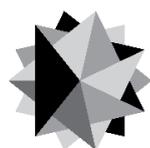


# Affin Hwang

## PRS Conservative Fund

Interim Report  
31 January 2021

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



**AFFIN HWANG**  
CAPITAL

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

TRUSTEE  
CIMB Commerce Trustee Berhad (313031-A)

# AFFIN HWANG PRS CONSERVATIVE FUND

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

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DIRECTORY OF SALES OFFICE	

## FUND INFORMATION

Fund Name	Affin Hwang PRS Conservative Fund
Fund Type	Income
Fund Category	Core (Conservative)
Investment Objective	To provide Members with a Fund that preserves capital for their retirement needs
Benchmark	Maybank 12-month Fixed Deposit Rate
Distribution Policy	The Fund will endeavour to declare distribution on a semi-annual basis after the end of its first financial year, subject to the availability of income.

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 JANUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	619	1,836
5,001 to 10,000	446	2,999
10,001 to 50,000	748	16,833
50,001 to 500,000	125	9,046
500,001 and above	4	2,642
<b>Total</b>	<b>1,942</b>	<b>33,356</b>

\* Note: Excluding Provider's stock

## FUND PERFORMANCE DATA

Category	As at 31 Jan 2021 (%)	As at 31 Jan 2020 (%)	As at 31 Jan 2019 (%)
Portfolio composition			
<b>Collective investment scheme – local</b>			
- Affin Hwang Aiiman Growth Fund	7.25	8.12	6.33
- Affin Hwang Enhanced Deposit Fund	18.86	4.77	11.10
- Affin Hwang Bond Fund	37.25	29.83	17.01
- Affin Hwang Tactical Fund	10.78	8.91	6.82
- <b>Total collective investment scheme – local</b>	<b>74.14</b>	<b>51.63</b>	<b>41.26</b>
<b>Unquoted fixed income securities – local</b>			
Bonds	23.47	37.61	50.48
- <b>Total fixed income securities – local</b>	<b>23.47</b>	<b>37.61</b>	<b>50.48</b>
<b>Cash &amp; cash equivalent</b>	<b>2.39</b>	<b>10.76</b>	<b>8.26</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (million)	21.249	16.431	13.056
NAV per Unit (in respective currencies)	0.6370	0.5892	0.5720
Unit in Circulation (million)	33.359	27.887	22.825
Highest NAV	0.6370	0.5941	0.5794
Lowest NAV	0.6123	0.5801	0.5655
Return of the Fund (%) <sup>iii</sup>	4.11	0.99	1.60
- Capital Growth (%) <sup>i</sup>	3.27	0.14	-0.16
- Income Distribution (%) <sup>ii</sup>	0.81	0.85	1.76
Gross Distribution per Unit (sen)	0.50	0.50	1.00
Net Distribution per Unit (sen)	0.50	0.50	1.00
Management Expense Ratio (%) <sup>1</sup>	0.73	0.74	0.75
Portfolio Turnover Ratio (times) <sup>2</sup>	0.21	0.35	0.35

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

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

An illustration of the above would be as follow:-

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

<sup>1</sup> The Fund's MER decreased during the period under review due to higher average NAV recorded for the financial period.

<sup>2</sup> The PTR of the Fund decreased during the period under review due to higher trading activities during the financial period.

## PROVIDER'S REPORT

### Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution	Distribution per Unit (RM)	Ex-distribution
20-Oct-20	21-Oct-20	0.6274	0.0050	0.6209

### Performance Review (1 August 2020 to 31 January 2021)

For the period 1 August 2020 to 31 January 2021, the Fund has registered a return of 4.11% as compared to the benchmark return of 0.93%. The Fund thus outperformed the benchmark by 3.18%. The Net Asset Value (NAV) per unit of the Fund as at 31 January 2021 was RM0.6370 while the NAV per unit on 31 July 2020 was RM 0.6168. During the same period under review, the Fund has declared a gross income distribution of RM0.0050 per unit.

Since commencement, the Fund has outperformed the benchmark by 16.32% with return of 44.52% compared to the benchmark return of 28.20%. The Fund's investment objective has been met.

