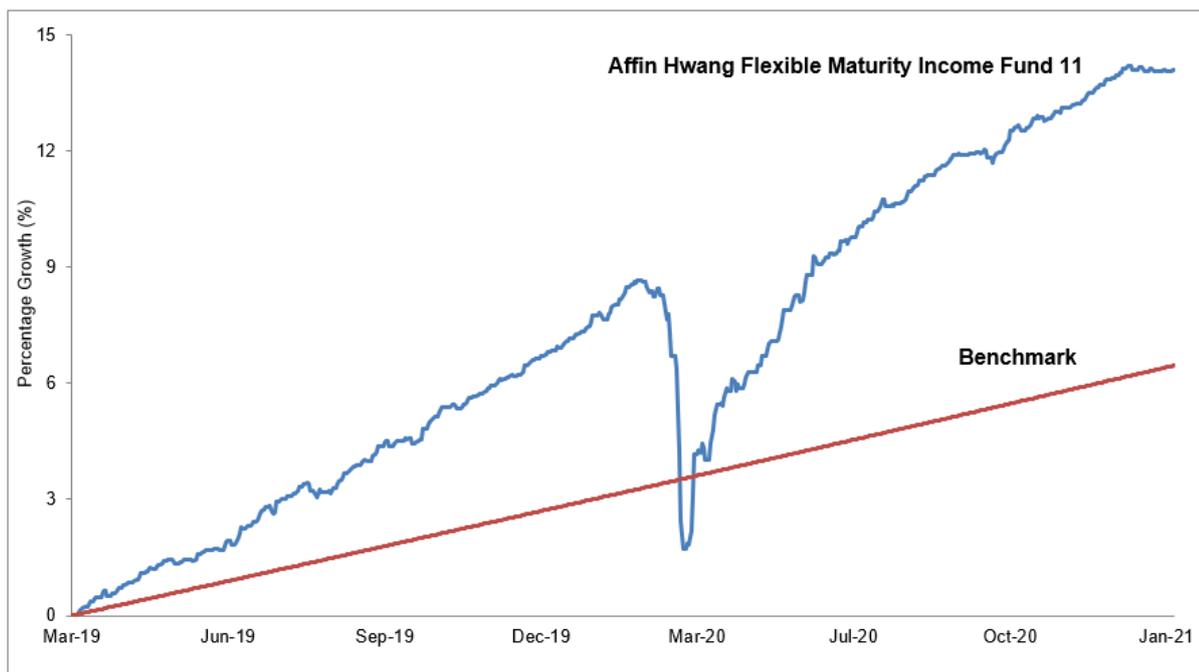
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/2/20 - 19/1/21)	FYE 2020 (8/3/19 - 31/1/20)
Fund	5.98%	7.66%
Benchmark	3.30%	3.07%
Outperformance	2.68%	4.59%

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: 3-years Malayan Banking Berhad fixed deposit rate as at Investment Date

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

Asset Allocation

As at 19 January 2021, the asset allocation of the Fund stood at 100.00% in cash and cash equivalent as the Manager liquidated the holdings upon maturity.

Strategies Employed

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

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month. In the US, the S&P 500 index closed 12.5% lower that month. To stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented relief package to cushion its economy. The relief package comes as the US also reports the greatest number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced since: By December, the S&P 500 index closed 14.3% on a year-to-date basis. In Asia, the broader MSCI Asia ex Japan index registered a higher gain of 20.4% in the same period, being the first to come out of the pandemic.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouses rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

On commodities, crude oil prices slid by about 40% as at end of October, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut. However, by December global commodities market ended on a strong note, with oil prices back to levels above US\$50 per barrel, and other commodities such as Dalian iron ore futures and silver gaining 50% in 2020.

On the domestic front, the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. The KLCI ended 2020 with a 2.4% gain, buoyed by the liquidity-driven rally that was seen throughout the year.

The Malaysia bond market saw foreign holdings increase by RM 3.6 billion in December, bringing foreign share holdings of outstanding bonds to 13.9%, its highest since January 2020. In total, 2020 saw an RM 18.30 billion net foreign inflow due to attractive yield valuations and dollar weakness. Yields ended lower in December compared to the month before, mostly on the longer end of the yield curve. The 3-year and 10-year MGS settling 3 bps and 9bps lower respectively, to the month before.

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 following the low death rates despite the rise in infections. With most markets recovering the year’s losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Markets will be playing a “recovery theme” into 2021. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. As vaccine rollout begins, we can expect macroeconomic conditions to improve, but normalization will take time.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe’s continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe’s exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

A Biden presidency sets the precedence for a steadier hand at the helm, and for US-China trade tensions to remain. Market volatility will remain in the year going forward as normalization returns, though it is unlikely this will stem from overtly reckless or deliberate foreign policy making as seen in the past four years.

