

Affin Hwang

Flexible Maturity Income Fund 11

Interim Report
31 July 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 JULY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	59	193
5,001 to 10,000	38	365
10,001 to 50,000	63	1,731
50,001 to 500,000	31	4,971
500,001 and above	4	143,312
Total	195	150,572

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 July 2020 (%)	As at 31 July 2019 (%)
Portfolio composition		
Unquoted fixed income securities – local	16.39	15.92
Unquoted fixed income securities – foreign	81.98	83.27
Total unquoted fixed income securities	98.37	99.19
Cash & cash equivalent	1.63	0.81
Total	100.00	100.00
Total NAV (RM'million)	159.481	157.223
NAV per Unit (RM)	1.0591	1.0343
Unit in Circulation (million)	150.575	152.006
Highest NAV	1.0867	1.0343
Lowest NAV	0.9737	1.0000
Return of the Fund (%)	2.79	3.43
- Capital Growth (%) ⁱ	-1.63	3.43
- Income Distribution (%)	4.49	Nil
Gross Distribution per Unit (sen)	4.64	Nil
Net Distribution per Unit (sen)	4.64	Nil
Management Expense Ratio (%) ¹	0.04	0.03
Portfolio Turnover Ratio (times) ²	0.34	0.72

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 the previous year due to higher expenses incurred for the financial period.

²The PTR of the Fund was lower than the previous year due to lesser trading activities for the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

The Net Asset Value per Unit prior and subsequent to the distributions was as follows:

Cum-Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
08-Mar-20	09-Mar-20	1.0829	0.0464	1.0322

No unit split was declared for the financial period ended 31 July 2020.

Performance Review

For the period under review from 1 February 2020 to 31 July 2020, the Fund registered a 2.79% return compared to the benchmark return of 1.68%. The Fund thus outperformed the Benchmark by 1.11%. The Net Asset Value ("NAV") per unit of the Fund as at 31 July 2020 was RM1.0591 compared to its NAV per unit as at 31 January 2020 was RM1.0766.

Since its inception to 31 July 2020, the Fund has registered a return of 10.67%. Compared to the benchmark of 4.80% for the same period, the Fund outperformed the Benchmark by 5.87 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 (1/2/20 - 31/7/20)	1 Year (1/8/19 - 31/7/20)	Since Commencement (8/3/19 - 31/7/20)
Fund	2.79%	7.00%	10.67%
Benchmark	1.68%	3.41%	4.80%
Outperformance	1.11%	3.59%	5.87%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/8/19 - 31/7/20)	Since Commencement (8/3/19 - 31/7/20)
Fund	7.00%	7.49%
Benchmark	3.41%	3.40%
Outperformance	3.59%	4.09%