Table 1: Performance of the Fund

	6 Months (1/8/20 - 31/1/21)	1 Year (1/2/20 - 31/1/21)	3 Years (1/2/18 - 31/1/21)	5 Years (1/2/16 - 31/1/21)	Since Commencement (23/11/12 - 31/1/21)
<b>Fund</b>	<b>4.11%</b>	<b>9.94%</b>	<b>17.83%</b>	<b>30.05%</b>	<b>44.52%</b>
<b>Benchmark</b>	<b>0.93%</b>	<b>2.12%</b>	<b>8.89%</b>	<b>15.86%</b>	<b>28.20%</b>
<b>Outperformance</b>	<b>3.18%</b>	<b>7.82%</b>	<b>8.94%</b>	<b>14.19%</b>	<b>16.32%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/20 - 31/1/21)	3 Years (1/2/18 - 31/1/21)	5 Years (1/2/16 - 31/1/21)	Since Commencement (23/11/12 - 31/1/21)
<b>Fund</b>	<b>9.94%</b>	<b>5.61%</b>	<b>5.39%</b>	<b>4.59%</b>
<b>Benchmark</b>	<b>2.12%</b>	<b>2.88%</b>	<b>2.98%</b>	<b>3.08%</b>
<b>Outperformance</b>	<b>7.82%</b>	<b>2.73%</b>	<b>2.41%</b>	<b>1.51%</b>

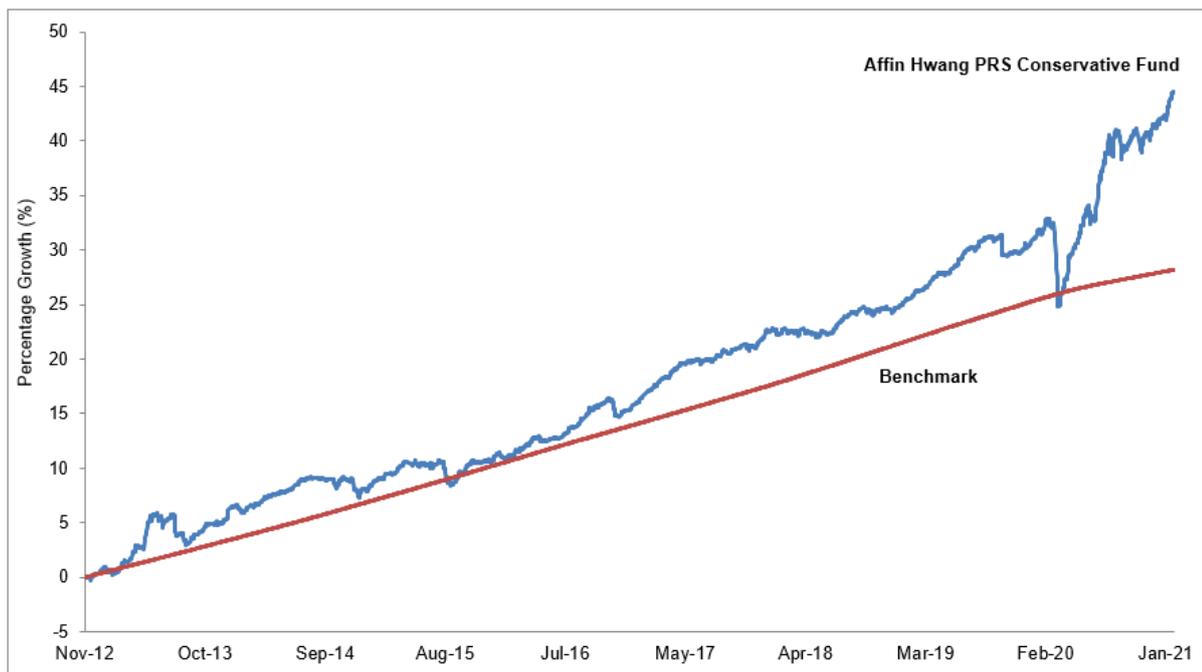
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (1/8/19 - 31/7/20)	FYE 2019 (1/8/18 - 31/7/19)	FYE 2018 (1/8/17 - 31/7/18)	FYE 2017 (1/8/16 - 31/7/17)	FYE 2016 (1/8/15 - 31/7/16)
<b>Fund</b>	<b>6.65%</b>	<b>5.42%</b>	<b>2.97%</b>	<b>5.40%</b>	<b>2.91%</b>
<b>Benchmark</b>	<b>2.75%</b>	<b>3.30%</b>	<b>3.23%</b>	<b>3.10%</b>	<b>3.30%</b>
<b>Outperformance</b>	<b>3.90%</b>	<b>2.12%</b>	<b>(0.26%)</b>	<b>2.30%</b>	<b>(0.39%)</b>

Source of Benchmark: Bloomberg

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



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

Benchmark: Maybank 12-month Fixed Deposit Rate

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

### **Asset Allocation**

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

As at 31 January 2021, the Fund's investment level increased to 97.61%, with 74.14% invested into collective investment schemes, 23.47% into fixed income securities and the balance in cash and cash equivalent. During the period under review, the Provider had increased its exposure into collective investment scheme mainly through Affin Hwang Enhanced Deposit Fund, while reduced position for the fixed income securities. Cash level of the Fund were lower at 2.39%.