In Malaysia, recent alarming increase in Covid-19 cases caused targeted lockdowns across the country, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. electromotive force and technology stocks. Gloves valuations and market momentum have since come down. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries.

Despite the year and outflows during the first quarter, fund flows into global equities have returned, and a shift particularly towards ESG funds. In Europe, there was a €1.1 trillion inflow to ESG funds, doubled that of the year before. Buoyed by a “Goldilocks” environment with a favourable US election outcome, low interest rates and positive developments on the vaccine front, we could see additional support for risk assets.

Earnings momentum is expected to continue into 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.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

We have acted as Trustee of Affin Hwang Flexible Maturity Income Fund 11 for financial period from 1 February 2020 to 31 January 2021 (Date of Maturity). To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has managed the Fund in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deed, other provisions of the Deed, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Unit Trust Funds and other applicable laws during the period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by **Affin Hwang Asset Management Berhad** to value and/or price the units of the Fund are adequate and that such valuation/pricing is carried out in accordance with the Deed of the Fund and other regulatory requirements; and
- (b) the creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

During this financial period, a distribution of 13.8327 sen per unit (net) has been distributed to unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

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

**NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES**

Kuala Lumpur
22 February 2021

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020
TO 19 JANUARY 2021 (DATE OF MATURITY)**

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020
TO 19 JANUARY 2021 (DATE OF MATURITY)**

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AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY)

	<u>Note</u>	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to 31.1.2020 RM
INVESTMENT INCOME			
Interest income from financial assets at amortised cost		140,724	474,376
Interest income from financial assets at fair value through profit or loss		6,953,281	6,631,917
Exit fee income		19,172	39,081
Net gain/(loss) on foreign currency exchanges		2,902,461	(702,112)
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss		(1,232,922)	1,345,020
Net gain on financial assets at fair value through profit or loss	8	632,084	3,965,890
		<u>9,414,800</u>	<u>11,754,172</u>
EXPENSES			
Trustee fee	5	(61,717)	(57,942)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,500)	(3,500)
Other expenses		(52,204)	(43,065)
		<u>(125,421)</u>	<u>(112,507)</u>
NET PROFIT BEFORE TAXATION		9,289,379	11,641,665
Taxation	7	(4,271)	(9,134)
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u><u>9,285,108</u></u>	<u><u>11,632,531</u></u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

	<u>Note</u>	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to <u>31.1.2020</u> RM
Net profit after taxation is made up of the following:			
Realised amount		9,285,108	7,477,202
Unrealised amount		-	4,155,329
		<u>9,285,108</u>	<u>11,632,531</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT OF FINANCIAL POSITION AS AT 19 JANUARY 2021 (DATE OF MATURITY)

	Note	As at 19.1.2021 (date of maturity) RM	As at 31.1.2020 RM
ASSETS			
Cash and cash equivalents	9	164,130,107	6,669,492
Financial assets at fair value through profit or loss	8	-	154,772,412
Forward foreign currency contracts at fair value through profit or loss	10	-	1,610,744
Exit fee income receivable		-	941
Tax recoverable		10,645	14,916
TOTAL ASSETS		<u>164,140,752</u>	<u>163,068,505</u>
LIABILITIES			
Amount due to Manager - cancellation of units		-	31,239
Amount due to Trustee		3,409	5,514
Auditors' remuneration		8,000	8,000
Distribution payable		13,823,039	-
Tax agent's fee		3,500	3,500
Other payables and accruals		14,748	2,725
Forward foreign currency contracts at fair value through profit or loss	10	-	265,724
TOTAL LIABILITIES		<u>13,852,696</u>	<u>316,702</u>
NET ASSET VALUE OF THE FUND		<u>150,288,056</u>	<u>162,751,803</u>
EQUITY			
Unitholders' capital		150,196,942	151,119,272
Retained earnings		91,114	11,632,531
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>150,288,056</u>	<u>162,751,803</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>150,288,000</u>	<u>151,168,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0000</u>	<u>1.0766</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY)

