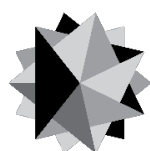


Affin Hwang Growth Fund

Interim Report
31 August 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
AmanahRaya Trustees Berhad (766894-T)

AFFIN HWANG GROWTH FUND

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

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FUND INFORMATION

| | |
|----------------------|---|
| Fund Name | Affin Hwang Growth Fund |
| Fund Type | Capital Growth |
| Fund Category | Equity |
| Investment Objective | To generate capital growth over the medium to long term period through diversified investments of equities listed on Bursa Malaysia |
| 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 AS AT 31 AUGUST 2020

| Size of holdings (units) | No. of unitholders | No. of units held * ('000) |
|-----------------------------|--------------------|-------------------------------|
| 5,000 and below | 5,687 | 8,131 |
| 5,001 to 10,000 | 1,064 | 7,791 |
| 10,001 to 50,000 | 2,251 | 52,478 |
| 50,001 to 500,000 | 60 | 3,885 |
| 500,001 and above | 2 | 330,895 |
| Total | 9,064 | 403,180 |

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

| Category | As at 31 Aug 2020 (%) | As at 31 Aug 2019 (%) | As at 31 Aug 2018 (%) |
|---|-----------------------------|-----------------------------|-----------------------------|
| Portfolio composition | | | |
| Quoted equities – local | | | |
| - Construction | 2.14 | 2.16 | 0.06 |
| - Consumer products & services | 7.23 | 8.14 | 5.05 |
| - Energy | 2.91 | 10.41 | - |
| - Financial services | 10.64 | 9.61 | 23.72 |
| - Healthcare | 18.01 | 3.25 | - |
| - Industrial products & services | 16.93 | 11.54 | 13.38 |
| - Plantation | - | 1.05 | 0.89 |
| - Properties | 1.83 | 0.68 | 3.72 |
| - REITs | 4.21 | 6.57 | 4.49 |
| - Rights | - | - | - |
| - Technology | 21.26 | 9.69 | 4.56 |
| - Telecommunication & media | 2.48 | 7.58 | - |
| - Transportation & logistics | - | 2.07 | - |
| - Utilities | 2.88 | 6.68 | - |
| - Trading / Services | - | - | 19.28 |
| Total quoted equities – local | 90.52 | 79.43 | 75.15 |
| Cash & cash equivalent | 9.48 | 20.57 | 24.85 |
| Total | 100.00 | 100.00 | 100.00 |
| | | | |
| Total NAV (RM'million) | 126.471 | 166.538 | 202.58 |
| NAV per Unit (RM) | 0.3137 | 0.2844 | 0.2948 |
| Unit in Circulation (million) | 403.183 | 585.583 | 687.21 |
| Highest NAV | 0.3186 | 0.2934 | 0.3185 |
| Lowest NAV | 0.2254 | 0.2752 | 0.2859 |
| | | | |
| Return of the Fund (%) ⁱⁱⁱ | 15.87 | -0.59 | -5.21 |
| - Capital Growth (%) ⁱ | 13.17 | -0.59 | -7.44 |
| - Income Distribution (%) ⁱⁱ | 2.39 | Nil | 2.41 |
| Gross Distribution per Unit (sen) | 7.00 | Nil | 0.70 |
| Net Distribution per Unit (sen) | 7.00 | Nil | 0.70 |
| Management Expense Ratio (%) ¹ | 0.82 | 0.81 | 0.84 |
| Portfolio Turnover Ratio (times) ² | 0.74 | 0.57 | 0.46 |

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

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

An illustration of the above would be as follow:-

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

¹ The MER of the Fund was higher than previous period under review due to lower average net asset value of the Fund.

² The PTR of the Fund was higher than previous period under review due to lower average net asset value of the Fund.

MANAGER'S REPORT

Income Distribution / Unit Split

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

| Cum Date | Ex-Date | Cum-distribution (RM) | Distribution per Unit (RM) | Ex-distribution (RM) |
|-----------|-----------|-----------------------|----------------------------|----------------------|
| 14-Jul-20 | 15-Jul-20 | 0.2975 | 0.0070 | 0.2926 |

No unit split were declared for the financial year ended 31 August 2020.

Performance Review

For the period 1 March 2020 to 31 August 2020, the Fund registered a return of 15.87%. The Net Asset Value (NAV) per unit of the Fund as at 31 August 2020 was RM 0.3137 while the NAV at 29 February 2020 was RM 0.2772. The Benchmark for the period registered a return of 2.87%. The Fund outperformed the Benchmark by 13.00 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 August 2020, the Fund has registered a return of 46.83%. Compared to the benchmark of -2.33% for the same period, the Fund outperformed the Benchmark by 49.16 percentage points. The fund has declared a total gross income distribution of RM0.0451 per unit to-date. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

| | 6 Months (1/3/20 - 31/8/20) | 1 Year (1/9/19 - 31/8/20) | 3 Years (1/9/17 - 31/8/20) | 5 Years (1/9/15 - 31/8/20) | Since Commencement (28/6/11 - 31/8/20) |
|-----------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|---|
| Fund | 15.87% | 12.94% | 8.17% | 36.10% | 46.83% |
| Benchmark | 2.87% | (5.39%) | (13.98%) | (5.49%) | (2.33%) |
| Outperformance | 13.00% | 18.33% | 22.15% | 41.59% | 49.16% |

Source of Benchmark: Bloomberg

Table 2: Average Total Return

| | 1 Year (1/9/19 - 31/8/20) | 3 Years (1/9/17 - 31/8/20) | 5 Years (1/9/15 - 31/8/20) | Since Commencement (28/6/11 - 31/8/20) |
|-----------------------|------------------------------|-------------------------------|-------------------------------|---|
| Fund | 12.94% | 2.65% | 6.35% | 4.27% |
| Benchmark | (5.39%) | (4.89%) | (1.12%) | (0.26%) |
| Outperformance | 18.33% | 7.54% | 7.47% | 4.53% |

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

| | FYE 2020 (01/3/19 - 29/2/20) | FYE 2019 (01/3/18 - 28/2/19) | FYE 2018 (01/3/17 - 28/2/18) | FYE 2017 (01/3/16 - 28/2/17) | FYE 2016 (01/1/15 - 29/2/16) |
|--|---|---|---|---|---|
| Fund | (3.11%) | (8.01%) | 15.27% | 9.51% | (1.06%) |
| Benchmark | (13.18%) | (8.00%) | 9.59% | 2.36% | (5.58%) |
| Outperformance / (Underperformance) | 10.07% | (0.01%) | 5.68% | 7.15% | 4.52% |

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 Manager had been in a defensive stance and deployed their investments carefully due to volatile market condition. As at 31 August 2020, the Fund's equity exposure were higher at 90.52%, 11.09 percentage points lower than previous year. The Manager increased investment level through added allocation towards the healthcare and technology sectors. Cash level was reduced to around 9.48%.