### **Strategy Employed**

The Fund had remained into a portfolio of Collective Investment Schemes (CIS) managed by the Provider. The Provider believes that the portfolio of CIS provides the PRS members with sufficient diversification across asset-classes and geographical reach that is necessary to mitigate concentration risk. The portfolio of investments is reviewed on a quarterly basis. Nevertheless, the Provider holds the flexibility to rebalance the portfolio, depending on prevailing market conditions.

### **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. By the end of January however, we saw a divergence in equity performance as emerging markets ended the month higher compared to US markets which declined towards the end of the month.

At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs. This led to market jitters resulting in the S&P 500 closing 0.63% lower. Asian markets fared better, as the MSCI Asia ex-Japan index was up 4.48% in the month, largely ignoring the US retail frenzy and focusing instead on the region's improving economic conditions and gradual recovery, stemming from better pandemic controls.

Tensions between China and the US remain icy as Biden settles into the White House to handle domestic affairs and China moved forward to impose sanctions on Mike Pompeo and 27 other former officials who worked for the Trump administration.

Commodities saw strong returns in the month, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed and livestock markets. With rallying commodity prices, talks about a commodity super cycle in 2021 have surfaced, stemming from increased Chinese demand and supportive stimulus boosting inflation expectations.

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.

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

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's latest Consumer Price Index (CPI) came in at -1.4%. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut has decreased.

The primary market continues to see strong interest despite a strong supply outlook, with the auction of a 10-year MGS at a size of RM 4 billion that was 2.0x covered. Corporate issuances were slow in the month, up till the final week which saw Pengurusan Air SPB Berhad raise RM 8000 million across two Sukuk tranches of 7 and 15 years at 3.02% and 3.90% respectively. Both rated AAA. The corporate space is expected to pick up in the following months.

## **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.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. 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.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down

by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500 surpasses far beyond its historical P/E average of 15x -17x. It would not be far fetched to assume that correction will take place very soon.

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

Lack of communication between US and China will only prolong market instability. We expect dialogue to resume shortly but given Biden is taking a more assertive stance, markets will remain largely sensitive to any indication of deteriorating relations. Both countries will have to be pragmatic in their approach as cooler heads prevail.

Economic recovery continues to be delayed by Covid-19 as cases surge throughout the country/ From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry.

### **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.

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

We, **CIMB Commerce Trustee Berhad** being the Scheme Trustee of **Affin Hwang PRS Conservative Fund ('the Fund')** are of the opinion that **Affin Hwang Asset Management Berhad ('the PRS Provider')**, acting in the capacity as PRS Provider of the Fund, has fulfilled its duties in the following manner for the 6 months financial period ended 31 January 2021.

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

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

**Lee Kooi Yoke**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
15 March 2021

**AFFIN HWANG PRS CONSERVATIVE FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

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

# **AFFIN HWANG PRS CONSERVATIVE FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

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

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## AFFIN HWANG PRS CONSERVATIVE FUND

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

	<u>Note</u>	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		185,219	108,433
Interest income from financial assets at amortised cost		12,417	22,069
Interest income from financial assets at fair value through profit and loss		136,476	154,639
Net gain/(loss) on financial assets at fair value through profit or loss	9	676,726	(4,909)
		<u>1,010,838</u>	<u>280,232</u>
<b>EXPENSES</b>			
Management fee	4	(138,709)	(102,355)
Scheme Trustee fee	5	(4,268)	(3,169)
Private Pension Administrator (PPA) administration fee	6	(4,268)	(3,169)
Auditors' remuneration		(4,275)	(4,283)
Tax agent's fee		(1,509)	(1,764)
Other expenses		(1,185)	(1,250)
		<u>(154,214)</u>	<u>(115,990)</u>
<b>NET PROFIT BEFORE TAXATION</b>		856,624	164,242
Taxation	7	-	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>856,624</u>	<u>164,242</u>
Net profit after taxation is made up of the following:			
Realised amount		855,796	222,627
Unrealised amount		828	(58,385)
		<u>856,624</u>	<u>164,242</u>

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Amount due from dealer		50,000	680,000
Amount due from Provider			
- creation of units		26,088	67,344
- management fee rebate receivable		12,439	7,967
Dividend receivable		3,078	-
Cash and cash equivalents	10	647,001	1,047,188
Financial assets at fair value through profit or loss	9	20,740,359	14,664,137
<b>TOTAL ASSETS</b>		<u>21,478,965</u>	<u>16,466,636</u>
<b>LIABILITIES</b>			
Amount due to Provider			
- management fee		23,855	18,429
- cancellation of units		190,882	-
Amount due to Scheme Trustee		734	567
Amount due to PPA		734	567
Auditors' remuneration		4,275	4,283
Tax agent's fee		4,509	4,764
Other payables and accruals		5,248	6,929
<b>TOTAL LIABILITIES</b>		<u>230,237</u>	<u>35,539</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>21,248,728</u>	<u>16,431,097</u>
<b>EQUITY</b>			
Members' capital		18,147,607	15,044,651
Retained earnings		3,101,121	1,386,446
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>21,248,728</u>	<u>16,431,097</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>33,359,000</u>	<u>27,887,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.6370</u>	<u>0.5892</u>