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2020	151,119,272	11,632,531	162,751,803
Total comprehensive income for the financial period	-	9,285,108	9,285,108
Distributions (Note 6)	-	(20,826,525)	(20,826,525)
Movement in unitholders' capital:			
Cancellation of units	(922,330)	-	(922,330)
Balance as at 19 January 2021 (date of maturity)	<u>150,196,942</u>	<u>91,114</u>	<u>150,288,056</u>
Balance as at 26 February 2019 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	11,632,531	11,632,531
Movement in unitholders' capital:			
Creation of units arising from applications	152,421,000	-	152,421,000
Cancellation of units	(1,301,728)	-	(1,301,728)
Balance as at 31 January 2020	<u>151,119,272</u>	<u>11,632,531</u>	<u>162,751,803</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY)

	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) <u>Note</u> <u>RM</u>	Financial period from 26.2.2019 (date of launch) to 31.1.2020 <u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	209,438,139	52,233,966
Purchase of investments	(55,838,753)	(201,248,186)
Interest received	8,899,115	5,313,991
Exit fee income received	20,113	38,140
Trustee fee paid	(63,822)	(52,428)
Payment for other fees and expenses	(51,681)	(40,340)
Realised gain on forward foreign currency contracts	112,098	-
Net realised foreign exchange gain/(loss)	2,902,461	(718,782)
Tax paid	-	(24,050)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	165,417,670	(144,497,689)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	-	152,421,000
Payments for cancellation of units	(953,569)	(1,270,489)
Payments for distribution	(7,003,486)	-
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(7,957,055)	151,150,511
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	157,460,615	6,652,822
EFFECTS OF FOREIGN CURRENCY EXCHANGE	-	16,670
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/DATE OF LAUNCH	6,669,492	-
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9 164,130,107	6,669,492
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The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY)

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

The Fund commenced operations on 4 March 2019 and was terminated on 19 January 2021. As such, the going concern assumption can no longer be used for the preparation of financial statements. The financial statements have therefore been prepared using a liquidation basis of accounting. The net proceeds have been distributed pro rata to unitholders on 20 January 2021 according to the number of units held in the Fund as at 19 January 2021. The Manager and the Trustee of the Fund hereby authorised the termination of the trust in respect of the Fund on 19 January 2021.

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

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

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- 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.

B INCOME RECOGNITION

Interest income

Interest income from short term deposits with licensed financial institutions and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

Realised gains and losses on sale of investments

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

Exit fee income

Exit fee income is a redemption fee charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.

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 Trustee of the Fund.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

D TAXATION

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions.

The 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.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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

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

(ii) Recognition and measurement

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

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

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

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

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

Unquoted fixed income securities including money market instruments denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC's Guidelines on Unit Trust Funds. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income security differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using a non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

The debtor meets 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.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Write-off

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

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

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprises bank balances that is readily convertible to known amount of cash and which is subjected to an insignificant risk of change in value.

I UNITHOLDERS' CAPITAL

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period if a unitholder exercises the right to put the unit back to the Fund.

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

J DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant 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 SC's Guidelines on Unit Trust Funds.

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY)

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang Flexible Maturity Income Fund 11 (the “Fund”) pursuant to the execution of a Deed dated 14 September 2018. (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 4 March 2019 and was terminated on 19 January 2021. As such, the going concern assumption can no longer be used for the preparation of financial statements. The financial statements have therefore been prepared using a liquidation basis of accounting. The net proceeds have been distributed pro rata to unitholders on 20 January 2021 according to the number of units held in the Fund as at 19 January 2021. The Manager and the Trustee of the Fund hereby authorised the termination of the trust in respect of the Fund on 19 January 2021.

The Fund may invest in any of the following investments:

- (a) Debentures;
- (b) Money market instruments;
- (c) Deposits;
- (d) Derivatives;
- (e) Structured products; and
- (f) Any other form of investments permitted by the SC from time to time which is in line with the objective of the Fund.

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

The main objective of the Fund is to provide income through investments in fixed income instruments.

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

The financial statements were authorised for issue by the Manager on 22 February 2021.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (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	<u>Total RM</u>
<u>As at 19.1.2021 (date of maturity)</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	164,130,107	-	164,130,107
Total		<u>164,130,107</u>	<u>-</u>	<u>164,130,107</u>
<u>Financial liabilities</u>				
Amount due to Trustee		3,409	-	3,409
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		14,748	-	14,748
Distribution payables		13,823,039	-	13,823,039
Total		<u>13,852,696</u>	<u>-</u>	<u>13,852,696</u>
<u>As at 31.1.2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	6,669,492	-	6,669,492
Unquoted fixed income securities	8	-	154,772,412	154,772,412
Forward foreign currency contracts	10	-	1,610,744	1,610,744
Exit fee income receivable		941	-	941
Total		<u>6,670,433</u>	<u>156,383,156</u>	<u>163,053,589</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>As at 31.1.2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- cancellation of units		31,239	-	31,239
Amount due to Trustee		5,514	-	5,514
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		2,725	-	2,725
Forward foreign currency contracts	10	-	265,724	265,724
Total		<u>50,978</u>	<u>265,724</u>	<u>316,702</u>

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

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

Market risk

(a) Price risk

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

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

	19.1.2021 <u>(date of maturity)</u> RM	<u>31.1.2020</u> RM
Unquoted investment		
Unquoted fixed income securities*	-	<u>154,772,412</u>

* Unquoted investment as at 31 January 2020 includes interest receivable of RM2,147,062.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (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 to price risk movements. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities.