Strategies Employed

Over the year under review, the Manager continued to focus on domestic-driven sectors that are less directly impacted from trade tensions. 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 rose with US and Asia outperforming Europe and UK due to the sharp rise in Covid-19 infections in European countries. US supported by economic recovery and monetary policies benefitted from The Fed's decision on using average inflation targeting in setting interest rates, allowing temporary inflation overshoots to compensate for previous periods, whereas Asia saw a positive light following China's successful containment of the virus. Overall, a positive trend in global earnings expectations continued in September as market switches from extreme bearishness to neutral positionings.

Coming into October, the S&P 500 index fell 6.0%, whilst the Nasdaq Composite index plunged 7.7% as a tech rout deepened. Global equities traded erratically following news that US President Donald Trump had tested positive for COVID-19. Following his recovery, markets saw a surge in optimism over the US economy, mainly reflecting vaccine hopes and delayed response to gain in jobs from May to September.

In Asia, the Hong Kong Hang Seng index closed 6.4% lower whilst the broader MSCI Asia ex-Japan index was down 2.6% in October. Government in Hong Kong has also started to ease some of the strict social distancing measures from August 28, allowing venues like cinemas and beauty parlours to reopen as well as restaurants to extend dining hours as the daily number has fallen to low double digit according to Reuters. However, the deal with mainland China to reopen its borders has been paused until Hong Kong succeeds to achieve a stable zero-infection rate. On another note, Singapore and Hong Kong came to a mutual agreement on opening borders to each other since both cities have low incidence of Covid-19 cases.

In August, China's economic data show an outperformance in expectations, notably in the e-commerce sector, with Q2 GDP growth rebounding to 3.2% YoY. The recovery is broadening out with high frequency indicators signalling strong recoveries in the services sectors which lagged previously. Chinese broad market indices rebounded with Shanghai Composite Index up by 1.68% at close, showing a robust recovery in Chinese domestic tourism over the just-ended Golden Week holiday in the first week of October.

Meanwhile, geopolitical tensions between US and China simmered last month as US President Donald Trump issued an executive order forcing China's ByteDance to sell or spin off its US TikTok business. TikTok also confirmed its plan to challenge the executive order which banned its transactions in the US.

The US Commerce Department further added 24 Chinese state-owned firms to an "entity list" of companies that US firms are not allowed to transact with unless they have a special licence to do so. The restrictions were imposed following allegations that these companies had played a role in helping Beijing advance its territorial claims in the South China Sea.

In a tit-for-tat move, we saw China announce new restrictions on technology exports that would cover areas such as computing and data-processing technologies including text analysis, content recommendation, speech modeling and voice-recognition. The move could complicate the sale of TikTok's US operations which is currently being negotiated by multiple parties according to Reuters.

On the domestic front, the local market mirrored regional weakness with the benchmark KLCI falling 2.4% in October, despite the upside from gloves, as political uncertainty dampened sentiment. In a press conference, opposition leader Datuk Seri Anwar Ibrahim claimed that he has secured a “strong, formidable” majority from lawmakers in parliament to oust Prime Minister Tan Sri Muhyiddin Yassin. The news was greeted with scepticism as Anwar has made prior claims before. Though a statement from UMNO president Datuk Seri Dr Ahmad Zahid Hamidi that he has information that many members from UMNO and Barisan Nasional have stated their support for Anwar to form a new government has lent credibility to the claim.

The timing of Anwar’s announcement coincided with the Sabah state election which took place at the end of September. Results showed that the Gabungan Rakyat Sabah (“GRS”) pact winning the state election with a simple majority of 38 seats. Perikatan Nasional’s victory in the Sabah state elections is seen as a boost to Prime Minister Tan Sri Muhyiddin Yassin who currently leads with a razor-thin majority in Parliament. Muhyiddin has indicated that he could call for snap national polls if GRS won the Sabah state elections. The local market is expected to stay flattish as political uncertainty lingers. Politically-linked stocks could come into play as contracts are awarded in the lead-up to elections.

Malaysia's economy shrank 17.1% in 2Q2020; marking its deepest contraction in over 20 years. The GDP contraction was deeper than consensus estimate of -10.9%. A sharp decline was seen in private consumption, investment and net exports. Recent spike in Covid cases in October have beaten down re-opening sectors, although avoidance of hard lockdowns bodes well for economic recovery.

Due to the weaker than expected GDP numbers, Bank Negara Malaysia (“BNM”) has revised its expectations for the full year 2020 GDP growth to a range of -5.5% to -3.5% (from the previous -2.0% to 0.5% estimate). However, BNM is expecting a sharp rebound in 2021 with growth of 5.5% to 8.0%.

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. The accelerated efforts to shorten the timeline for a successful vaccine inoculation also lessened market’s response towards increasing infection rates. Economic restarts have since moved at different paces between countries, each depending on their own ways of dealing with Covid-19. President Trump later instilled optimism by initiating a new US stimulus bill negotiation, surging global equities higher. However, prospects for additional US fiscal stimulus has since dimmed and could be delayed until the next Congress gets seated. The US elections have generated higher market volatility due to the uncertainty in election odds.

Irrespective of whether Trump or Pence leads the White House, we are likely to see a continuation of similar Republican policies, keeping the government in status quo. These include policies related to any decision concerning taxes, minimum wage, climate policies and infrastructure spending that could impact US stocks. If Biden wins the presidential election, US stocks will see modestly higher tax rates, but that will be offset by higher US infrastructure spending and temporarily lower risk of a trade war. A Biden presidency may be positive for the Asian stock markets. Biden prides himself as one who respects international laws, supporting more coordinated foreign policies. Trade tensions might ease, with technology sector equities and high-yield credits benefitting provided the ongoing Huawei and TikTok issues can be solved amicably. Biden’s clean energy revolution plan could also revitalise US’ energy sector and create more well-paying jobs, further boosting US economy. Considering that the World Trade Organisation (“WTO”) has recently ruled Trump’s China tariff as illegal, Biden may also consider reducing or removing tariffs on China imports.

