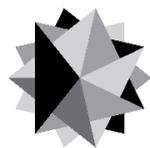


Affin Hwang

Principled Growth Fund

Interim Report
31 March 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
AmanahRaya Trustee Berhad (766894-T)

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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FUND INFORMATION

Fund Name	Affin Hwang Principled Growth Fund
Fund Type	Income & Growth
Fund Category	Equity
Investment Objective	To seek a stable return and generate capital growth over the medium to long term period in diversified portfolio of equities with stocks in gaming, liquor and tobacco to be avoided.
Benchmark	FTSE Bursa Malaysia KLCI
Distribution Policy	Distribution (if any) is incidental and will be subject to the availability of income

BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	7,002	9,641
5,001 to 10,000	1,236	8,712
10,001 to 50,000	2,338	45,371
50,001 to 500,000	19	1,573
500,001 and above	2	354,197
Total	10,597	419,494

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Mar 2020 (%)	As at 31 Mar 2019 (%)	As at 31 Mar 2018 (%)
Portfolio composition			
Quoted equities – local			
- Construction	0.49	1.52	4.38
- Consumer products & services	6.26	10.13	9.48
- Energy	2.08	4.29	-
- Financial services	9.43	21.37	24.91
- Health care	7.29	3.76	-
- Industrial products & services	6.28	12.81	14.03
- Plantations	-	1.72	2.06
- Properties	-	2.63	7.74
- REITs	7.55	6.53	3.22
- Technology	7.84	4.26	1.44
- Telecommunication & media	7.26	7.40	-
- Utilities	3.50	3.85	-
- Trading / services	-	-	25.89
- Warrant	-	0.05	0.06
Total quoted equities – local	57.98	80.32	93.21
Cash & cash equivalent	42.02	19.68	6.79
Total	100.00	100.00	100.00
Total NAV (RM'million)	104.149	140.150	172.674
NAV per Unit (RM)	0.2483	0.2996	0.3232
Unit in Circulation (million)	419.496	467.720	534.223
Highest NAV	0.3098	0.3137	0.3425
Lowest NAV	0.2305	0.2850	0.3145
Return of the Fund (%) ⁱⁱⁱ	-15.34	-3.94	2.77
- Capital Growth (%) ⁱ	-15.34	-3.94	2.77
- Income Distribution (%) ⁱⁱ	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) ¹	0.81	0.80	0.84
Portfolio Turnover Ratio (times) ²	0.64	0.39	0.48

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 than previous year due to lower average NAV of the Fund for the financial period.

²The Fund recorded a higher PTR as the Manager had increased its trading activities during the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split was declared for the financial period ended 31 March 2020.

Performance Review (1 October 2019 to 31 March 2020)

For the period 1 October 2019 to 31 March 2020, the Fund registered a return of -15.34%. The Net Asset Value (NAV) per unit of the Fund as at 31 March 2020 was RM0.2483 while the NAV 30 September 2019 was RM0.2933. The Benchmark for the period registered a return of -14.71%. The Fund underperformed the Benchmark by 0.63 percentage points (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since its inception to 31 March 2020, the Fund has registered a return of 38.00%. Compared to the benchmark that rose 18.77% for the same period, the Fund outperformed the Benchmark by 19.23 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

	6 Months (1/10/19 - 31/3/20)	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (23/7/09 - 31/3/20)
Fund	(15.34%)	(15.19%)	(13.94%)	(6.77%)	38.00%
Benchmark	(14.71%)	(17.81%)	(22.37%)	(24.94%)	18.77%
Outperformance / (Underperformance)	(0.63%)	2.62%	8.43%	18.17%	19.23%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (23/7/09 - 31/3/20)
Fund	(15.19%)	(4.87%)	(1.39%)	3.06%
Benchmark	(17.81%)	(8.09%)	(5.57%)	1.62%
Outperformance / (Underperformance)	2.62%	3.22%	4.18%	1.44%