The Fund has no financial instruments exposed to price risk as at 19 January 2021 (date of maturity).

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>As at 31.1.2020</u>		
-5%	144,994,083	(7,631,268)
0%	152,625,350	-
+5%	160,256,618	7,631,268

(b) Interest rate risk

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk (continued)

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

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% (100 basis points) in 2020 with all other variables held constant.

The Fund has no unquoted fixed income securities as at 19 January 2021 (date of maturity).

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>As at 19.1.2021</u> <u>(date of maturity)</u> RM	<u>As at</u> <u>31.1.2020</u> RM
+ 1%	-	(127,269)
- 1%	-	127,424

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

(c) Currency risk

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

The Fund has no financial instruments denominated in foreign currencies as at 19 January 2021 (date of maturity).

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	Unquoted fixed income securities RM	Forward foreign currency contracts RM	Cash and cash equivalents RM	Total RM
<u>As at 31.1.2020</u>				
<u>Financial assets</u>				
Australian Dollar	-	32,857	557,706	590,563
Euro	10,646,518	619,577	166,854	11,432,949
Singapore Dollar	20,378,899	388,191	442,585	21,209,675
United States Dollar	100,995,720	570,119	1,913,245	103,479,084
	<u>132,021,137</u>	<u>1,610,744</u>	<u>3,080,390</u>	<u>136,712,271</u>
<u>Financial liabilities</u>				
United States Dollar	-	265,724	-	265,724

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

	Change in price %	Impact on profit after tax/NAV RM
<u>As at 31.1.2020</u>		
Australian Dollar	+/-5.72	+/- 33,780
Euro	+/-4.60	+/- 525,916
Singapore Dollar	+/-2.55	+/- 540,847
United States Dollar	+/-3.19	<u>+/- 3,292,506</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Credit risk

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

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

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

The 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 concentration of the Fund:

	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>As at 19.1.2020 (date of maturity)</u>		
Financial Services - AAA	164,130,107	164,130,107

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Forward foreign currency contracts RM	Exit fee income receivable RM	Total RM
<u>As at 31.1.2020</u>					
Basic Materials					
- Baa1	2,086,808	-	-	-	2,086,808
- BBB+	3,362,280	-	-	-	3,362,280
Consumer Goods					
- A1	2,552,391	-	-	-	2,552,391
Consumer Services					
- BBB+	1,496,899	-	-	-	1,496,899
Financial Services					
- A1	1,035,686	-	-	-	1,035,686
- A3	3,303,127	-	-	-	3,303,127
- AA2	-	-	685,771	-	685,771
- AA3	-	-	263,927	-	263,927
- AAA	-	6,669,492	586,240	-	7,255,732
- B+	1,713,248	-	-	-	1,713,248
- B1	13,025,210	-	-	-	13,025,210
- Ba2	7,080,747	-	-	-	7,080,747
- Ba3	1,793,194	-	-	-	1,793,194
- Baa1	12,187,660	-	-	-	12,187,660
- Baa2	4,375,685	-	-	-	4,375,685
- Baa3	26,307,034	-	-	-	26,307,034
- BB-	4,877,540	-	-	-	4,877,540
- BBB-	17,829,745	-	-	-	17,829,745
- BBB+	2,849,799	-	-	-	2,849,799
- NR	16,369,374	-	74,806	-	16,444,180
Industrial					
- A1	5,098,249	-	-	-	5,098,249
- AA-	2,611,765	-	-	-	2,611,765
- BBB-	5,239,275	-	-	-	5,239,275
- NR	14,677,072	-	-	-	14,677,072
Utilities					
- Baa2	4,899,624	-	-	-	4,899,624
Others					
- NR	-	-	-	941	941
	<u>154,772,412</u>	<u>6,669,492</u>	<u>1,610,744</u>	<u>941</u>	<u>163,053,589</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>As at 19.1.2021 (date of maturity)</u>			
Amount due to Trustee	3,409	-	3,409
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	14,748	14,748
Distribution payable	13,823,039	-	13,823,039
	<u>13,826,448</u>	<u>26,248</u>	<u>13,852,696</u>
<u>As at 31.1.2020</u>			
Amount due to Manager			
- cancellation of units	31,239	-	31,239
Amount due to Trustee	5,514	-	5,514
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	2,725	2,725
Forward foreign currency contracts at fair value through profit or loss	-	265,724	265,724
	<u>36,753</u>	<u>279,949</u>	<u>316,702</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active market (such as trading securities) is based on quoted market prices at the close of trading on the year end date. The Fund utilises the current bid prices 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.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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 Fund does not hold any financial instruments at fair value through profit or loss as at 19 January 2021 (date of maturity).