The recent death of Supreme Court Justice Ruth Bader Ginsburg has cast further uncertainty as the race to the White House heats up, also potentially delaying US fiscal stimulus 4.0 and spurring declines in the healthcare sector. US President Donald Trump has announced conservative federal appeal court judge Amy Coney Barrett as his Supreme Court nominee to replace Ginsburg. Barrett is a favourite amongst religious conservatives and her appointment could help Trump boost his popularity amongst his conservative supporters ahead of the election.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe’s continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe’s exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should

weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

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

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 August 2020

TO THE UNIT HOLDERS OF AFFIN HWANG GROWTH FUND

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG GROWTH FUND for the six months financial period ended 31 August 2020. In our opinion, AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG 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 month financial period ended 31 August 2020.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Cancellation of units are carried out in accordance with the Deed and other regulatory requirement; and
- (c) The distribution of income made by AFFIN HWANG GROWTH FUND as declared by the Manager is appropriate and reflects the investment objective of AFFIN HWANG GROWTH FUND.

Yours faithfully

AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI

Deputy Chief Executive Officer

Kuala Lumpur, Malaysia
14 October 2020

AFFIN HWANG GROWTH FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2020

AFFIN HWANG GROWTH FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2020

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AFFIN HWANG GROWTH FUND

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

| | <u>Note</u> | 6 months financial period ended 31.8.2020 RM | 6 months financial period ended 31.8.2019 RM |
|--|-------------|--|--|
| INVESTMENT INCOME | | | |
| Gross dividend income | | 1,302,210 | 2,446,244 |
| Interest income from financial assets at amortised cost | | 345,237 | 418,856 |
| Net loss on future contracts at fair value through profit and loss | | (3,108,600) | - |
| Net gain/(loss) on financial assets at fair value through profit or loss | 8 | 17,319,862 | (1,865,171) |
| | | <u>15,858,709</u> | <u>999,929</u> |
| EXPENSES | | | |
| Management fee | 4 | (908,173) | (1,301,880) |
| Trustee fee | 5 | (49,091) | (69,790) |
| Auditors' remuneration | | (3,770) | (3,781) |
| Tax agent's fee | | (2,112) | (3,025) |
| Transaction cost | | (555,928) | (593,638) |
| Other expenses | | (73,002) | (58,423) |
| | | <u>(1,592,076)</u> | <u>(2,030,537)</u> |
| NET PROFIT/(LOSS) BEFORE TAXATION | | 14,266,633 | (1,030,608) |
| Taxation | 7 | - | - |
| NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD | | <u>14,266,633</u> | <u>(1,030,608)</u> |
| Net profit/(loss) after taxation is made up of the following: | | | |
| Realised amount | | (12,133) | 1,095,938 |
| Unrealised amount | | 14,278,766 | (2,126,546) |
| | | <u>14,266,633</u> | <u>(1,030,608)</u> |

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

AFFIN HWANG GROWTH FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

| | <u>Note</u> | <u>2020</u> RM | <u>2019</u> RM |
|--|-------------|--------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | 9 | 12,885,657 | 35,325,436 |
| Amount due from brokers | | 239,834 | 5,240 |
| Dividend receivables | | 43,491 | 92,973 |
| Financial assets at fair value through profit or loss | 8 | 114,487,004 | 132,259,841 |
| TOTAL ASSETS | | <u>127,655,986</u> | <u>167,683,490</u> |
| LIABILITIES | | | |
| Amount due to brokers | | 962,541 | 814,448 |
| Amount due to Manager | | | |
| - management fee | | 158,567 | 212,820 |
| - cancellation of units | | 20,345 | 78,451 |
| Amount due to Trustee | | 8,457 | 11,350 |
| Auditors' remuneration | | 3,790 | 3,801 |
| Tax agent's fee | | 16,029 | 10,942 |
| Other payable and accruals | | 15,457 | 13,955 |
| TOTAL LIABILITIES | | <u>1,185,186</u> | <u>1,145,767</u> |
| NET ASSET VALUE OF THE FUND | | <u>126,470,800</u> | <u>166,537,723</u> |
| EQUITY | | | |
| Unitholders' capital | | 100,871,026 | 148,749,784 |
| Retained earnings | | 25,599,774 | 17,787,939 |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | <u>126,470,800</u> | <u>166,537,723</u> |
| NUMBER OF UNITS IN CIRCULATION | 10 | <u>403,183,000</u> | <u>585,583,000</u> |
| NET ASSET VALUE PER UNIT (RM) | | <u>0.3137</u> | <u>0.2844</u> |

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

AFFIN HWANG GROWTH FUND

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

| | Unitholders' <u>capital</u> RM | Retained <u>earnings</u> RM | <u>Total</u> RM |
|---|--------------------------------------|-----------------------------------|--------------------|
| Balance as at 1 March 2020 | 137,413,217 | 14,106,751 | 151,519,968 |
| Total comprehensive income for the financial period | - | 14,266,633 | 14,266,633 |
| Distribution (Note 7) | - | (2,773,610) | (2,773,610) |
| Movement in unitholders' capital: | | | |
| Creation of units arising from application | 2,591 | - | 2,591 |
| Creation of units arising from distribution | 2,773,610 | - | 2,773,610 |
| Cancellation of units | (39,318,392) | - | (39,318,392) |
| Balance as at 31 August 2020 | <u>100,871,026</u> | <u>25,599,774</u> | <u>126,470,800</u> |
| Balance as at 1 March 2019 | 161,937,808 | 18,818,547 | 180,756,355 |
| Total comprehensive loss for the financial period | - | (1,030,608) | (1,030,608) |
| Movement in unitholders' capital: | | | |
| Cancellation of units | (13,188,024) | - | (13,188,024) |
| Balance as at 31 August 2019 | <u>148,749,784</u> | <u>17,787,939</u> | <u>166,537,723</u> |