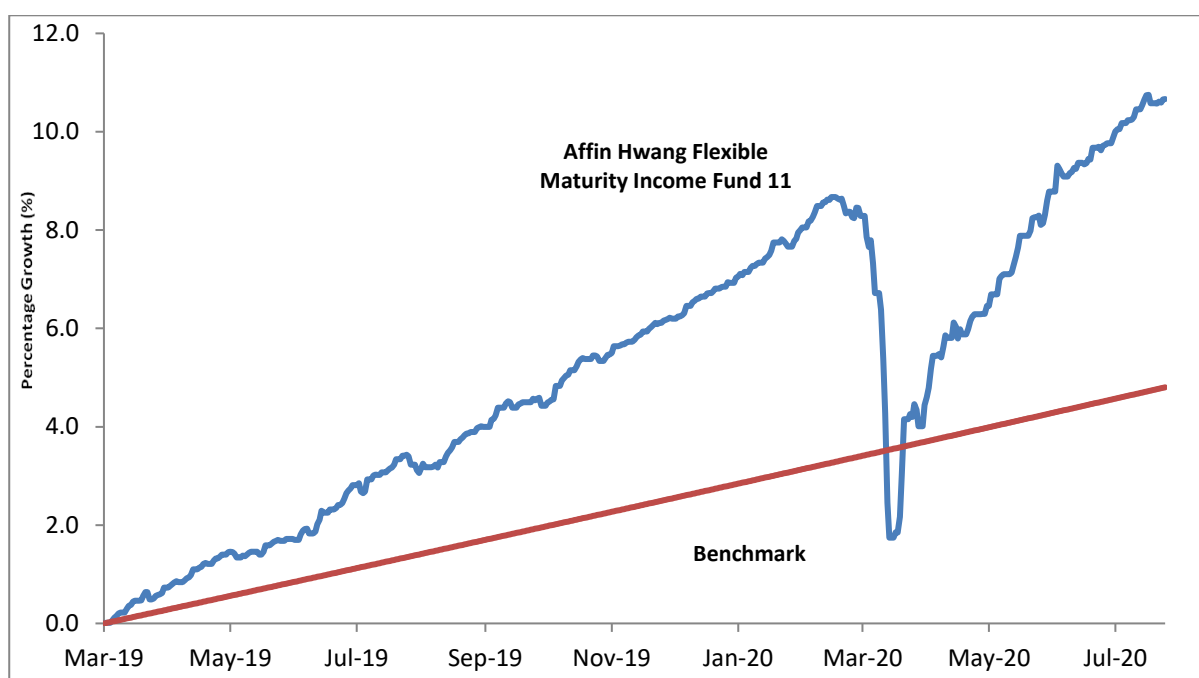
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (08/3/19 - 31/1/20)
Fund	7.66%
Benchmark	3.07%
Outperformance	4.59%

Source of Benchmark: Bloomberg

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



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

Benchmark: MBB 3-Year FD

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's exposure into unquoted fixed income securities stood at 98.37% while the remaining was held in cash and cash equivalent.

Strategy Employed

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

Market Review

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

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. 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.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

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

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

Technology companies have been leading gains in the US stock market despite the slowdown in the economy due to COVID-19. Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

On commodities, crude oil prices slid by about 35% YTD as at end of July, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

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

In May, the benchmark KLCI rose 4.7% buoyed by positive sentiment and surge in momentum. Retail investors have piled into the local stock market as trading volumes reach new highs. Malaysia released its first quarterly GDP print. Malaysia’s economic growth slowed to 0.7% in the 1Q2020 which is its slowest pace of growth since 2009. Most sectors of the economy contracted except for private consumption which was likely supported by additional spending during the Chinese New Year festivities.

In July, the local market tracked regional gains with benchmark KLCI closing 6.9% higher while local politics and courtroom news dominated newsflow as former Prime Minister Datuk Seri Najib Razak was found guilty by the High Court of all seven charges of abuse of power, criminal breach of trust and money laundering in relation to RM42 million belonging to SRC International Sdn Bhd, a former subsidiary of 1MDB.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises

("SMEs") and RM2 billion to strengthen the country's economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

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

Recent placement exercises by Tenaga Nasional Bhd ("TNB") and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

Investment Outlook

Economic lockdowns have triggered a rapid and sharp decline in growth. It may take time for the global economy and corporates to recover back to pre-COVID-19 levels. Though, massive stimulus from central banks and governments will help alleviate economic pain.

Although the number of daily new cases may rise again as economies re-open, we are seeing a number of positive developments that may help prevent infection and mortality rates from rising back to its peak in March/April for many countries. The general public is much more careful now by wearing masks in public areas and maintaining hygiene as they adapt to a new normal. Thus, behavioural changes within society can help to stem the spread of infection.

The supply of masks and PPEs are also much higher today than a few months ago as manufacturers increase production to meet demand. Hospitals and medical facilities are also much more prepared after increasing ICU beds and ventilators. Governments have also ramped-up contact tracing capabilities that will help in the process of reopening economies. The research and development process to find a cure is also gathering pace with a number of vaccines already in Phase 3 trials. With a better medical arsenal to combat against the pandemic, expectations are that the second wave will not result in higher mortality rates unlike past pandemics.