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>As at 31.1.2020</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	154,772,412	-	154,772,412
- forward foreign currency contracts	-	1,610,744	-	1,610,744
	-	156,383,156	-	156,383,156
Financial liabilities at fair value through profit or loss:				
- forward foreign currency contracts	-	265,724	-	265,724

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

4 MANAGEMENT FEE

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

The Manager did not impose any management fee in respect of this Fund for the financial period from 26 February 2019 (date of launch) to 31 January 2020 and 1 February 2020 to 19 January 2021 (date of maturity) respectively.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, exclusive of foreign custodian fees.

For the financial period from 1 February 2020 to 19 January 2021 (date of maturity), the Trustee fee is recognised at a rate of 0.04% (from 26 February 2019 (date of launch) to 31 January 2020: 0.04%) per annum on the NAV of the Fund, exclusive of foreign custodian fees and charges, calculated on a daily basis as stated in the Fund's Prospectus.

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

6 DISTRIBUTION

	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to 31.1.2020 RM
Distributions to unitholders are from the following sources:		
Interest income	7,986,393	-
Net realised gain on sale of investments	5,502,511	-
Previous year's realised income	7,455,674	-
	<hr/>	<hr/>
Gross realised income	20,944,578	-
Less: Expenses	(118,053)	-
	<hr/>	<hr/>
Net distribution amount	<u>20,826,525</u>	<u>-</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

6 DISTRIBUTION (CONTINUED)

During the financial period from 1 February 2020 to 19 January 2021 (date of maturity), distributions were made as follows:

Financial period from 13.1.2020 to 19.1.2021 (date of <u>maturity</u>)	Gross/Net distribution <u>per unit</u> sen
9.3.2020	4.6350
19.1.2021	9.1977
	<hr/>
	13.8327
	<hr/> <hr/>

There was no distribution made for the financial period from 26 February 2019 (date of launch) to 31 January 2020.

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 RM7,455,674 (2019: RM Nil) made from the previous financial period's realised income.

The distribution declared on 19 January 2021 was settled on 25 January 2021.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

7 TAXATION

	Financial period from 1.2.2020 to 19.2.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to 31.1.2020 RM
Current taxation	4,271	9,134

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

	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to 31.1.2020 RM
Net profit before taxation	9,289,379	11,641,665
Tax at Malaysian statutory rate of 24% (2020: 24%)	2,229,451	2,794,000
Tax effects of:		
Investment income not subject to tax	(2,254,951)	(2,811,622)
Expenses not deductible for tax purposes	26,981	24,543
Restriction on tax deductible expenses for Unit Trust Funds	2,790	2,213
Tax expense	4,271	9,134

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 19.1.2021 (date of <u>maturity</u>) RM	As at <u>31.1.2020</u> RM
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – local	-	22,751,275
- unquoted fixed income securities – foreign	-	132,021,137
	<u>-</u>	<u>154,772,412</u>
	<u><u>-</u></u>	<u><u>154,772,412</u></u>
	Financial period from 1.2.2020 to 19.1.2021 (date of <u>maturity</u>) RM	Financial period from 26.2.2019 (date of launch) to <u>31.1.2020</u> RM
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	632,084	824,809
- unrealised gain on changes in fair value	-	3,141,081
	<u>632,084</u>	<u>3,965,890</u>
	<u><u>632,084</u></u>	<u><u>3,965,890</u></u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

(a) Unquoted fixed income securities – local

(i) There is no investment in unquoted fixed income securities – local as at 19 January 2021 (date of maturity).