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

AFFIN HWANG GROWTH FUND

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

| | <u>Note</u> | 6 months financial period ended <u>31.8.2020</u> RM | 6 months financial period ended <u>31.8.2019</u> RM |
|---|-------------|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Proceeds from sale of investments | | 105,639,858 | 105,361,253 |
| Purchase of investments | | (83,561,888) | (95,788,227) |
| Interest received | | 345,237 | 418,856 |
| Dividend received | | 1,368,566 | 2,373,953 |
| Management fee paid | | (937,693) | (1,297,832) |
| Trustee's fee paid | | (50,665) | (69,575) |
| Realised loss on futures | | (3,108,600) | - |
| Payment for other fees and expenses | | (634,855) | (633,682) |
| Net cash generated from operating activities | | <u>19,059,960</u> | <u>10,364,746</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceed from creation of units | | 2,591 | - |
| Payments for cancellation of units | | (39,324,194) | (13,178,477) |
| Net cash used in from financing activities | | <u>(39,321,603)</u> | <u>(13,178,477)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (20,261,643) | (2,813,731) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | | <u>33,147,300</u> | <u>38,139,167</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | 9 | <u><u>12,885,657</u></u> | <u><u>35,325,436</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 GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 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 K.

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

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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 'Definition of a Business' (effective 1 January 2020) revise the definition of a business.
- 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 GROWTH FUND

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

B INCOME RECOGNITION

Dividend Income

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

Interest Income

Interest income from short term deposits with licensed financial institutions 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 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 and 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.

E DISTRIBUTIONS

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

F 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 GROWTH FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

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

The Fund classifies cash and cash equivalents, dividend receivables 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 brokers, auditors' remuneration, tax agent's fee and other payables and accruals as financial liabilities measured at amortised cost.

(ii) Recognition and initial measurement

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

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

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

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

AFFIN HWANG GROWTH FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and initial measurement (continued)

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

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.

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

(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 GROWTH FUND

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

G 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 year.

H CASH AND CASH EQUIVALENTS

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

I AMOUNT DUE FROM/(TO) BROKERS

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

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

AFFIN HWANG GROWTH FUND

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

J 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 year if the 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.

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

Estimates and judgements 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.

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG GROWTH FUND

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

1 INFORMATION ON THE FUND

The Fund was constituted under the name Affin Quantum Fund (the “Fund”) pursuant to the execution of a Deed dated 25 March 2011 as modified by a First Supplemental Deed dated 22 July 2014, a Second Supplemental Deed dated 6 August 2015 and a 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 Quantum Fund to Affin Hwang Growth Fund as amended by a First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 25 March 2011 and will continue its operations until terminated by the Trustee as provided by Division 12.3 of the Deed.

The Fund may invest in securities traded on Bursa Malaysia and other markets considered as eligible markets, collective investment schemes, unlisted securities, futures contracts and any other investments approved by the SC from time to time. All investments will be subjected to the SC’s Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund:

- (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) Unit/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 right;
- (ix) Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps;
- (x) Structured product; and
- (xi) Any other form of investments as may be permitted by the Securities Commission from time to time that is in line with the Fund’s Objectives.

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in diversified investment of equities listed on Bursa Malaysia.

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 14 October 2020.

AFFIN HWANG GROWTH FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

| | <u>Note</u> | At amortised <u>costs</u> RM | At fair value through <u>profit or loss</u> RM | <u>Total</u> RM |
|------------------------------|-------------|---------------------------------------|---|--------------------|
| <u>As at 31.8.2020</u> | | | | |
| <u>Financial Assets</u> | | | | |
| Cash and cash equivalent | 9 | 12,885,657 | - | 12,885,657 |
| Dividend receivable | | 43,491 | - | 43,491 |
| Amount due from broker | | 239,834 | - | 239,834 |
| Quoted equities | 8 | - | 114,487,004 | 114,487,004 |
| Total | | <u>13,168,982</u> | <u>114,487,004</u> | <u>127,655,986</u> |
| <u>Financial Liabilities</u> | | | | |
| Amount due to brokers | | 962,541 | - | 962,541 |
| Amount due to Manager | | | | |
| - management fee | | 158,567 | - | 158,567 |
| - cancellation of units | | 20,345 | - | 20,345 |
| Amount due to Trustee | | 8,457 | - | 8,457 |
| Auditors' remuneration | | 3,790 | - | 3,790 |
| Tax agent's fee | | 16,029 | - | 16,029 |
| Other payables and accruals | | 15,457 | - | 15,457 |
| Total | | <u>1,185,186</u> | <u>-</u> | <u>1,185,186</u> |

AFFIN HWANG GROWTH FUND

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

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

Financial instruments are as follows (continued):

| | <u>Note</u> | At amortised costs RM | At fair value through profit or loss RM | <u>Total</u> RM |
|------------------------------|-------------|--------------------------------|--|--------------------|
| <u>As at 31.8.2019</u> | | | | |
| <u>Financial Assets</u> | | | | |
| Cash and cash equivalent | 9 | 35,325,436 | - | 35,325,436 |
| Amount due from broker | | 5,240 | - | 5,240 |
| Dividend receivable | | 92,973 | - | 92,973 |
| Quoted equities | 8 | - | 132,259,841 | 132,259,841 |
| Total | | <u>35,423,649</u> | <u>132,259,841</u> | <u>167,683,490</u> |
| <u>Financial Liabilities</u> | | | | |
| Amount due to brokers | | 814,448 | - | 814,448 |
| Amount due to Manager | | | | |
| - management fee | | 212,820 | - | 212,820 |
| - cancellation of units | | 78,451 | - | 78,451 |
| Amount due to Trustee | | 11,350 | - | 11,350 |
| Auditors' remuneration | | 3,801 | - | 3,801 |
| Tax agent's fee | | 10,942 | - | 10,942 |
| Other payables and accruals | | 13,955 | - | 13,955 |
| | | <u>1,145,767</u> | <u>-</u> | <u>1,145,767</u> |

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.

AFFIN HWANG GROWTH FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2020 (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 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 investment | | |
| Quoted equities | 114,487,004 | 132,259,841 |

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 having regard to the historical volatility of the prices.

| <u>% Change in price</u> | <u>Market value</u> RM | <u>Impact on</u> profit after tax/NAV RM |
|--------------------------|---------------------------|---|
| <u>2020</u> | | |
| -10% | 103,038,304 | (11,448,700) |
| 0% | 114,487,004 | - |
| +10% | 125,935,704 | 11,448,700 |
| <u>2019</u> | | |
| -5% | 125,646,849 | (6,612,992) |
| 0% | 132,259,841 | - |
| +5% | 138,872,833 | 6,612,992 |

AFFIN HWANG GROWTH FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 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.