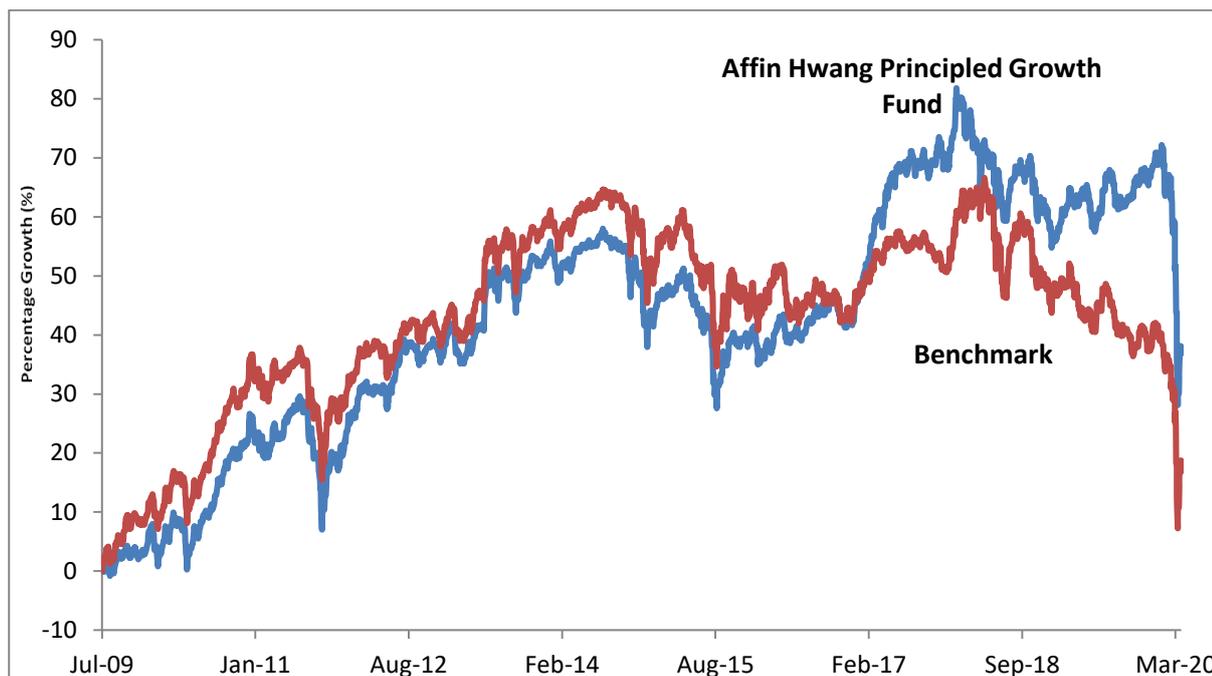
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2019 (01/10/18 - 30/9/19)	FYE 2018 (01/10/17 - 30/9/18)	FYE 2017 (01/10/16 - 30/9/17)	FYE 2016 (01/10/15 - 30/9/16)	FYE 2015 (01/10/14 - 30/9/15)
Fund	(3.77%)	1.45%	15.80%	6.68%	(12.84%)
Benchmark	(11.67%)	2.14%	6.23%	1.94%	(12.04%)
Outperformance / (Underperformance)	7.90%	(0.69%)	9.57%	4.74%	(0.80%)

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: FBM KLCI

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

Asset Allocation

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

During the period under review, the Fund had lowered its equity exposure significantly, which stood at 57.98% while the remaining was held in cash and cash equivalent. The Manager had turned defensive and reduced overall exposures except for few sectors such as healthcare, technology and REITs. In addition, some sectors have been stripped off from the portfolio to raise cash level due to extreme volatility observed in the market.

Strategies Employed

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

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 Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency 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 even lower in February 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. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

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 and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

On monetary policy, the US Federal Reserve (“Fed”) kept its benchmark rates unchanged in its policy meeting in January, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed’s balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed’s target of 2.0%.

On the domestic front, the benchmark KLCI fell by 3% in February as 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.

The local market suffered losses with the benchmark KLCI closing 8.9% lower in March as pandemic fears gripped the country with cases continuing to rise. Malaysia has the highest number of known infections in Southeast Asia with more than 3,000 confirmed cases in the country at the time of writing.

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.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country’s coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

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

Investment Outlook

Whilst we see unprecedented steps taken by governments and global central banks to stimulate the economy and provide liquidity, such measures are unlikely to fuel a full recovery as we are dealing with a global pandemic that has caused economies to come to a virtual standstill. Cutting interest rates, injecting liquidity or even putting money directly in the hands of consumers is unlikely to lead to its desired effects if people’s health are at stake.