We also saw mortality rates remain under control with a better medical arsenal to combat against the pandemic. Medical front-liners and hospitals are more prepared now in treating patients diagnosed with the virus. There are also positive signs which show that re-purposed drugs such as Remdesivir and Dexamethasone are effective in treating COVID-19.

On the other hand, tensions between the two global powerhouse is expected to continue ahead of the US Presidential Elections in November as Trump has taken a more aggressive foreign policy stance to shore up political support and boost his approval ratings. Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

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 TO THE UNITHOLDERS OF AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

We have also ensured the following:

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

During this financial period, a distribution of 4.6350 sen per unit (net) has been distributed to unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

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

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
17 September 2020

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 2020

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 2020

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AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

		6 months financial period ended 31.7.2020 RM	Financial period from 26.2.2019 (date of launch) to 31.7.2019 RM
	<u>Note</u>		
INVESTMENT INCOME			
Interest income from financial assets at fair value through profit or loss		3,762,393	2,538,865
Interest income from financial assets at amortised cost		19,826	458,662
Net loss on forward foreign currency contracts at fair value through profit or loss		(4,095,074)	(355,322)
Net loss on foreign currency exchange		(80,428)	(678,649)
Net gain on financial assets at fair value through profit or loss	8	4,787,006	3,301,537
Exit fee income		12,989	12,771
		<u>4,406,712</u>	<u>5,277,864</u>
EXPENSES			
Trustee fee	5	(31,204)	(25,762)
Auditors' remuneration		(3,956)	(3,539)
Tax agent's fee		(1,732)	(1,549)
Other expenses		(21,359)	(16,794)
		<u>(58,252)</u>	<u>(47,644)</u>
NET PROFIT BEFORE TAXATION		4,348,461	5,230,220
Taxation	6	(2,988)	(2,950)
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>4,345,473</u>	<u>5,227,270</u>
Net profit after taxation is made up of the following:			
Realised amount		7,036,362	2,760,423
Unrealised amount		(2,690,889)	2,466,847
		<u>4,345,473</u>	<u>5,227,270</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	9	5,306,707	1,653,957
Financial assets at fair value through profit or loss	8	156,879,039	155,948,778
Forward foreign currency contracts at fair value through profit or loss	10	32,031	661,541
Exit fee income receivable			301
Tax recoverable		11,928	-
TOTAL ASSETS		<u>162,229,705</u>	<u>158,264,577</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	10	2,730,053	1,016,863
Amount due to Manager			
- cancellation of units		-	10,341
Amount due to Trustee		5,386	5,324
Auditors' remuneration		3,956	3,539
Tax agent's fee		5,232	1,549
Other payables and accruals		3,808	1,052
Tax provision		-	2,950
TOTAL LIABILITIES		<u>2,748,435</u>	<u>1,041,618</u>
NET ASSET VALUE OF THE FUND		<u>159,481,270</u>	<u>157,222,959</u>
EQUITY			
Unitholders' capital		150,506,751	151,995,689
Retained earnings		8,974,519	5,227,270
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>159,481,270</u>	<u>157,222,959</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>150,575,000</u>	<u>152,006,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0591</u>	<u>1.0343</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 February 2020	151,119,272	11,632,531	162,751,803
Total comprehensive income for the financial period	-	4,345,473	4,345,473
Distribution (Note 7)	-	(7,003,485)	(7,003,485)
Movement in unitholders' capital:			
Cancellation of units	(612,521)	-	(612,521)
Balance as at 31 July 2020	<u>150,506,751</u>	<u>8,974,519</u>	<u>159,481,270</u>
Balance as at 26 February 2019 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	5,227,270	5,227,270
Movement in unitholders' capital:			
Creation of units arising from applications	152,421,000	-	152,421,000
Cancellation of units	(425,311)	-	(425,311)
Balance as at 31 July 2019	<u>151,995,689</u>	<u>5,227,270</u>	<u>157,222,959</u>