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is 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 investments. 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 <u>equivalents</u> RM | Other <u>assets*</u> RM | <u>Total</u> RM |
|--------------------------------|--|-------------------------------|--------------------|
| <u>2020</u> | | | |
| Finance | | | |
| - AA- | 10,484,215 | - | 10,484,215 |
| - AA3 | 67,068 | - | 67,068 |
| - AAA | 2,334,374 | - | 2,334,374 |
| Industrial Products & Services | | | |
| - NR | - | 283,325 | 283,325 |
| | <u>12,885,657</u> | <u>283,325</u> | <u>13,168,982</u> |

AFFIN HWANG GROWTH FUND

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

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

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

| | Cash and cash equivalents RM | Other assets* RM | Total RM |
|--------------------|---------------------------------------|------------------------|-------------------|
| <u>2019</u> | | | |
| Basic materials | | | |
| - NR | - | 5,240 | 5,240 |
| Financial Services | | | |
| - AAA | 23,712,182 | - | 23,712,182 |
| - AA3 | 587,814 | - | 587,814 |
| - NR | 11,025,440 | 41,168 | 11,066,608 |
| Telecommunications | | | |
| - NR | - | 51,805 | 51,805 |
| | <u>35,325,436</u> | <u>98,213</u> | <u>35,423,649</u> |

* Other assets consist of amount due from broker and dividend receivables.

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:

| | Within one month RM | Between one month to one-year RM | Total RM |
|-----------------------------|---------------------------|---|------------------|
| <u>2020</u> | | | |
| Amount due to brokers | 962,541 | - | 962,541 |
| Amount due to Manager | | | |
| - management fee | 158,567 | - | 158,567 |
| - cancellation of units | 20,345 | - | 20,345 |
| Amount due to Trustee | 8,457 | - | 8,457 |
| Auditors' remuneration | - | 3,790 | 3,790 |
| Tax agent's fee | - | 16,029 | 16,029 |
| Other payables and accruals | - | 15,457 | 15,457 |
| | <u>1,149,910</u> | <u>35,276</u> | <u>1,185,186</u> |

AFFIN HWANG GROWTH FUND

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

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

Liquidity risk (continued)

The amounts in the table below are the contractual undiscounted cash flows (continued):

| | Within <u>one month</u> RM | Between one month to <u>one year</u> RM | <u>Total</u> RM |
|-----------------------------|----------------------------------|--|--------------------|
| <u>2019</u> | | | |
| Amount due to brokers | 814,448 | - | 814,448 |
| Amount due to Manager | | | |
| - management fee | 212,820 | - | 212,820 |
| - cancellation of units | 78,451 | - | 78,451 |
| Amount due to Trustee | 11,350 | - | 11,350 |
| Auditors' remuneration | - | 3,801 | 3,801 |
| Tax agent's fee | - | 10,942 | 10,942 |
| Other payables and accruals | - | 13,955 | 13,955 |
| | <u>1,117,069</u> | <u>28,698</u> | <u>1,145,767</u> |

Capital risk

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

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

AFFIN HWANG GROWTH FUND

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

3 FAIR VALUE ESTIMATION

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

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

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.

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

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 GROWTH FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2020 (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>2020</u> | | | | |
| Financial assets at fair value through profit or loss at inception | | | | |
| - quoted equities | 114,487,004 | - | - | 114,487,004 |
| <u>2019</u> | | | | |
| Financial assets at fair value through profit or loss at inception | | | | |
| - quoted equities | 132,259,841 | - | - | 132,259,841 |

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, amount due from brokers and dividend receivables and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate of up to 3.00% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial period ended 31 August 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.

The interest income earned by the Manager from the Fund's trust collection account maintained by the Manager is netted off against the gross management fee charged by the Manager.

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

AFFIN HWANG GROWTH FUND

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

5 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a fee of up to 0.08% per annum of the NAV of the Fund, calculated on a daily basis.

For the financial period ended 31 August 2020, the Trustee fee is recognised at a rate of 0.08% (2019: 0.08%) 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 Trustee in respect of Trustee fee other than amounts recognised above.

6 TAXATION

| | 6 months financial period ended 31.8.2020 RM | 6 months financial period ended 31.8.2019 RM |
|------------------|--|--|
| Current taxation | - | - |

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

| | 6 months financial period ended 31.8.2020 RM | 6 months financial period ended 31.8.2019 RM |
|---|--|--|
| Net profit/(loss) before taxation | 14,266,633 | (1,030,608) |
| Tax at Malaysian statutory tax rate of 24% (2019: 24%) | 3,423,992 | (247,346) |
| Tax effect of: | | |
| (investment income exempt from tax)/Investment loss not subject to tax | (3,806,090) | (239,983) |
| Expenses not deductible for tax purposes | 162,447 | 173,244 |
| Restriction on tax deductible expenses for Unit Trust Funds | 219,651 | 314,085 |
| Tax expense | - | - |

AFFIN HWANG GROWTH FUND

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

7 DISTRIBUTION

| | 6 months financial period ended 31.8.2020 RM | 6 months financial period ended 31.8.2019 RM |
|---|--|--|
| Distribution to members are from the following sources: | | |
| Previous year's realised income | 2,773,610 | - |
| | <u>2,773,610</u> | <u>-</u> |
| Gross/Net distribution per unit (sen) | <u>0.70</u> | <u>-</u> |
| Ex-date | <u>15.7.2020</u> | <u>-</u> |

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

Included in distribution for the financial period is an amount of RM2,773,610 (2019: RMNil) made from previous year's realised income.