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

	Members' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 August 2020	18,848,802	2,416,157	21,264,959
Total comprehensive income for the financial period	-	856,624	856,624
Distribution (Note 8)	-	(171,660)	(171,660)
Movement in members' capital:			
Creation of units arising from applications	2,623,799	-	2,623,799
Creation of units arising from distributions	171,660	-	171,660
Cancellation of units	(3,496,654)	-	(3,496,654)
Balance as at 31 January 2021	<u>18,147,607</u>	<u>3,101,121</u>	<u>21,248,728</u>
Balance as at 1 August 2019	13,265,838	1,354,844	14,620,682
Total comprehensive income for the financial period	-	164,242	164,242
Distribution (Note 8)	-	(132,640)	(132,640)
Movement in members' capital:			
Creation of units arising from applications	2,539,594	-	2,539,594
Creation of units arising from distributions	132,640	-	132,640
Cancellation of units	(893,421)	-	(893,421)
Balance as at 31 January 2020	<u>15,044,651</u>	<u>1,386,446</u>	<u>16,431,097</u>

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

	<u>Note</u>	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sales of investments		4,739,000	4,240,000
Purchases of investments		(4,687,140)	(6,088,417)
Dividends received		182,141	108,433
Interest received		142,917	169,888
Management fee rebate received		70,249	39,082
Management fee paid		(137,942)	(100,556)
Scheme Trustee's fee paid		(4,244)	(3,095)
PPA fee paid		(4,244)	(3,095)
Payment for other fees and expenses		(10,936)	(10,708)
Net cash generated from/(used in) operating activities		<u>289,801</u>	<u>(1,648,468)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		2,597,711	2,502,275
Payments for cancellation of units		(3,305,772)	(893,421)
Net cash (used in)/generated from financing activities		<u>(708,061)</u>	<u>1,608,854</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(418,260)</u>	<u>(39,614)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		1,065,261	1,086,802
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	10	<u><u>647,001</u></u>	<u><u>1,047,188</u></u>

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

## **AFFIN HWANG PRS CONSERVATIVE FUND**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **AFFIN HWANG PRS CONSERVATIVE FUND**

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

#### **B INCOME RECOGNITION**

##### Dividend income

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

##### Interest income

Interest income from short term deposits with licensed financial institution 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 collective investment schemes ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

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

#### **C DISTRIBUTION**

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

#### **D TAXATION**

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

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

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

#### F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

##### (i) Classification

The Fund classify 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 ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in CIS have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

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

The Fund classifies amount due to Provider, amount due to Scheme Trustee, amount due to PPA, auditors' remuneration, tax agent's fee and other payables and accruals as 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. Shariah-compliant investments are initially recognised at fair value.

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

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

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

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

##### (ii) Recognition and measurement (continued)

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

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

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 Private Retirement Schemes. Where such quotations are not available or where the Provider 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 Provider may use the market price, provided that the Provider:

- (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.

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

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

##### (iii) Impairment

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

##### Significant increase in credit risk

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

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

###### Definition of default and credit-impaired financial assets

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

###### Quantitative criteria:

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

###### Qualitative criteria:

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

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

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

###### Write-off

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

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

## **AFFIN HWANG PRS CONSERVATIVE FUND**

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

#### **G CASH AND CASH EQUIVALENTS**

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

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

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

- the units entitle the member to a proportionate share of the Fund's net 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 member exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to members with the total number of outstanding units. In accordance with the SC's Guidelines on Private Retirement Schemes, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

#### **I CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

#### **J 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 Private Retirement Schemes.

## **AFFIN HWANG PRS CONSERVATIVE FUND**

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

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

The Private Retirement Scheme (“PRS”) was constituted under the name Hwang PRS Conservative Fund pursuant to the execution of a Deed dated 25 October 2012 as modified by a Supplemental Deed dated 17 June 2013, a Second Supplemental Deed dated 24 July 2014, a Third Supplemental Deed dated 17 October 2014, a Fourth Supplemental Deed dated 13 June 2016, a Restated Deed dated 18 December 2017 and First Supplemental Restated Deed dated 11 December 2020 (the “Deeds”). The Fund has changed its name from Hwang PRS Conservative Fund to Affin Hwang PRS Conservative Fund as amended by the Second Supplemental Deed dated 24 July 2014 entered into between Affin Hwang Asset Management Berhad (the “Provider”) and CIMB Commerce Trustee Bhd (the “Scheme Trustee”).