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

		6 months financial period ended 31.7.2020 RM	Financial period from 26.2.2019 (date of launch) to 31.7.2019 RM
	<u>Note</u>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		54,737,402	33,203,389
Purchase of investments		(53,693,900)	(184,033,333)
Interest received		4,270,900	987,986
Exit fee income received		13,930	12,470
Trustee fee paid		(31,332)	(20,438)
Payment for other fees and expenses		(28,276)	(15,742)
Realised loss on forward foreign currency contract		(52,032)	-
Net gain/(loss) on realised foreign currency exchange		1,225,232	(549,321)
Net cash generated from/(used in) operating activities		6,441,924	(150,414,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		-	152,421,000
Payment for cancellation of units		(643,760)	(414,970)
Payment for distribution		(7,003,485)	-
Net cash (used in)/generated from financing activities		(7,647,245)	152,006,030
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,205,321)	1,591,041
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(157,464)	62,916
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/ DATE OF LAUNCH		6,669,492	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	5,306,707	1,653,957

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 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 2022) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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

B INCOME RECOGNITION

Interest Income

Interest income from short term deposit 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).

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

B INCOME RECOGNITION (CONTINUED)

Realised gains and losses on sale of investments

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

Exit fee income

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

C DISTRIBUTION

A distribution to the Fund's 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.

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 foreign 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 ("RM"), which is the Fund's functional and presentation currency.

F FOREIGN CURRENCY TRANSLATION

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 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 contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

(ii) Recognition and measurement

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

Financial liabilities, within the scope of MFRS 9, is 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.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of currency transaction 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 period which they arise.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

The debtor meets 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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

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 impairment gains. There are no write-offs/recoveries during the financial period.

H CASH AND CASH EQUIVALENTS

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

I DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 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 period 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 FLEXIBLE MATURITY INCOME FUND 11

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

1 INFORMATION ON THE FUND

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

The Fund commenced operations on 4 March 2019 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed or on maturity date of the Fund which falls on the third anniversary of the investment date or such earlier date in accordance with the provisions of the Deed or subject to the early maturity feature.

The Fund may invest in any of the following investments:

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

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

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

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

The financial statements were authorised for issue by the Manager on 17 September 2020.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Unquoted fixed income securities	8	-	156,879,039	156,879,039
Cash and cash equivalents	9	5,306,707	-	5,306,707
Forward foreign currency contracts	10	-	32,031	32,031
Tax recoverable		11,928	-	11,928
Total		<u>5,318,635</u>	<u>156,911,070</u>	<u>162,229,705</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	10	-	2,730,053	2,730,053
Amount due to Trustee		5,386	-	5,386
Auditor's remuneration		3,956	-	3,956
Tax Agent's fee		5,232	-	5,232
Other payable and accruals		3,808	-	3,808
Total		<u>18,382</u>	<u>2,730,053</u>	<u>2,748,435</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial assets</u>				
Unquoted fixed income securities	8	-	155,948,778	155,948,778
Cash and cash equivalents	9	1,653,957	-	1,653,957
Forward foreign currency contracts	10	-	661,541	661,541
Exit fee income receivable		301	-	301
Total		<u>1,654,258</u>	<u>156,610,319</u>	<u>158,264,577</u>
<u>Financial liabilities</u>				
Forward foreign currency contracts	10	-	1,016,863	1,016,863
Amount due to Manager				
- cancellation of units		10,341	-	10,341
Amount due to Trustee		5,324	-	5,324
Auditor's remuneration		3,539	-	3,539
Tax Agent's fee		1,549	-	1,549
Other payable and accruals		1,052	-	1,052
Tax provision		2,950	-	2,950
Total		<u>24,755</u>	<u>1,016,863</u>	<u>1,041,618</u>