AFFIN HWANG GROWTH FUND

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

8 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 | 114,487,004 | 132,259,841 |
| Net gain/(loss) on financial assets at fair value through profit or loss | | |
| - realised gain on sale of investments | 3,041,096 | 261,375 |
| - unrealized gain/(loss) on changes in fair value | 14,278,766 | (2,126,546) |
| | <u>17,319,862</u> | <u>(1,865,171)</u> |

(a) Quoted equities – local

(i) Quoted equities - local as at 31 August 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 | 795,700 | 2,715,088 | 2,705,380 | 2.14 |
| <u>Consumer Products & Services</u> | | | | |
| Hong Leong Industries Bhd | 446,600 | 3,166,135 | 3,425,422 | 2.71 |
| Guan Chong Bhd | 1,210,600 | 2,207,808 | 4,273,418 | 3.38 |
| Kumpulan Powernet Bhd | 441,200 | 1,243,633 | 1,442,724 | 1.14 |
| | <u>2,098,400</u> | <u>6,617,576</u> | <u>9,141,564</u> | <u>7.23</u> |
| <u>Energy</u> | | | | |
| Dialog Group Bhd | 694,900 | 2,173,182 | 2,494,691 | 1.97 |
| Yinson Holdings Bhd | 191,200 | 1,146,993 | 1,185,440 | 0.94 |
| | <u>886,100</u> | <u>3,320,175</u> | <u>3,680,131</u> | <u>2.91</u> |

AFFIN HWANG GROWTH FUND

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

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

(a) Quoted equities – local (continued)

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

| | Quantity | Aggregate cost RM | Fair value RM | Percentage of NAV % |
|---|------------------|-------------------------|---------------------|---------------------------|
| <u>Financial Services</u> | | | | |
| RHB Bank Bhd | 494,200 | 2,359,510 | 2,263,436 | 1.79 |
| Malayan Banking Bhd | 473,505 | 4,159,105 | 3,470,792 | 2.74 |
| Allianz Malaysia Bhd | 173,200 | 2,488,539 | 2,424,800 | 1.92 |
| Public Bank Bhd | 136,500 | 2,303,246 | 2,241,330 | 1.77 |
| Hong Leong Bank Bhd | 218,700 | 3,671,347 | 3,061,800 | 2.42 |
| | <u>1,496,105</u> | <u>14,978,747</u> | <u>13,462,158</u> | <u>10.64</u> |
| <u>Health Care</u> | | | | |
| Hartalega Holdings Bhd | 229,400 | 4,593,093 | 3,789,688 | 3.00 |
| IHH Healthcare Bhd | 445,500 | 2,460,795 | 2,387,880 | 1.89 |
| Supermax Corp Bhd | 273,900 | 1,195,743 | 5,949,108 | 4.70 |
| Top Glove Corp Bhd | 295,500 | 6,235,228 | 7,736,190 | 6.12 |
| Kossan Rubber Industries Bhd | 184,600 | 2,362,609 | 2,912,988 | 2.30 |
| | <u>1,428,900</u> | <u>16,847,468</u> | <u>22,775,854</u> | <u>18.01</u> |
| <u>Industrial Products & Services</u> | | | | |
| Comfort Glove Bhd | 385,200 | 1,632,092 | 1,660,212 | 1.31 |
| Cahaya Mata Sarawak Bhd | 1,449,700 | 2,412,859 | 2,160,053 | 1.71 |
| Scientex Bhd | 523,700 | 2,626,166 | 4,896,595 | 3.87 |
| Sunway Bhd | 1,383,578 | 2,213,693 | 1,937,009 | 1.53 |
| V.S. Industry Bhd | 1,550,900 | 1,511,220 | 2,915,692 | 2.31 |
| SKP Resources Bhd | 1,218,500 | 1,488,893 | 1,961,785 | 1.55 |
| ATA IMS Bhd | 1,885,700 | 3,211,542 | 2,847,407 | 2.25 |
| Sarawak Consolidated Ind Bhd | 891,200 | 2,523,799 | 3,038,992 | 2.40 |
| | <u>9,288,478</u> | <u>17,620,264</u> | <u>21,417,745</u> | <u>16.93</u> |
| <u>Property</u> | | | | |
| Malaysian Resources Corp Bhd | 4,577,600 | 2,357,075 | 2,311,688 | 1.83 |

AFFIN HWANG GROWTH FUND

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

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

(a) Quoted equities – local (continued)

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

| | Quantity | Aggregate cost RM | Fair value RM | Percentage of NAV % |
|---|-------------------|-------------------------|---------------------|---------------------------|
| <u>REITs</u> | | | | |
| Sunway REIT | 1,410,200 | 2,478,865 | 2,242,218 | 1.77 |
| IGB REIT | 1,716,000 | 2,810,986 | 3,088,800 | 2.44 |
| | <u>3,126,200</u> | <u>5,289,851</u> | <u>5,331,018</u> | <u>4.21</u> |
| <u>Technology</u> | | | | |
| Iris Corporation Bhd | 9,383,300 | 3,066,254 | 3,612,570 | 2.86 |
| GHL Systems Bhd | 1,215,300 | 1,673,928 | 2,345,529 | 1.85 |
| JHM Consolidation Bhd | 1,939,800 | 3,054,034 | 3,258,864 | 2.58 |
| Frontken Corp Bhd | 876,400 | 3,003,130 | 3,207,624 | 2.54 |
| My EG Services Bhd | 1,618,900 | 2,296,868 | 2,379,783 | 1.88 |
| Inari Amertron Bhd | 893,700 | 1,648,767 | 2,001,888 | 1.58 |
| Greatech Technology Bhd | 596,800 | 3,181,882 | 4,022,432 | 3.18 |
| Malaysian Pac Industries Bhd | 207,600 | 2,078,842 | 3,213,648 | 2.54 |
| Pentamaster Corporation Bhd | 613,800 | 1,872,672 | 2,841,894 | 2.25 |
| | <u>17,345,600</u> | <u>21,876,377</u> | <u>26,884,232</u> | <u>21.26</u> |
| <u>Telecommunication & Media</u> | | | | |
| TIME dotCom Berhad | 272,400 | 2,585,164 | 3,138,048 | 2.48 |
| <u>Utilities</u> | | | | |
| Tenaga Nasional Bhd | 335,100 | 4,224,062 | 3,639,186 | 2.88 |
| Total quoted equities | <u>41,650,583</u> | <u>98,434,847</u> | <u>114,487,004</u> | <u>90.52</u> |
| Accumulated unrealised gain on quoted equities | | <u>16,052,157</u> | | |
| Total quoted equities | | <u>114,487,004</u> | | |

AFFIN HWANG GROWTH FUND

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

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

(a) Quoted equities – local (continued)