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

The Fund may invest in any of the following investments:

- (a) Securities of companies listed on Bursa Malaysia;
- (b) Malaysian government securities, treasury bills, Bank Negara Monetary Notes, Malaysia government investment certificates and Cagamas notes and bonds;
- (c) Other obligations issued or guaranteed by the Malaysian government, Bank Negara Malaysia, Malaysia state governments and Malaysia government-related agencies;
- (d) Domestic private debt securities and corporate bonds carrying at least BBB/P2 rating by RAM or equivalent rating by other credit rating agencies, which are RM-denominated;
- (e) Domestic RM-denominated commercial papers carrying at least BBB/P2 rating by RAM or equivalent rating by other credit rating agencies;
- (f) Fixed deposit with financial institutions;
- (g) Domestic transferable securities and money market instruments that are traded in or under the rules of an eligible market, which are RM-denominated; and
- (h) Any other form of investments permitted by SC from time to time

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

The main objective of the Fund is to provide members with preserved capital for their retirement needs.

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

The financial statements were authorised for issue by the Provider on 15 March 2021.

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised <u>cost</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	647,001	-	647,001
Dividend receivables		3,078	-	3,078
Amount due from Provider				
- creation of units		26,088	-	26,088
- management fee rebate receivable		12,439	-	12,439
Amount due from dealer		50,000	-	50,000
Collective investment schemes	9	-	15,754,142	15,754,142
Unquoted fixed income securities	9	-	4,986,217	4,986,217
Total		<u>738,606</u>	<u>20,740,359</u>	<u>21,478,965</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		23,855	-	23,855
- cancellation of units		190,882	-	190,882
Amount due to Scheme Trustee		734	-	734
Amount due to PPA		734	-	734
Auditor's remuneration		4,275	-	4,275
Tax agent's fee		4,509	-	4,509
Other payables and accruals		5,248	-	5,248
Total		<u>230,237</u>	<u>-</u>	<u>230,237</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	10	1,047,188	-	1,047,188
Amount due from Provider				
- creation of units		67,344	-	67,344
- management fee rebate receivable		7,967	-	7,967
Amount due from dealer		680,000	-	680,000
Collective investment schemes	9	-	8,484,125	8,484,125
Unquoted fixed income securities	9	-	6,180,012	6,180,012
Total		<u>1,802,499</u>	<u>14,664,137</u>	<u>16,466,636</u>

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

Financial instruments are as follows: (continued)

	<u>Note</u>	Financial assets at amortised <u>cost</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		18,429	-	18,429
Amount due to Scheme Trustee		567	-	567
Amount due to PPA		567	-	567
Auditor's remuneration		4,283	-	4,283
Tax agent's fee		4,764	-	4,764
Other payables and accruals		6,929	-	6,929
Total		<u>35,539</u>	<u>-</u>	<u>35,539</u>

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

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

##### Market risk

##### (a) Price risk

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

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

	<u>2021</u> RM	<u>2020</u> RM
<b>Quoted investments</b>		
Collective investment schemes	15,754,142	8,484,125
<b>Unquoted investments</b>		
Unquoted fixed income securities*	4,986,217	6,180,012

\* Unquoted investments as at 31 January 2021 includes interest receivable of RM57,925 (2020: RM65,651).

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 10% (2020: 5%) and decreased by 10% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in CIS and unquoted fixed income securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2021</u>		
-10%	18,614,191	(2,068,243)
0%	20,682,434	-
+10%	22,750,677	2,068,243
<u>2020</u>		
-5%	13,868,562	(729,924)
0%	14,598,486	-
+5%	15,328,410	729,924

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

##### (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, members 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 Provider 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 Provider, 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.

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

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) (2020: 1% :100 basis points) with all other variables held constant.

<u>% change in interest rate</u>	<u>Impact on profit after tax/ NAV</u>	
	<u>2021</u> RM	<u>2020</u> RM
+ 2% (2020: +1%)	(142,349)	(80,890)
- 2% (2020: - 1%)	147,498	81,537

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

##### 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 Provider manages the credit risk by undertaking credit evaluation to minimise risk.

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

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

##### Credit risk (continued)

The settlement terms of the proceeds from the creation of units' receivable from the Provider is governed by the SC Guidelines on Private Retirement Schemes.