Any signs of a peak in the pandemic can fuel a gradual recovery in markets. However, it is crucial to monitor any risk of a second wave or reacceleration in infection rates especially countries that have passed its peak like South Korea and China.

In Asia, we continue to see a resumption of activities in China where the coronavirus was first detected. Almost all factories have reopened as lockdowns are gradually lifted in the country. However, the utilisation rates have yet to return to full scale, perhaps due to a lack of demand and strict social distancing measures in place that prevent factories from operating at full capacity. Recent reports also point to most hotels and tourist sites reopening in China. There has also been a marked recovery in automobile sales.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

TRUSTEE'S REPORT

For the Six Months Financial Period Ended 31 March 2020

TO THE UNIT HOLDERS OF AFFIN HWANG PRINCIPLED GROWTH FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG PRINCIPLED GROWTH for the six months financial period ended 31 March 2020. In our opinion, AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG PRINCIPLED GROWTH FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds for the six months financial period ended 31 March 2020.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement; and
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDDIN BIN SUHAIMI

Deputy Chief Executive Officer

Kuala Lumpur, Malaysia
18 May 2020

AFFIN HWANG PRINCIPLED GROWTH FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

AFFIN HWANG PRINCIPLED GROWTH FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

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AFFIN HWANG PRINCIPLED GROWTH FUND

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

	<u>Note</u>	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
INVESTMENT LOSS			
Dividend income		1,204,979	1,481,084
Interest income from financial assets at amortised cost		275,635	539,805
Net loss on financial assets at fair value through profit or loss	7	(18,761,479)	(6,883,965)
		<u>(17,280,865)</u>	<u>(4,863,076)</u>
EXPENSES			
Management fee	4	(908,827)	(1,075,602)
Trustee fee	5	(50,297)	(57,826)
Auditors' remuneration		(3,750)	(3,740)
Tax agent's fee		(2,190)	(2,184)
Transaction costs		(464,863)	(313,379)
Other expenses		(53,207)	(11,314)
		<u>(1,483,134)</u>	<u>(1,464,045)</u>
NET LOSS BEFORE TAXATION		(18,763,999)	(6,327,121)
TAXATION	6	-	(19,633)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(18,763,999)</u>	<u>(6,346,754)</u>
Net loss after taxation is made up of the following:			
Realised amount		(3,902,934)	(2,231,741)
Unrealised amount		(14,861,065)	(4,115,013)
		<u>(18,763,999)</u>	<u>(6,346,754)</u>

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

AFFIN HWANG PRINCIPLED GROWTH FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	8	45,549,322	26,302,868
Financial assets at fair value through profit or loss	7	60,387,926	112,575,383
Dividend receivable		263,160	319,316
Amount due from brokers		67,412	1,695,771
TOTAL ASSETS		<u>106,267,820</u>	<u>140,893,338</u>
LIABILITIES			
Amount due to Manager			
- management fee		136,809	179,398
- cancellation of units		5,663	77,116
Amount due to Trustee		7,297	9,568
Amount due to brokers		1,953,070	462,704
Auditors' remuneration		3,750	3,740
Tax agent's fee		11,080	6,694
Other payables and accruals		943	4,165
TOTAL LIABILITIES		<u>2,118,612</u>	<u>743,385</u>
NET ASSET VALUE OF THE FUND		<u>104,149,208</u>	<u>140,149,953</u>
EQUITY			
Unitholders' capital		113,754,002	128,107,080
(Accumulated losses)/retained earnings		(9,604,794)	12,042,873
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>104,149,208</u>	<u>140,149,953</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>419,496,000</u>	<u>467,720,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.2483</u>	<u>0.2996</u>

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 October 2019	121,426,178	9,159,205	130,585,383
Total comprehensive loss for the financial period	-	(18,763,999)	(18,763,999)
Movement in unitholders' capital:			
Creation of units arising from applications	45,209	-	45,209
Cancellation of units	(7,717,385)	-	(7,717,385)
Balance as at 31 March 2020	<u>113,754,002</u>	<u>(9,604,794)</u>	<u>104,149,208</u>
Balance as at 1 October 2018	140,354,497	18,389,627	158,744,124
Total comprehensive loss for the financial period	-	(6,346,754)	(6,346,754)
Movement in unitholders' capital:			
Cancellation of units	(12,247,417)	-	(12,247,417)
Balance as at 31 March 2019	<u>128,107,080</u>	<u>12,042,873</u>	<u>140,149,953</u>