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

| | Quantity | Aggregate cost RM | Fair value RM | Percentage of NAV % |
|---|-------------------|-------------------------|---------------------|---------------------------|
| <u>Construction</u> | | | | |
| IJM Corporation Bhd | 829,500 | 1,529,150 | 1,891,260 | 1.14 |
| WCT Holdings Bhd | 1,740,300 | 1,968,092 | 1,696,792 | 1.02 |
| | <u>2,569,800</u> | <u>3,497,242</u> | <u>3,588,052</u> | <u>2.16</u> |
| <u>Consumer Products & Services</u> | | | | |
| Guan Chong Bhd | 1,114,600 | 4,029,733 | 4,391,524 | 2.64 |
| Hong Leong Industries Bhd | 707,800 | 5,017,892 | 7,502,680 | 4.51 |
| Petronas Dagangan Bhd | 72,700 | 1,826,144 | 1,654,652 | 0.99 |
| | <u>1,895,100</u> | <u>10,873,769</u> | <u>13,548,856</u> | <u>8.14</u> |
| <u>Energy</u> | | | | |
| Dialog Group Bhd | 2,230,200 | 6,946,165 | 7,761,096 | 4.66 |
| Hibiscus Petroleum Bhd | 1,733,500 | 1,847,257 | 1,568,818 | 0.94 |
| KNM Group Bhd | 8,598,100 | 2,603,723 | 3,267,278 | 1.96 |
| Velesto Energy Bhd | 9,325,800 | 2,791,555 | 2,844,369 | 1.71 |
| Yinson Holdings Bhd | 281,100 | 1,506,468 | 1,905,858 | 1.14 |
| | <u>22,168,700</u> | <u>15,695,168</u> | <u>17,347,419</u> | <u>10.41</u> |
| <u>Financial Services</u> | | | | |
| Aeon Credit Service M Bhd | 203,986 | 1,972,585 | 3,047,551 | 1.83 |
| Allianz Malaysia Bhd | 130,300 | 1,865,364 | 1,915,410 | 1.15 |
| CIMB Group Holdings Bhd | 671,827 | 3,852,690 | 3,386,008 | 2.03 |
| Malayan Banking Bhd | 582,705 | 5,533,441 | 5,057,879 | 3.04 |
| RHB Bank Bhd | 458,800 | 2,460,703 | 2,601,396 | 1.56 |
| | <u>2,047,618</u> | <u>15,684,783</u> | <u>16,008,244</u> | <u>9.61</u> |
| <u>Health Care</u> | | | | |
| Duopharma Biotech Bhd | 1,386,763 | 1,886,722 | 1,941,468 | 1.17 |
| Top Glove Corp Bhd | 731,300 | 3,678,503 | 3,459,049 | 2.08 |
| | <u>2,118,063</u> | <u>5,565,225</u> | <u>5,400,517</u> | <u>3.25</u> |

AFFIN HWANG GROWTH FUND

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

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

(a) Quoted equities – local (continued)

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

| | Quantity | Aggregate cost RM | Fair value RM | Percentage of NAV % |
|---|------------|-------------------------|---------------------|---------------------------|
| <u>Industrial Products & Services</u> | | | | |
| ATA IMS Bhd | 2,040,400 | 3,475,012 | 2,795,348 | 1.68 |
| Kelington Group Bhd | 1,970,000 | 2,462,500 | 2,462,500 | 1.48 |
| Scientex Bhd | 601,500 | 3,016,305 | 5,016,510 | 3.01 |
| SKP Resources Bhd | 146,000 | 194,387 | 159,140 | 0.10 |
| Sunway Bhd | 3,296,315 | 5,326,768 | 5,405,957 | 3.25 |
| V.S. Industry Bhd | 2,696,100 | 2,982,504 | 3,370,125 | 2.02 |
| | 10,750,315 | 17,457,476 | 19,209,580 | 11.54 |
| <u>Plantation</u> | | | | |
| Sime Darby Plantation Bhd | 355,600 | 1,677,685 | 1,753,108 | 1.05 |
| <u>Property</u> | | | | |
| Matrix Concepts Holdings Bhd | 597,675 | 1,179,041 | 1,129,606 | 0.68 |
| <u>Technology</u> | | | | |
| GHL Systems Bhd | 2,497,300 | 3,439,727 | 3,246,490 | 1.95 |
| Inari Amertron Bhd | 1,383,100 | 2,660,100 | 2,240,622 | 1.35 |
| Malaysian Pac Industries Bhd | 477,900 | 4,785,542 | 4,210,299 | 2.53 |
| My EG Services Bhd | 4,564,700 | 6,926,990 | 6,436,227 | 3.86 |
| | 8,923,000 | 17,812,359 | 16,133,638 | 9.69 |
| <u>REITs</u> | | | | |
| IGB REIT | 3,541,000 | 5,800,524 | 7,294,460 | 4.38 |
| Sunway REIT | 1,876,400 | 3,239,836 | 3,640,216 | 2.19 |
| | 5,417,400 | 9,040,360 | 10,934,676 | 6.57 |
| <u>Telecommunication & Media</u> | | | | |
| Astro Malaysia Holdings Bhd | 2,379,600 | 3,747,913 | 3,117,276 | 1.87 |
| Axiata Group Bhd | 863,300 | 3,970,861 | 4,333,766 | 2.60 |
| Digi.Com Bhd | 1,036,100 | 4,905,387 | 5,180,500 | 3.11 |
| | 4,279,000 | 12,624,161 | 12,631,542 | 7.58 |

AFFIN HWANG GROWTH FUND

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

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

(a) Quoted equities – local (continued)

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

| | <u>Quantity</u> | <u>Aggregate cost RM</u> | <u>Fair value RM</u> | <u>Percentage of NAV %</u> |
|---|-----------------|----------------------------------|------------------------------|------------------------------------|
| <u>Transportation & Logistics</u> | | | | |
| Malaysia Airports Holdings Bhd | 420,700 | 3,453,512 | 3,453,947 | 2.07 |
| <u>Utilities</u> | | | | |
| Tenaga Nasional Bhd | 801,200 | 10,778,595 | 11,120,656 | 6.68 |
| Total quoted equities - local | 62,344,171 | 125,339,376 | 132,259,841 | 79.43 |
| Accumulated unrealised gain on quoted equities - local | | 6,920,465 | | |
| Total quoted equities - local | | 132,259,841 | | |

9 CASH AND CASH EQUIVALENTS

| | <u>2020 RM</u> | <u>2019 RM</u> |
|---|--------------------|--------------------|
| Cash and bank balances | 67,068 | 587,814 |
| Deposits with licensed financial institutions | 12,818,589 | 34,737,622 |
| | 12,885,657 | 35,325,436 |

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

| | <u>2020 %</u> | <u>2019 %</u> |
|---|-------------------|-------------------|
| Deposits with licensed financial institutions | 1.75 | 3.03 |

Deposits with licensed financial institutions have an average maturity of 1 day (2019: 3 days).