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Term deposits RM	Other receivable RM	Collective investment schemes RM	Total RM
<u>2021</u>						
Consumer Goods						
- A1	810,260	-	-	-		810,260
Collective Investment Schemes						
- NR	-	-	-	-	15,754,142	15,754,142
Financials						
- AA2	-	-	501,017	-		501,017
- AAA	314,716	145,984	-	-	-	460,700
- A3	370,216	-	-	-	-	370,216
- NR	209,791	-	-	-	-	209,791
Industrials						
- BBB	663,693	-	-	-	-	663,693
Utilities						
- AA1	1,100,912	-	-	-	-	1,100,912
- AA-	1,516,629	-	-	-	-	1,516,629
Others						
- NR	-	-	-	91,605	-	91,605
	<u>4,986,217</u>	<u>145,984</u>	<u>501,017</u>	<u>91,605</u>	<u>15,754,142</u>	<u>21,478,965</u>

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

##### Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
Consumer Products				
- A1	816,765	-	-	816,765
Financials				
- AA2		1,007,468	-	1,007,468
- AAA	-	39,720	-	39,720
- A3	354,665	-	-	354,665
- NR	771,622	-	-	771,622
Industrial Products				
- A1	797,143	-	-	797,143
- A	866,895	-	-	866,895
Utilities				
- AA-	1,480,018	-	-	1,480,018
- AA1	1,092,904	-	-	1,092,904
Others				
- NR	-	-	755,311	755,311
	<u>6,180,012</u>	<u>1,047,188</u>	<u>755,311</u>	<u>7,982,511</u>

\* Other assets consist of amount due from Provider and amount due from dealer

## AFFIN HWANG PRS CONSERVATIVE FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (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 Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by members. The liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

	<u>Within one month</u> RM	<u>Between one month to one-year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Provider			
- management fee	23,855	-	23,855
- cancellation of units	190,882	-	190,882
Amount due to Scheme Trustee	734	-	734
Amount due to PPA	734	-	734
Auditors' remuneration	-	4,275	4,275
Tax agent's fee	-	4,509	4,509
Other payables and accruals	-	5,248	5,248
	<u>216,205</u>	<u>14,032</u>	<u>230,237</u>
<u>2020</u>			
Amount due to Provider			
- management fee	18,429	-	18,429
Amount due to Scheme Trustee	567	-	567
Amount due to PPA	567	-	567
Auditors' remuneration	-	4,283	4,283
Tax agent's fee	-	4,764	4,764
Other payables and accruals	-	6,929	6,929
	<u>19,563</u>	<u>15,976</u>	<u>35,539</u>

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

##### Capital risk

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

##### Collective investment scheme risk

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

#### 3 FAIR VALUE ESTIMATION

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

The fair values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the period end date.

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

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

##### (i) Fair value hierarchy

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

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

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

## AFFIN HWANG PRS CONSERVATIVE FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (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 following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss at inception				
- collective investment schemes	15,754,142	-	-	15,754,142
- unquoted fixed income securities	-	4,986,217	-	4,986,217
	<u>15,754,142</u>	<u>4,986,217</u>	<u>-</u>	<u>20,740,359</u>
<u>2020</u>				
Financial assets at fair value through profit or loss at inception				
- collective investment schemes	8,484,125	-	-	8,484,125
- unquoted fixed income securities	-	6,180,012	-	6,180,012
	<u>8,484,125</u>	<u>6,180,012</u>	<u>-</u>	<u>14,664,137</u>

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

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 includes unquoted fixed income securities. 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, amount due from Provider, amount due from dealer and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

## **AFFIN HWANG PRS CONSERVATIVE FUND**

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

#### **4 MANAGEMENT FEE**

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

For the 6 months financial period ended 31 January 2021, the management fee is recognised at a rate of 1.30% (2020: 1.30%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Disclosure Document.

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

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

In accordance with the Deeds, the Scheme Trustee is entitled to an annual fee at a rate not exceeding 1.00% per annum on the NAV of the Fund, excluding foreign custody fee and charges.

For the 6 months financial period ended 31 January 2021, the Scheme Trustee fee is recognised at a rate of 0.04% (2020: 0.04%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Disclosure Document.

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

#### **6 PRIVATE PENSION ADMINISTRATOR (“PPA”) ADMINISTRATION FEE**

For the 6 months financial period ended 31 January 2021, the PPA administration Fee is recognised at a rate of 0.04% (2020: 0.04%) per annum on the NAV of the Fund calculated on a daily basis.

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

## AFFIN HWANG PRS CONSERVATIVE FUND

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

#### 7 TAXATION

6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
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Current taxation

-	-
---	---

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

6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
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Net profit before taxation

856,624	164,242
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Tax at Malaysian statutory rate of 24% (2020: 24%)

205,590	39,418
---------	--------

Tax effects of:

Investment income not subjected to tax

(242,601)	(67,256)
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Expenses not deductible for tax purposes

2,695	2,244
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Restrictions on tax deductible expenses for PRS Funds

34,316	25,594
--------	--------

Tax expense

-	-
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## AFFIN HWANG PRS CONSERVATIVE FUND

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

#### 8 DISTRIBUTION

	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
--	---	---

Distributions to unitholders are from the following sources:

Previous year's realised income	<u>171,660</u>	<u>132,640</u>
Net distribution amount	<u>171,660</u>	<u>132,640</u>
Gross/net distribution per unit (sen)	<u>0.50</u>	<u>0.50</u>
Ex-date	<u>21.10.2020</u>	<u>16.10.2019</u>

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

Included in distribution for the financial period is an amount of RM171,660 (2020: RM132,640) made from previous year's realised income.