(ii) Unquoted fixed income securities – local as at 31 January 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
5.80% CIMB Group Holdings Bhd Call: 25.05.2021 (A1)	1,000,000	1,035,562	1,035,686	0.64
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	3,500,000	3,642,564	3,703,357	2.28
5.06% Lafarge Cement Sdn Bhd 08.07.2022 (A1)	5,000,000	5,021,681	5,098,249	3.13
6.90% Mah Sing Group Bhd Call: 04.04.2022 (NR)	7,400,000	7,700,993	7,749,827	4.76
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	2,500,000	2,477,142	2,552,391	1.57
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	2,500,000	2,543,344	2,611,765	1.60
Total unquoted fixed income securities – local	<u>21,900,000</u>	<u>22,421,286</u>	<u>22,751,275</u>	<u>13.98</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>329,989</u>		
Total unquoted fixed income securities – local		<u>22,751,275</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

(b) Unquoted fixed income securities – foreign

(i) There is no investment in unquoted fixed income securities – foreign as at 19 January 2021 (date of maturity).

(ii) Unquoted fixed income securities – foreign as at 31 January 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
4.625% Argentum Netherlands BV Swiss Call: 15.08.2022 (BBB+)	350,000	1,445,076	1,496,899	0.92
7.25% Asahi Mutual Life Insurance Co Call: 24.01.2022 (BBB-)	400,000	1,782,307	1,767,082	1.09
5.75% AusNet Services Hldgs Pty Ltd Call: 17.09.2021 (Baa2)	1,120,000	4,815,090	4,899,624	3.01
5.875% Banco Bilbao Vizcaya Arg SA Call: 24.09.2023 (Ba2)	200,000	915,880	1,006,481	0.62
6.00% Banco Bilbao Vizcaya Arg SA Call: 29.03.2024 (Ba2)	400,000	1,854,810	2,043,536	1.25
3.625% Bank of Communications Co Ltd Call: 03.10.2021 (BBB+)	600,000	2,884,275	2,849,799	1.75
4.25% Chalco HK Investment Co Ltd Call: 07.11.2021 (BBB+)	800,000	3,320,082	3,362,280	2.07
8.125% Champion Sincerity Holdings Ld Call: 08.02.2022 (Ba3)	400,000	1,754,754	1,793,194	1.10
4.625% China CITIC Bank International Call: 28.02.2024 (Baa3)	400,000	1,709,404	1,758,474	1.08
4.00% China Life Insurance Co. Ltd Call: 03.07.2020 (A3)	800,000	3,090,492	3,303,127	2.03
3.75% China Minmetals Corp Call: 13.11.2022 (Baa1)	500,000	2,044,939	2,086,808	1.28
4.875% China Overseas Grand Ocean Fin 01.06.2021 (Baa2)	300,000	1,284,947	1,271,871	0.78
5.50% CIFI Holdings Group Co Ltd Call: 04.03.2020 (BB-)	500,000	2,062,972	2,066,729	1.27
6.55% CIFI Holdings Group Co Ltd Call: 28.03.2022 (BB-)	300,000	1,257,194	1,274,519	0.78
4.85% Ciputra Development Tbk PT 20.09.2021 (BB-)	500,000	1,523,262	1,536,292	0.94
5.50% Cooperatieve Rabobank UA Call: 29.06.2020 (Baa3)	600,000	2,912,390	2,777,058	1.71
6.625% Cooperatieve Rabobank UA Call: 29.06.2021 (Baa3)	400,000	1,953,264	1,969,644	1.21

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

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

(ii) Unquoted fixed income securities – foreign as at 31 January 2020 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
4.25% Dah Sing Bank Ltd Call: 30.11.2021 (Baa1)	1,600,000	6,826,213	6,734,000	4.14
4.35% Far East Horizon Ltd Call: 14.06.2022 (NR)	1,200,000	4,623,264	4,916,190	3.02
4.00% Franshion Brilliant Ltd Call: 03.01.2023 (Baa3)	800,000	3,194,362	3,312,958	2.03
6.875% HSBC Holdings PLC Call: 01.06.2021 (Baa3)	1,100,000	4,717,680	4,780,837	2.94
4.50% Huarong Finance 2017 Co Call: 24.01.2022 (Baa1)	1,300,000	5,425,531	5,453,660	3.35
5.75% Julius Baer Group Ltd Call: 20.04.2022 (Baa3)	750,000	2,045,331	2,396,953	1.47
5.90% Julius Baer Group Ltd Call: 18.11.2020 (Baa3)	500,000	1,567,253	1,558,990	0.96
3.75% Landesbank Baden- Wuerttemberg Call: 18.05.2022 (Baa2)	1,000,000	3,032,439	3,103,814	1.91
5.625% Phoenix Group Holdings PLC Call: 29.01.2025 (BBB-)	600,000	2,496,153	2,556,247	1.57
5.60% Shimao Property Holdings Ltd Call: 15.07.2023 (BBB-)	400,000	1,659,478	1,721,658	1.06
6.125% Shimao Property Holdings Ltd Call: 21.02.2022 (BBB-)	500,000	2,145,233	2,216,662	1.36
6.375% Shimao Property Holdings Ltd Call: 15.10.2020 (BBB-)	2,200,000	9,601,382	9,568,096	5.88
4.30% Societe Generale SA Call: 19.05.2021 (Baa3)	2,500,000	7,799,905	7,752,120	4.76
6.125% Societe Generale SA Call: 16.04.2024 (Ba2)	1,250,000	3,849,903	4,030,730	2.48
7.625% Times China Holdings Ltd Call: 21.02.2021 (B1)	1,700,000	7,440,000	7,401,315	4.55
3.75% Weichai Int HK Energy Grp Co Call: 14.09.2022 (BBB-)	1,250,000	4,730,006	5,239,275	3.22
7.85% Yinson Juniper Ltd Call: 05.10.2022 (NR)	1,400,000	5,926,224	5,959,310	3.66
8.10% Yinson Juniper Ltd Call: 29.03.2024 (NR)	2,000,000	8,351,898	8,717,762	5.36