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

AFFIN HWANG PRINCIPLED GROWTH FUND

UNAUDITED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

	<u>Note</u>	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		92,649,988	58,301,815
Purchase of investments		(63,306,528)	(51,950,407)
Interest received		275,635	539,805
Dividend received		1,452,345	1,945,164
Management fee paid		(933,544)	(1,091,113)
Trustee's fee paid		(51,615)	(58,653)
Payment for other fees and expenses		(527,084)	(341,071)
Net cash generated from operating activities		<u>29,559,197</u>	<u>7,345,540</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		45,209	-
Payments for cancellation of units		(7,840,612)	(12,280,014)
Net cash used in from financing activities		<u>(7,795,403)</u>	<u>(12,280,014)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,763,794	(4,934,474)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>23,785,528</u>	<u>31,237,342</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8	<u><u>45,549,322</u></u>	<u><u>26,302,868</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 PRINCIPLED GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

B INCOME RECOGNITION

Dividend income

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

Interest income

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

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

B INCOME RECOGNITION (CONTINUED)

Realised gain and loss on sale of investments

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

C TRANSACTION COSTS

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

D TAXATION

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

(iii) Impairment

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

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

G CASH AND CASH EQUIVALENTS

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

H AMOUNTS DUE FROM/(TO) BROKERS

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

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

I UNITHOLDERS' CAPITAL

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

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

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

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

J CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information contents 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 Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

K REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG PRINCIPLED GROWTH FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Select Growth Fund (the “Fund”) pursuant to the execution of a Deed dated 30 April 2009, First Supplemental Deed dated 22 July 2014, Second Supplemental Deed dated 6 August 2015 and Third Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”). The Fund has changed its name from Affin Select Growth Fund to Affin Hwang Principled Growth Fund as amended by the First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 22 July 2009 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

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

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

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in diversified portfolio of equities with stocks in gaming, liquor and tobacco to be avoided.

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

The financial statements were authorised for issue by the Manager on 18 May 2020.

AFFIN HWANG PRINCIPLED GROWTH FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	Financial assets at amortised costs RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2020</u>				
<u>Financial assets</u>				
Quoted equities	7	-	60,387,926	60,387,926
Cash and cash equivalents	8	45,549,322	-	45,549,322
Dividends receivable		263,160	-	263,160
Amount due from brokers		67,412	-	67,412
Total		<u>45,879,894</u>	<u>60,387,926</u>	<u>106,267,820</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		136,809	-	136,809
- cancellation of units		5,663	-	5,663
Amount due to Trustee		7,297	-	7,297
Amount due to brokers		1,953,070	-	1,953,070
Auditors' remuneration		3,750	-	3,750
Tax agent's fee		11,080	-	11,080
Other payables and accruals		943	-	943
Total		<u>2,118,612</u>	<u>-</u>	<u>2,118,612</u>
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	26,302,868	-	26,302,868
Quoted equities	7	-	112,575,383	112,575,383
Dividends receivable		319,316	-	319,316
Amount due from brokers		1,695,771	-	1,695,771
Total		<u>28,317,955</u>	<u>112,575,383</u>	<u>140,893,338</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		179,398	-	179,398
- cancellation of units		77,116	-	77,116
Amount due to Trustee		9,568	-	9,568
Amount due to brokers		462,704	-	462,704
Auditors' remuneration		3,740	-	3,740
Tax agent's fee		6,694	-	6,694
Other payables and accruals		4,165	-	4,165
Total		<u>743,385</u>	<u>-</u>	<u>743,385</u>

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

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

	<u>2020</u> RM	<u>2019</u> RM
Quoted investments		
Quoted equities	60,387,926	112,575,383

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (2019: 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 the quoted securities.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on loss after tax/NAV</u> RM
<u>2020</u>		
-10%	66,426,719	(6,038,793)
0%	60,387,926	-
+10%	54,349,133	6,038,793
<u>2019</u>		
-5%	106,946,614	(5,628,769)
0%	112,575,383	-
+5%	118,204,152	5,628,769