There are unrealised losses of RM58,385 for 6 months financial period 31 January 2020.

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

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- collective investment schemes - local	15,754,142	8,484,125
- unquoted fixed income securities - local	<u>4,986,217</u>	<u>6,180,012</u>
	<u>20,740,359</u>	<u>14,664,137</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised gain on sale of investments	610,430	30,333
- unrealised loss on changes in fair value	(4,370)	(75,904)
- management fee rebate on collective investment scheme#	<u>70,666</u>	<u>40,662</u>
	<u>676,726</u>	<u>(4,909)</u>

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

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

(a) Collective investment schemes – local

(i) Collective investment schemes – local as at 31 January 2021 is as follows:

	<u>Quantity</u> RM	<u>Aggregate cost</u> RM	<u>Fair value</u> %	<u>Percentage of NAV</u>
Affin Hwang Aiiman Growth Fund	1,094,868	1,172,739	1,541,793	7.25
Affin Hwang Bond Fund	12,870,468	7,758,551	7,915,338	37.25
Affin Hwang Enhanced Deposit Fund	3,420,338	4,009,114	4,007,268	18.86
Affin Hwang Tactical Fund	6,594,882	1,750,130	2,289,743	10.78
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment schemes – local	23,980,556	14,690,534	15,754,142	74.14
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated unrealised gain collective investment schemes – local		1,063,608		
		<hr/>		
Total collective investment schemes – local		15,754,142		
		<hr/>		

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

	<u>Quantity</u> RM	<u>Aggregate cost</u> RM	<u>Fair value</u> %	<u>Percentage of NAV</u>
Affin Hwang Aiiman Growth Fund	1,316,265	1,357,414	1,334,693	8.12
Affin Hwang Bond Fund	8,007,715	4,737,764	4,901,522	29.83
Affin Hwang Enhanced Deposit Fund	667,327	784,050	784,377	4.77
Affin Hwang Tactical Fund	5,537,395	1,507,264	1,463,533	8.91
	<hr/>	<hr/>	<hr/>	<hr/>
Total collective investment schemes – local	15,528,702	8,386,492	8,484,125	51.63
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated unrealised gain collective investment schemes – local		97,633		
		<hr/>		
Total collective investment schemes – local		8,484,125		
		<hr/>		

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

(b) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 January 2021 is as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value %</u>	<u>Percentage of NAV</u>
<u>Bonds</u>				
5.5% Ara Bintang Bhd 17.03.2026 (AAA)	300,000	302,164	314,716	1.48
6.9% Mah Sing Group Bhd Call: 04.04.2022 (NR)	200,000	204,499	209,791	0.99
5.05% MBSB Bank Bhd Call: 20.12.2024 (A3)	350,000	352,034	370,216	1.75
6.20% MEX II Sdn Bhd 29.04.2032 (BBB)	900,000	942,272	663,693	3.12
4.68% Penang Port Sdn Bhd 26.12.2031 AA-	300,000	301,346	330,353	1.56
5.45% Southern Power Generation SB 31.10.2033 (AA-)	1,000,000	1,014,036	1,186,276	5.58
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	800,000	796,831	810,260	3.81
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,012,452	1,100,912	5.18
Total unquoted fixed income securities – local	<u>4,850,000</u>	<u>4,925,634</u>	<u>4,986,217</u>	<u>23.47</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>60,583</u>		
Total unquoted fixed income securities – local		<u>4,986,217</u>		

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

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

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

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> %	<u>Percentage of NAV</u>
<u>Bonds</u>				
6.80% Mah Sing Group Bhd Call: 31.03.2020 (NR)	250,000	255,775	256,152	1.56
6.9% Mah Sing Group Bhd Call: 04.04.2022 (NR)	200,000	204,575	209,455	1.27
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	800,000	784,800	816,765	4.97
5.5% Ara Bintang Bhd 17.03.2026 (NR)	300,000	302,185	306,015	1.86
5% Lafarge Cement Sdn Bhd 11.12.2020 (A1)	300,000	302,055	304,458	1.85
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,012,314	1,092,904	6.65
5.05% MBSB Bank Bhd Call: 20.12.2024 (A3)	350,000	352,054	354,665	2.16
4.68% Penang Port Sdn Bhd 26.12.2031 (AA-)	300,000	301,385	315,662	1.92
6.20% MEX II Sdn Bhd 29.04.2032 (A)	900,000	944,149	866,895	5.28
5.45% Southern Power Generation SB 31.10.2033 (AA-)	1,000,000	1,013,886	1,164,356	7.09
	<u>5,400,000</u>	<u>5,473,178</u>	<u>5,687,327</u>	<u>34.61</u>
<u>Commercial Paper</u>				
0% Lafarge Cement Sdn Bhd 09.07.2020 (P1)	500,000	491,086	492,685	3.00
Total unquoted fixed income securities – local	<u>5,900,000</u>	<u>5,964,264</u>	<u>6,180,012</u>	<u>37.61</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>215,748</u>		
Total unquoted fixed income securities – local		<u>6,180,012</u>		