AFFIN HWANG GROWTH FUND

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

10 NUMBER OF UNITS IN CIRCULATION

| | <u>2020</u> No. of units | <u>2019</u> No. of units |
|---|-----------------------------|-----------------------------|
| At the beginning of the financial period | 546,550,000 | 631,864,000 |
| Creation of units arising from application | 10,000 | - |
| Creation of units arising from distribution | 9,382,984 | - |
| Cancellation of units | (152,759,984) | (46,281,000) |
| At the end of the financial period | <u>403,183,000</u> | <u>585,583,000</u> |

11 TRANSACTIONS WITH BROKERS

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

| <u>Name of brokers</u> | <u>Value of trade</u> RM | <u>Percentage</u> <u>of total</u> <u>trade</u> % | <u>Brokerage</u> <u>fees</u> RM | <u>Percentage</u> <u>of total</u> <u>brokerage</u> % |
|---|-----------------------------|---|---------------------------------------|---|
| Affin Hwang Investment Bank Bhd# | 78,143,161 | 42.06 | 236,382 | 42.52 |
| Public Investment Bank Bhd | 17,847,823 | 9.61 | 54,395 | 9.78 |
| RHB Investment Bank Bhd | 13,938,244 | 7.50 | 37,969 | 6.83 |
| CIMB Securities Sdn Bhd | 11,525,312 | 6.20 | 35,389 | 6.37 |
| Hong Leong Investment Bank Bhd | 10,759,807 | 5.79 | 33,246 | 5.98 |
| Malayan Banking Bhd | 8,232,062 | 4.43 | 25,344 | 4.56 |
| KAF Seagroatt & Campbell Securities Sdn Bhd | 8,028,377 | 4.32 | 24,976 | 4.49 |
| Alliance Investment Bank Bhd | 7,905,877 | 4.26 | 24,090 | 4.33 |
| Kenanga Investment Bank Bhd | 7,591,187 | 4.09 | 23,885 | 4.30 |
| CLSA Securities Malaysia Sdn Bhd | 6,010,595 | 3.24 | 13,533 | 2.43 |
| Others | 15,816,188 | 8.50 | 46,719 | 8.41 |
| | <u>185,798,633</u> | <u>100.00</u> | <u>555,928</u> | <u>100.00</u> |

AFFIN HWANG GROWTH FUND

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

11 TRANSACTIONS WITH BROKERS (CONTINUED)

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

| <u>Name of brokers</u> | <u>Value of trade</u> RM | <u>Percentage</u> <u>of total</u> <u>trade</u> % | <u>Brokerage</u> <u>fees</u> RM | <u>Percentage</u> <u>of total</u> <u>brokerage</u> % |
|--|-----------------------------|---|---------------------------------------|---|
| Affin Hwang Investment Bank Bhd# | 68,529,741 | 34.46 | 208,860 | 35.19 |
| CLSA Securities Malaysia Sdn Bhd | 21,017,097 | 10.57 | 51,374 | 8.66 |
| RHB Investment Bank Bhd | 12,996,649 | 6.54 | 38,977 | 6.57 |
| Hong Leong Investment Bank Bhd | 12,884,857 | 6.48 | 40,045 | 6.75 |
| Macquarie Capital Securities (Malaysia) Sdn. Bhd | 12,396,450 | 6.23 | 36,427 | 6.14 |
| Kenanga Investment Bank Bhd | 12,250,006 | 6.16 | 37,345 | 6.29 |
| UOB Kay Hian Securities (M) Sdn Bhd | 10,159,366 | 5.11 | 30,984 | 5.22 |
| Kaf Seagroatt & Campbell Securities Sdn Bhd | 8,633,883 | 4.34 | 26,811 | 4.52 |
| CIMB Investment Bank Bhd | 7,867,465 | 3.95 | 24,592 | 4.14 |
| Alliance Investment Bank Bhd | 7,232,648 | 3.64 | 21,938 | 3.70 |
| Others | 24,889,047 | 12.52 | 76,086 | 12.82 |
| | <u>198,857,209</u> | <u>100.00</u> | <u>593,439</u> | <u>100.00</u> |

Included in transaction with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM78,143,161 (2019: RM68,529,741).

The Manager is of the opinion that the transactions with the related company have been entered at agreed terms between the related parties.

AFFIN HWANG GROWTH FUND

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

12 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 legally for booking purpose) | 3,197 | 1,003 | 2,652 | 754 |

13 MANAGEMENT EXPENSE RATIO ("MER")

| | 6 months financial period ended <u>31.8.2020</u> % | 6 months financial period ended <u>31.8.2019</u> % |
|-----|--|--|
| MER | 0.82 | 0.81 |

MER is derived from the following calculation:

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

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

The average net asset value of the Fund for the financial period calculated on daily basis was RM122,838,115 (2019: RM173,037,899).

AFFIN HWANG GROWTH FUND

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

14 PORTFOLIO TURNOVER RATIO ("PTR")

| | 6 months financial period ended 31.8.2020 | 6 months financial period ended 31.8.2019 |
|-------------|--|--|
| PTR (times) | 0.74 | 0.57 |

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 = RM84,524,429 (2019: RM94,429,345)
total disposal for the financial period = RM98,233,108 (2019: RM104,166,489)

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

AFFIN HWANG GROWTH FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 1 to 31 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 August 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 August 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
14 October 2020

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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PENANG

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Tel : 04 – 899 8022
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PERAK

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Greentown Business Centre
30450 Ipoh Perak

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MELAKA

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

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

JOHOR

Affin Hwang Asset Management Berhad
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Johor Darul Takzim

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Fax : 07 – 223 8998

SABAH

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Sabah

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DIRECTORY OF SALES OFFICE (CONTINUED)

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