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

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
Unquoted Investment		
Unquoted fixed income securities	156,879,039	155,948,778

* Include interest receivable of RM2,312,975 (2019: RM 2,097,766)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 7.5% (2019: 5%) and decreased by 7.5% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2020</u>		
-7.5%	142,973,609	(11,592,455)
0%	154,566,064	-
+7.5%	166,158,519	11,592,455
<u>2019</u>		
-5%	146,158,461	(7,692,551)
0%	153,851,012	-
+5%	161,543,563	7,692,551

AFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Market risk (continued)

(b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's profit after taxation and net asset value to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) (2019: 1%; 100 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/ NAV</u>	
	<u>2020</u>	<u>2019</u>
	RM	RM
+ 2% (2019: + 1%)	(202,338)	(179,507)
- 2% (2019: - 1%)	203,168	179,838

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Market risk (continued)

(c) Currency risk

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

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

	Forward foreign currency contracts RM	Unquoted fixed income securities RM	Cash and cash equivalents RM	Total RM
<u>2020</u>				
<u>Financial assets</u>				
Euro	-	10,655,930	20,485	10,676,415
Singapore Dollar	32,031	20,141,062	490,366	20,663,459
United States Dollar	-	99,951,868	1,384,250	101,336,118
	<u>32,031</u>	<u>130,748,860</u>	<u>1,895,101</u>	<u>132,675,992</u>
			Forward foreign currency contracts RM	Total RM
<u>Financial liabilities</u>				
Euro			92,879	92,879
Singapore Dollar			44,945	44,945
United States Dollar			2,592,229	2,592,229
			<u>2,730,053</u>	<u>2,730,053</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Market risk (continued)

- (a) Currency risk (continued)
(b)

	Forward foreign currency contracts RM	Unquoted fixed income securities RM	Cash and cash equivalents RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial assets</u>				
Australian Dollar	7,568	577,074	11,386	596,028
Euro	201,621	10,753,508	184,964	11,140,093
Singapore Dollar	226,926	21,043,641	788,454	22,059,021
United States Dollar	225,426	98,551,989	535,344	99,312,759
	<u>661,541</u>	<u>130,926,212</u>	<u>1,520,148</u>	<u>133,107,901</u>
			Forward foreign currency contracts RM	<u>Total</u> RM
<u>Financial liabilities</u>				
United States Dollar			<u>1,016,863</u>	<u>1,016,863</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 10% (2019: 5%), with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by approximately 10% (2019: 5%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/NAV RM
<u>2020</u>		
Euro	+/-10	1,058,354
Singapore Dollar	+/-10	2,061,851
United States Dollar	+/-10	9,874,389
<u>2019</u>		
Australian Dollar	+/-5	29,801
Euro	+/-5	557,005
Singapore Dollar	+/-5	1,102,951
United States Dollar	+/-5	4,914,795

Credit risk

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

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

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Credit risk (continued)

	Unquoted fixed income securities RM	Forward foreign currency contracts RM	Cash and cash equivalents RM	Total RM
<u>2020</u>				
Basic materials				
- Baa1	2,169,229		-	-2,169,229
- BBB+	3,469,194	-	-	3,469,194
Consumer goods				
- A1	2,537,747	-	-	2,537,747
Consumer services				
- BBB+	1,554,243	-	-	1,554,243
Financial services				
- AAA	-	-	1,934,984	1,934,984
- AA1	-	-	3,371,723	3,371,723
- AA2	-	32,031	-	32,031
- Baa1	12,547,448	-	-	12,547,448
- Baa2	8,517,279	-	-	8,517,279
- Baa3	17,177,852	-	-	17,177,852
- BBB+	6,616,718	-	-	6,616,718
- BBB-	27,393,810	-	-	27,393,810
- B1	17,422,174	-	-	17,422,174
- BB-	5,051,025	-	-	5,051,025
- Ba2	5,867,180	-	-	5,867,180
- A1	1,031,068	-	-	1,031,068
- NR	17,098,291	-	-	17,098,291
Industrials				
- AA-	7,224,781	-	-	7,224,781
- BBB-	5,401,599	-	-	5,401,599
- NR	15,799,401	-	-	15,799,401
	<u>156,879,039</u>	<u>32,031</u>	<u>5,306,707</u>	<u>162,217,777</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Credit risk (continued)