## AFFIN HWANG PRS CONSERVATIVE FUND

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

#### 10 CASH AND CASH EQUIVALENT

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	145,984	39,720
Deposit with a licensed financial institution	501,017	1,007,468
	<u>647,001</u>	<u>1,047,188</u>

The weighted average effective interest rates per annum of deposits with licensed financial institutions are as follows:

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	<u>2.25</u>	<u>3.91</u>

Deposits with licensed financial institutions have an average maturity of 333 days (2020: 293 days).

The amount includes interest receivable of RM1,017 (2020: RM7,468).

#### 11 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial period	34,475,000	24,849,000
Creation of units arising from applications during the financial period	4,209,816	4,327,586
Creation of units arising from distribution during the financial period	277,184	228,414
Cancellation of units	(5,603,000)	(1,518,000)
	<u>33,359,000</u>	<u>27,887,000</u>

## AFFIN HWANG PRS CONSERVATIVE FUND

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

#### 12 TRANSACTIONS WITH DEALER/PROVIDER

- (i) Details of transaction with the dealer/provider for the 6 months financial period ended 31 January 2021 are as follows:

<u>Name of dealers/Provider</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Affin Hwang Asset Management Bhd#	9,293,999	100.00

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

<u>Name of dealers/Provider</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Affin Hwang Asset Management Bhd*#	8,949,864	90.40
RHB Investment Bank Bhd	350,000	3.54
Affin Hwang Investment Bank Bhd*^#	300,120	3.03
CIMB Bank Bhd	300,000	3.03
	<u>9,899,984</u>	<u>100.00</u>

There is no brokerage fee paid to the Provider during the financial period.

# Included in the transactions with the dealer/provider are trades with Affin Hwang Asset Management Berhad and Affin Hwang Investment Bank Bhd, a company related to the Provider amounting to RM9,293,999 and RMnil (2020: RM8,949,864 and RM300,120). The Provider is of the opinion that all transactions with the related company has been entered into in the normal course of business at agreed terms between the related parties.

\* Affin Hwang Asset Management Berhad, the Provider of the Fund, is the Manager of Affin Hwang Aiman Growth Fund, Affin Hwang Bond Fund, Affin Hwang Enhanced Deposit Fund and Affin Hwang Tactical Fund, the CIS that the Fund invests in during the financial period.

## AFFIN HWANG PRS CONSERVATIVE FUND

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

#### 12 TRANSACTIONS WITH DEALER/PROVIDER (CONTINUED)

^ Included in the transactions with dealers are cross trades conducted between the Fund and other funds managed by the Provider amounting to:

<u>Name of dealer</u>	<u>2021</u> RM	<u>2020</u> RM
Affin Hwang Investment Bank Bhd	-	300,120

The cross trades are conducted between the Funds and other fund managed by the Provider as follows:

	<u>2021</u> RM	<u>2020</u> RM
Affin Hwang Select Bond Fund	-	300,120

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

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Provider
Affin Hwang Investment Bank Berhad	Holding company of the Provider
Affin Bank Berhad ("ABB")	Ultimate holding company of the Provider

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

	<u>2021</u>	<u>2020</u>
<u>The Provider:</u>	No. of units	No. of units
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,319	2,869
	2,114	1,690

## AFFIN HWANG PRS CONSERVATIVE FUND

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

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

	6 months financial period ended <u>31.1.2021</u> %	6 months financial period ended <u>31.1.2020</u> %
MER	<u>0.73</u>	<u>0.74</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM21,202,566 (2020: RM15,721,491).

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

	6 months financial period ended <u>31.1.2021</u>	6 months financial period ended <u>31.1.2020</u>
PTR (times)	<u>0.21</u>	<u>0.35</u>

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 = RM4,687,140 (2020: RM6,088,417)  
total disposal for the financial period = RM4,178,570 (2020: RM4,889,667)

#### 16 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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

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

## **AFFIN HWANG PRS CONSERVATIVE FUND**

### **STATEMENT BY THE PROVIDER**

I, Teng Chee Wai, for and on behalf of the board of directors of the Provider **Affin Hwang Asset Management Berhad**, do hereby state that in our opinion as the Provider, the financial statements set out on pages 1 to 30 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2021 and of its financial performance, changes in equity and cash flows for the 6 months financial period ended 31 January 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

Kuala Lumpur  
15 March 2021

## **DIRECTORY OF SALES OFFICE**

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