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

Market risk (continued)

(b) Interest rate risk

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

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

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>2020</u>			
Amount due to Manager			
- management fee	136,809	-	136,809
- cancellation of units	5,663	-	5,663
Amount due to Trustee	7,297	-	7,297
Amount due to brokers	1,953,070	-	1,953,070
Auditors' remuneration	-	3,750	3,750
Tax agent's fee	-	11,080	11,080
Other payables and accruals	-	943	943
	<u>2,102,839</u>	<u>15,773</u>	<u>2,118,612</u>
<u>2019</u>			
Amount due to Manager			
- management fee	179,398	-	179,398
- cancellation of units	77,116	-	77,116
Amount due to Trustee	9,568	-	9,568
Amount due to brokers	462,704	-	462,704
Auditors' remuneration	-	3,740	3,740
Tax agent's fee	-	6,694	6,694
Other payables and accruals	-	4,165	4,165
	<u>728,786</u>	<u>14,599</u>	<u>743,385</u>

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

Credit risk

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

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

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

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

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

	Cash and cash equivalents RM	Dividends receivable RM	Amount due from brokers RM	Total RM
<u>2020</u>				
Financials Services				
- AA3	108,569	-	67,412	175,981
- AAA	33,134,415	-	-	33,134,415
- NR	12,306,338	62,539	-	12,368,877
Health Care				
- NR	-	18,892	-	18,892
Oil & Gas				
- NR	-	7,534	-	7,534
Technology				
- NR	-	11,270	-	11,270
Utilities				
- NR	-	162,925	-	162,925
	<u>45,549,322</u>	<u>263,160</u>	<u>67,412</u>	<u>45,879,894</u>

AFFIN HWANG PRINCIPLED GROWTH FUND

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

	Cash and cash <u>equivalents</u> RM	Dividends <u>receivable</u> RM	Amount due from <u>brokers</u> RM	<u>Total</u> RM
<u>2019</u>				
Financials Services				
- AA1	-	94,286	1,335,934	1,430,220
- AA3	64,398	-	-	64,398
- AAA	16,005,546	-	-	16,005,546
- NR	10,232,924	-	359,837	10,592,761
Industrial products				
- NR	-	47,486	-	47,486
Properties				
- NR	-	65,052	-	65,052
Technology				
- NR	-	14,362	-	14,362
Utilities				
- NR	-	98,130	-	98,130
	<u>26,302,868</u>	<u>319,316</u>	<u>1,695,771</u>	<u>28,317,955</u>

Capital risk

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

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

3 FAIR VALUE ESTIMATION

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

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

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

3 FAIR VALUE ESTIMATION

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

(i) Fair value hierarchy

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

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

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>60,387,926</u>	<u>-</u>	<u>-</u>	<u>60,387,926</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>112,575,383</u>	<u>-</u>	<u>-</u>	<u>112,575,383</u>

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

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

AFFIN HWANG PRINCIPLED GROWTH FUND

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

4 MANAGEMENT FEE

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

For the 6 months financial period ended 31 March 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a fee of 0.08% per annum, calculated daily based on the gross net asset value of the Fund.

For the 6 months financial period ended 31 March 2020, the trustees' fee is recognised at a rate of 0.08% (2019: 0.08%) per annum as stated in the Fund's Prospectus.

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

6 TAXATION

	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
Current taxation - local	-	19,633

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

	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
Net loss before taxation	(18,763,999)	(6,327,121)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(4,503,360)	(1,518,509)
Tax effect of:		
Investment income not brought to tax	4,147,408	1,167,138
Expenses not deductible for tax purposes	136,455	91,850
Restriction on tax deductible expenses for Unit Trust Funds	219,497	259,521
Income subject to difference tax rate	-	19,633
Tax expense	-	19,633

AFFIN HWANG PRINCIPLED GROWTH FUND

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

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities - local	60,387,926	112,575,383
Net loss on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	(3,900,414)	(2,768,952)
- unrealised loss on changes in fair value	(14,861,065)	(4,115,013)
	<u>(18,761,479)</u>	<u>(6,883,965)</u>