	Unquoted fixed income securities RM	Forward foreign currency contracts RM	Cash and cash equivalents RM	Exit fee income receivable RM	Total RM
<u>2019</u>					
Basic materials					
- Baa1	2,069,241	-	-	-	2,069,241
- BBB+	3,310,244	-	-	-	3,310,244
Consumer goods					
- A1	2,527,812	-	-	-	2,527,812
Consumer services					
- BBB+	1,510,025	-	-	-	1,510,025
Financial services					
- AAA	-	225,176	1,653,957	-	1,879,133
- AA2	-	299,838	-	-	299,838
- AA3	-	82,484	-	-	82,484
- A1	1,036,478	-	-	-	1,036,478
- A3	4,141,725	-	-	-	4,141,725
- B1	14,279,886	-	-	-	14,279,886
- Ba1	577,074	-	-	-	577,074
- Ba2	8,794,760	-	-	-	8,794,760
- Ba3	1,801,321	-	-	-	1,801,321
- Baa1	9,193,520	-	-	-	9,193,520
- Baa2	4,343,560	-	-	-	4,343,560
- Baa3	26,404,492	-	-	-	26,404,492
- BB-	4,841,769	-	-	-	4,841,769
- BBB-	16,261,836	-	-	-	16,261,836
- BBB+	2,904,087	-	-	-	2,904,087
- NR	16,203,768	-	-	-	16,203,768
Industrials					
- A-	826,039	-	-	-	826,039
- A1	7,548,888	-	-	-	7,548,888
- AA-	2,548,286	-	-	-	2,548,286
- BBB-	5,176,948	-	-	-	5,176,948
- NR	14,701,483	-	-	-	14,701,483
Utilities					
- Baa2	4,945,536	-	-	-	4,945,536
Other					
- NR	-	54,043	-	301	54,344
	<u>155,948,778</u>	<u>661,541</u>	<u>1,653,957</u>	<u>301</u>	<u>158,264,577</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Liquidity risk

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

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

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2020</u>			
Amount due to Trustee	5,386	-	5,386
Auditors' remuneration	-	3,956	3,956
Tax agent's fee	-	5,232	5,232
Other payables and accruals	-	3,808	3,808
Forward foreign currency contracts at fair value through profit or loss	25,424	2,704,629	2,730,053
	<u>30,810</u>	<u>2,717,625</u>	<u>2,748,435</u>

2019

Amount due to Manager			
- cancellation of units	10,341	-	10,341
Amount due to Trustee	5,324	-	5,324
Auditors' remuneration	-	3,539	3,539
Tax agent's fee	-	1,549	1,549
Other payables and accruals	-	1,052	1,052
Tax provision	-	2,950	2,950
Forward foreign currency contracts at fair value through profit or loss	-	1,016,863	1,016,863
	<u>15,665</u>	<u>1,025,953</u>	<u>1,041,618</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active 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 take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

3 FAIR VALUE ESTIMATION

(ii) 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				
- unquoted fixed income securities	-	156,879,039	-	156,879,039
- forward foreign currency contracts	-	32,031	-	32,031
	<u>-</u>	<u>156,911,070</u>	<u>-</u>	<u>156,911,070</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	2,730,053	-	2,730,053

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	155,948,778	-	155,948,778
- forward foreign currency contracts	-	661,541	-	661,541
	<u>-</u>	<u>156,610,319</u>	<u>-</u>	<u>156,610,319</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	1,016,863	-	1,016,863

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

- (ii) The carrying values of cash and cash equivalents and all current liabilities, except for forward foreign currency contracts 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 not exceeding 3.00% per annum on the NAV of the Fund calculated on a daily basis.