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

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

(ii) Unquoted fixed income securities – foreign as at 31 January 2020 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds (continued)</u>				
7.90% Yuzhou Properties Co Ltd Call: 11.05.2020 (B+)	400,000	1,736,363	1,713,248	1.05
8.50% Yuzhou Properties Co Ltd Call: 26.02.2022 (B1)	400,000	1,709,147	1,752,642	1.08
8.625% Yuzhou Properties Co Ltd 23.01.2022 (B1)	900,000	3,721,142	3,871,253	2.38
Total unquoted fixed income securities – foreign	<u>32,320,000</u>	<u>129,210,045</u>	<u>132,021,137</u>	<u>81.12</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		<u>2,811,092</u>		
Total unquoted fixed income securities – foreign		<u>132,021,137</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	As at 19.1.2021 (date of maturity) RM	As at 31.1.2020 RM
Cash and bank balances	164,130,107	3,104,176
Deposit with a licensed financial institution	-	3,565,316
	<u>164,130,107</u>	<u>6,669,492</u>

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

	As at 19.1.2021 (date of maturity) %	As at 31.1.2020 %
Deposit with a licensed financial institution	-	2.75

The deposit with a licensed financial institution as at 31 January 2020 has an average maturity of 3 days.

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are Nil (2020: 44) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM Nil (2020: RM134,894,895). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Australian Dollar, Euro, Singapore Dollar and United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

11 NUMBER OF UNITS IN CIRCULATION

	As at 19.1.2021 (date of maturity) No. of units	As at 31.1.2020 No. of units
At the beginning of the financial period/date of launch	151,168,000	-
Creation of units arising from applications	-	152,421,000
Cancellation of units	(880,000)	(1,253,000)
At the end of the financial period	<u>150,288,000</u>	<u>151,168,000</u>

12 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the financial period from 1 February 2020 to 19 January 2021 (date of maturity) are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
RHB Investment Bank Bhd#	62,323,649	24.51
Nomura Singapore Ltd#	56,038,682	22.04
MarketAxess Holdings Inc	20,486,562	8.06
Citibank Bhd	15,691,224	6.17
Citigroup Global Markets	14,655,045	5.77
Barclays Bank Plc	12,605,838	4.96
HSBC Bank Malaysia Bhd	10,837,866	4.26
Affin Hwang Investment Bank Bhd#	10,589,200	4.17
Bank of America	8,675,110	3.41
Standard Chartered Bank	8,170,230	3.21
Others	34,164,027	13.44
	<u>254,237,433</u>	<u>100.00</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

12 TRANSACTIONS WITH DEALERS (CONTINUED)

- (ii) Details of transactions with the top 10 dealers for the financial period from 26 February 2019 (date of launch) to 31 January 2020 are as follows:

<u>Name of dealers</u>	Value of trade RM	Percentage of total trade %
Nomura Singapore Ltd#	37,319,745	15.70
RHB Investment Bank Bhd#	27,092,846	11.40
HSBC Banking Corporation Ltd	27,023,051	11.37
Affin Hwang Investment Bank Bhd#	17,444,925	7.34
Barclays Bank Plc	15,527,507	6.53
Standard Chartered Bank	13,622,112	5.73
Citigroup Global Markets	13,246,528	5.57
DBS Bank Ltd	11,732,807	4.93
Morgan Stanley and Co International Plc	8,826,738	3.71
JP Morgan Securities Plc	8,160,670	3.43
Others	57,738,374	24.29
	<u>237,735,303</u>	<u>100.00</u>

Included in the transactions with dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM10,589,200 (2020: RM17,444,925). The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.