(a) Quoted equities – local

(i) Quoted equities - local as at 31 March 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Construction</u>				
Gamuda Bhd	181,000	612,595	512,230	0.49
<u>Consumer Products & Services</u>				
Guan Chong Bhd	1,204,000	2,196,001	2,408,000	2.31
Hong Leong Industries Bhd	555,400	4,222,792	4,115,514	3.95
	<u>1,759,400</u>	<u>6,418,793</u>	<u>6,523,514</u>	<u>6.26</u>
<u>Energy</u>				
Malaysia Marine&Heavy Eng. Bhd	1,551,500	1,371,785	643,872	0.62
Wah Seong Corporation Bhd	1,892,817	2,314,278	993,729	0.95
Yinson Holdings Bhd	112,200	674,254	535,194	0.51
	<u>3,556,517</u>	<u>4,360,317</u>	<u>2,172,795</u>	<u>2.08</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	288,002	3,258,051	2,419,217	2.32
Allianz Malaysia Bhd	102,700	1,474,268	1,281,696	1.23
Bursa Malaysia Bhd	104,900	524,269	528,696	0.51
Hong Leong Bank Bhd	158,000	2,686,399	2,126,680	2.04
Malayan Banking Bhd	409,158	3,689,720	3,048,227	2.93
RHB Bank Bhd	87,900	487,774	411,372	0.40
	<u>1,150,660</u>	<u>12,120,481</u>	<u>9,815,888</u>	<u>9.43</u>

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities - local as at 31 March 2020 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Health Care</u>				
Duopharma Biotech Bhd	1,977,915	1,452,131	2,729,523	2.62
IHH Healthcare Bhd	472,300	2,670,052	2,437,068	2.34
Supermax Corp Bhd	1,435,700	2,604,264	2,426,333	
2.33	<u>3,885,915</u>	<u>6,726,447</u>	<u>7,592,924</u>	<u>7.29</u>
<u>Industrial Products & Services</u>				
ATA IMS Bhd	1,606,400	2,735,980	1,293,152	1.24
Scientex Bhd	415,000	2,478,581	3,091,750	2.97
Sunway Bhd	1,389,758	2,223,593	2,154,125	2.07
	<u>3,411,158</u>	<u>7,438,154</u>	<u>6,539,027</u>	<u>6.28</u>
<u>REITs</u>				
IGB REIT	1,359,100	2,227,018	2,160,969	2.08
KLCCP Stapled Group Stapled Security	315,800	2,531,212	2,460,082	2.36
Sunway REIT	2,049,500	3,629,852	3,238,210	3.11
	<u>3,724,400</u>	<u>8,388,082</u>	<u>7,859,261</u>	<u>7.55</u>
<u>Technology</u>				
GHL Systems Bhd	1,054,600	1,452,949	1,771,728	1.70
Inari Amertron Bhd	909,000	1,735,853	1,127,160	1.08
JHM Consolidation Bhd	1,545,300	2,472,368	1,097,163	1.05
Malaysian Pac Industries Bhd	212,700	2,129,823	1,895,157	1.82
Pentamaster Corporation Bhd	599,800	2,744,707	2,285,238	2.19
	<u>4,321,400</u>	<u>10,535,700</u>	<u>8,176,446</u>	<u>7.84</u>

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities - local as at 31 March 2020 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunication & Media</u>				
Axiata Group Bhd	319,300	1,067,124	1,044,111	1.00
Digi.Com Bhd	587,300	2,782,442	2,554,755	2.45
OCK Group Bhd	3,167,100	1,900,260	1,298,511	1.25
TIME dotCom Bhd	289,900	2,608,142	2,652,585	2.56
	<u>4,363,600</u>	<u>8,357,968</u>	<u>7,549,962</u>	<u>7.26</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	305,350	3,971,689	3,645,879	3.50
	<u>26,659,400</u>	<u>68,930,226</u>	<u>60,387,926</u>	<u>57.98</u>
Accumulated unrealised loss on quoted equities - local		<u>(8,542,300)</u>		
Total quoted equities - local		<u>60,387,926</u>		

(ii) Quoted equities - local as at 31 March 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
IJM Corporation Bhd	965,300	1,779,493	2,133,313	1.52
<u>Consumer Products & Services</u>				
Fraser & Neave Holdings Bhd	93,900	2,538,629	3,265,842	2.33
Guan Chong Bhd	763,900	2,752,609	2,711,845	1.93
Hong Leong Industries Bhd	555,400	4,222,792	5,504,014	3.93
Petronas Dagangan Bhd	108,800	2,790,085	2,720,000	1.94
	<u>1,522,000</u>	<u>12,304,115</u>	<u>14,201,701</u>	<u>10.13</u>

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(ii) Quoted equities - local as at 31 March 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u>				
Dialog Group Bhd	957,000	2,803,507	3,033,690	2.16
Hibiscus Petroleum Bhd	2,791,000	2,974,332	2,986,370	2.13
	<u>3,748,000</u>	<u>5,777,839</u>	<u>6,020,060</u>	<u>4.29</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	374,602	3,607,228	6,285,821	4.49
Alliance Bank Malaysia Bhd	672,600	2,863,489	2,737,482	1.95
Allianz Malaysia Bhd	258,500	3,710,790	3,732,740	2.66
CIMB Group Holdings Bhd	785,717	4,683,846	4,030,728	2.88
Hong Leong Financial Group Bhd	183,100	3,369,040	3,486,224	2.49
Malayan Banking Bhd	608,723	5,822,214	5,636,775	4.02
RHB Bank Bhd	711,500	3,798,962	4,034,205	2.88
	<u>3,594,742</u>	<u>27,855,569</u>	<u>29,943,975</u>	<u>21.37</u>
<u>Health Care</u>				
Duopharma Biotech Bhd	2,463,725	1,756,881	3,104,294	2.21
Top Glove Corp Bhd	468,900	2,373,836	2,166,318	1.55
	<u>2,932,625</u>	<u>4,130,717</u>	<u>5,270,612</u>	<u>3.76</u>
<u>Industrial Products & Services</u>				
ATA IMS Bhd	1,466,500	2,492,133	2,507,715	1.79
Petronas Chemicals Group Bhd	315,900	2,611,555	2,893,644	2.06
Scientex Bhd	782,400	4,672,871	6,650,400	4.75
SKP Resources Bhd	845,100	1,099,639	1,132,434	0.81
Sunway Bhd	2,374,300	3,858,968	3,965,081	2.83
V.S. Industry Bhd	743,600	761,346	795,652	0.57
	<u>6,527,800</u>	<u>15,496,512</u>	<u>17,944,926</u>	<u>12.81</u>
<u>Plantation</u>				
Genting Plantations Bhd	230,100	2,272,365	2,416,050	1.72

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

(a) Quoted equities – local (continued)

(ii) Quoted equities - local as at 31 March 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Property</u>				
Matrix Concepts Holdings Bhd	1,190,300	2,347,933	2,249,667	1.61
SP Setia Bhd Group	644,900	1,587,563	1,425,229	1.02
	<u>1,835,200</u>	<u>3,935,496</u>	<u>3,674,896</u>	<u>2.63</u>
<u>REITs</u>				
IGB REIT	3,350,100	5,489,465	6,197,685	4.42
Sunway REIT	1,652,600	2,853,387	2,958,154	
2.11				
	<u>5,002,700</u>	<u>8,342,852</u>	<u>9,155,839</u>	
6.53				
<u>Technology</u>				
Inari Amertron Bhd	957,500	2,138,439	1,493,700	1.07
Malaysian Pac Industries Bhd	393,900	3,944,228	3,864,159	2.75
My EG Services Bhd	436,000	599,061	614,760	
0.44				
	<u>1,787,400</u>	<u>6,681,728</u>	<u>5,972,619</u>	
4.26				
<u>Telecommunication & Media</u>				
Astro Malaysia Holdings Bhd	3,114,500	4,906,456	4,765,185	3.40
Digi.Com Bhd	601,200	2,774,883	2,729,448	1.95
OCK Group Bhd	4,956,700	3,692,297	2,874,886	2.05
	<u>8,672,400</u>	<u>11,373,636</u>	<u>10,369,519</u>	<u>7.40</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	426,650	6,366,884	5,401,389	3.85
<u>Warrant</u>				
Econpile Holdings Bhd	612,900	-	70,484	0.05
Total quoted equities - local	<u>37,857,817</u>	<u>106,317,206</u>	<u>112,575,383</u>	<u>80.32</u>
Accumulated unrealised gain on quoted equities - local		<u>6,258,177</u>		
Total quoted equities - local		<u>112,575,383</u>		