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

<u>Name of dealers</u>	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to 31.1.2020 RM
Affin Hwang Investment Bank Bhd	10,589,200	17,444,925
Nomura Singapore Ltd	25,449,291	17,335,665
RHB Investment Bank Bhd	62,323,648	27,092,846
MarketAxess Holdings Inc	20,486,562	-
	<u>118,848,701</u>	<u>61,873,436</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

12 TRANSACTIONS WITH DEALERS (CONTINUED)

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

	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) RM	Financial period from 26.2.2019 (date of launch) to 31.1.2020 RM
Affin Hwang Bond Fund	14,851,786	-
Affin Hwang Flexible Maturity Income Fund IV	-	33,654,147
Affin Hwang Flexible Maturity Income Fund 5	-	2,023,461
Affin Hwang Flexible Maturity Income Fund 6	-	2,850,941
Affin Hwang Flexible Maturity Income Fund 7	-	842,173
Affin Hwang Flexible Maturity Income Fund 8	2,524,778	-
Affin Hwang Flexible Maturity Income Fund 9	5,669,861	-
Affin Hwang Flexible Maturity Income Fund 14	889,705	-
Affin Hwang Flexible Maturity Income Fund 15	1,779,409	-
Affin Hwang Flexible Maturity Income Fund 17	889,705	-
Affin Hwang Flexible Maturity Income Fund 19	1,779,409	-
Affin Hwang Flexible Maturity Income Fund 20	3,453,129	-
Affin Hwang Hard Currencies Fixed Income Fund	1,779,409	-
Affin Hwang Multi-Asset Fund 2	-	4,945,500
Affin Hwang Select Bond Fund	65,737,614	4,016,951
Affin Hwang Select Cash Fund	6,058,800	-
Affin Hwang Select Income Fund	8,500,022	7,760,772
Affin Hwang Select SGD Income Fund	3,035,569	-
Affin Hwang Tactical Fund	1,009,800	-
Affin Hwang Target Maturity Income Fund	889,705	-
Private Mandates	-	5,779,491
	<u>118,848,701</u>	<u>61,873,436</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

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

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

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

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

	<u>As at 19.1.2021 (date of maturity)</u>		<u>As at 31.1.2020</u>	
	No of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	2,482	2,482	2,870	3,090

14 MANAGEMENT EXPENSE RATIO (“MER”)

	Financial period from 1.2.2020 to 19.1.2021 (date of maturity) %	Financial period from 26.2.2019 (date of launch) to 31.1.2020 %
MER	0.08	0.07

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 19 JANUARY 2021 (DATE OF MATURITY) (CONTINUED)

14 MANAGEMENT EXPENSE RATIO (“MER”) (CONTINUED)

MER is derived from the following calculation:

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

A	=	Trustee fee
B	=	Auditors' remuneration
C	=	Tax agent's fee
D	=	Other expenses
E	=	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 RM159,484,523 (2020: RM155,506,003).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 1.2.2020 to 19.1.2021 (date of maturity)	Financial period from 26.2.2019 (date of launch) to 31.1.2020
PTR (times)	0.83	0.81

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 = RM55,838,753 (2020: RM201,248,186)

total disposal for the financial period = RM209,438,139 (2020: RM51,409,157)

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion as the Manager, the financial statements set out on pages 1 to 37 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 19 January 2021 (date of maturity) and of its financial performance, changes in equity and cash flows for the financial period from 1 February 2020 to 19 January 2021 (date of maturity) in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
22 February 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Flexible Maturity Income Fund 11 (“the Fund”) give a true and fair view of the financial position of the Fund as at 19 January 2021 (date of maturity), and of its financial performance and its cash flows for the financial period from 1 February 2020 to 19 January 2021 (date of maturity) 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 19 January 2021 (date of maturity), and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 1 February 2020 to 19 January 2021 (date of maturity), and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 37.

Basis for opinion

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note A, Basis of Preparation of the financial statements, which states that the Fund has been terminated on 19 January 2021. These financial statements have therefore been prepared using a liquidation basis of accounting. Our opinion is not modified in respect of this matter.

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’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11 (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 FLEXIBLE MATURITY INCOME FUND 11 (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 judgment 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 Company'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.
- (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 FLEXIBLE MATURITY INCOME FUND 11 (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
22 February 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)