AFFIN HWANG PRINCIPLED GROWTH FUND

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

8 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	108,569	64,398
Deposits with licensed financial institutions	45,440,753	26,238,470
	<u>45,549,322</u>	<u>26,302,868</u>

Weighted average effective interest rate per annum of deposits with licensed financial institutions are as follows:

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	<u>2.54</u>	<u>3.35</u>

Deposits with licensed financial institutions have an average maturity of 1 day (2019: 2 days).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No of units	<u>2019</u> No of units
At the beginning of the financial period	445,190,000	508,966,000
Creation of units from application	189,000	-
Cancellation of units	(25,883,000)	(41,246,000)
At the end of the financial period	<u>419,496,000</u>	<u>467,720,000</u>

10 TRANSACTIONS WITH BROKERS

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	59,130,276	37.87	147,832	38.94
Public Investment Bank Bhd	15,705,452	10.06	39,279	10.35
Malayan Banking Bhd	12,433,535	7.96	31,084	8.19
CGS – CIMB Securities Sdn. Bhd	11,119,711	7.12	25,895	6.82
RHB Investment Bank Bhd	10,865,370	6.96	27,163	7.15
Kenanga Investment Bank Bhd	7,807,782	5.00	19,519	5.14
Hong Leong Investment Bank Bhd	7,628,907	4.89	17,610	4.64

AFFIN HWANG PRINCIPLED GROWTH FUND

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

10 TRANSACTIONS WITH BROKERS (CONTINUED)

- (i) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 March 2020 are as follows:

<u>Name of brokers</u> (continued)	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Macquarie Capital Securities (Malaysia) Sdn. Bhd.	4,449,219	2.85	11,123	2.93
Alliance Investment Bank Bhd	3,495,818	2.24	8,740	2.30
Nomura Securities Malaysia Sdn Bhd	3,488,385	2.23	8,721	2.30
Others	20,019,885	12.82	42,720	11.24
	<u>156,144,340</u>	<u>100.00</u>	<u>379,686</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 March 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	35,465,299	32.55	104,227	33.15
Hong Leong Investment Bank Bhd	11,847,702	10.87	28,769	9.15
Kenanga Investment Bank Bhd	9,380,394	8.61	28,068	8.93
CLSA Securities Malaysia Sdn. Bhd	8,030,099	7.37	18,914	6.01
Public Investment Bank Bhd	7,968,567	7.31	23,912	7.60
Macquarie Capital Securities (M) Sdn. Bhd.	6,807,322	6.25	19,394	6.17
CIMB Investment Bank Bhd	6,690,586	6.14	20,633	6.56
Malayan Banking Bhd	5,104,572	4.69	15,695	4.99
UOB Kay Hian Securities (M) Sdn Bhd	4,362,562	4.00	13,015	4.14
RHB Investment Bank Bhd	3,869,003	3.55	12,062	3.84
Others	9,435,699	8.66	29,752	9.46
	<u>108,961,805</u>	<u>100.00</u>	<u>314,441</u>	<u>100.00</u>

#Included in transaction with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting to RM59,130,276 (2019: RM35,465,299). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG PRINCIPLED GROWTH FUND

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

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

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 Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad (“ABB”)	Ultimate holding company of the Manager

The units held by the manager as at the end of the financial period are as follows:

	<u>2020</u>		<u>2019</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purposes)	2,941	730	2,768	829

12 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>31.3.2020</u> %	6 months financial period ended <u>31.3.2019</u> %
MER	0.81	0.80

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sales and services tax on transaction costs and withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on daily basis was RM125,733,300 (2019: RM144,950,062).

AFFIN HWANG PRINCIPLED GROWTH FUND

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

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>31.3.2020</u>	6 months financial period ended <u>31.3.2019</u>
PTR (times)	<u>0.64</u>	<u>0.39</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on daily basis}}$$

where: total acquisition for the financial period = RM64,346,641 (2019: RM50,683,923)
total disposal for the financial period = RM95,775,347 (2019: RM62,766,538)

14 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in the fair value of the Fund's investments at fair value through profit or loss.

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

AFFIN HWANG PRINCIPLED GROWTH FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 1 to 27 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 March 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 March 2020 in accordance with the Malaysian Financial Reporting Standards and 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
18 May 2020

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