The Manager does not intend to impose any management fee in respect of this Fund.

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

5 TRUSTEE FEE

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

For the financial period Ended 31 July 2020, the Trustee fee is recognised at a rate of 0.04% (2019: 0.04%) per annum on the NAV of the Fund, exclusive of foreign custodian fees, calculated on a daily basis as stated in the Fund's Prospectus.

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

6 TAXATION

	6 months financial period ended <u>31.7.2020</u> RM	Financial period from 26.2.2019 (date of launch) to <u>31.7.2019</u> RM
Current taxation – local	<u>2,988</u>	<u>2,950</u>

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

	6 months financial period ended <u>31.7.2020</u> RM	Financial period from 26.2.2019 (date of launch) to <u>31.7.2019</u> RM
Net profit before taxation	<u>4,348,461</u>	<u>5,230,220</u>
Tax at Malaysian statutory rate of 24% (2019: 24%)	1,043,631	1,255,253
Tax effects of:		
Investment income not subject to tax	(1,054,493)	(1,263,621)
Expenses not deductible for tax purposes	12,675	10,267
Restriction on tax deductible expenses for Unit Trust Funds	1,175	1,051
Tax expense	<u>2,988</u>	<u>2,950</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

7 DISTRIBUTION

	6 months financial period ended <u>31.7.2020</u> RM	Financial period from 26.2.2019 (date of launch) to <u>31.7.2019</u> RM
Distributions to unitholders are from the following sources:		
Net realised gain on sale of investment	502,510	-
Previous year's realised income	6,500,975	-
Net distribution amount	<u>7,003,485</u>	<u>-</u>
Gross/net distribution per unit (sen)	<u>4.635</u>	<u>-</u>
Ex date	<u>09.03.2020</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 RM6,500,975 (2019: RM Nil) made from previous year's realised income.

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:		
- unquoted fixed income securities - local	26,130,179	25,022,566
- unquoted fixed income securities – foreign	130,748,860	130,926,212
	<u>156,879,039</u>	<u>155,948,778</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	2,623,680	458,575
- unrealised gain on changes in fair value	2,163,326	2,842,962
	<u>4,787,006</u>	<u>3,301,537</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 July 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
5.80% CIMB Group Holdings Bhd Call: 25.05.2021 (A1)	1,000,000	1,035,238	1,031,068	0.65
6.5% Eco World Capital Assets Bhd 12.08.2022 (NR)	7,000,000	7,396,359	7,504,461	4.71
6.9% Mah Sing Group Bhd Call: 04.04.2022 (NR)	7,400,000	7,771,330	7,832,122	4.91
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	2,500,000	2,546,630	2,537,747	1.59
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	7,000,000	7,183,128	7,224,781	4.53
 Total unquoted fixed income securities – local	 <u>24,900,000</u>	 <u>25,932,685</u>	 <u>26,130,179</u>	 <u>16.39</u>
 Accumulated unrealised gain on unquoted fixed income securities – local		 <u>197,494</u>		
 Total unquoted fixed income securities – local		 <u>26,130,179</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

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

(ii) Unquoted fixed income securities – local as at 31 July 2019 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
5.80% CIMB Group Holdings Bhd 25.05.2021 (A1)	1,000,000	1,035,250	1,036,478	0.66
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	3,500,000	3,647,248	3,656,407	2.33
4.80% Lafarge Cement Sdn Bhd 13.01.2020 (A1)	2,500,000	2,503,352	2,510,039	1.60
5.06% Lafarge Cement Sdn Bhd 08.07.2022 (A1)	5,000,000	5,022,934	5,038,849	3.20
6.90% Mah Sing Group Bhd 04.04.2022 (NR)	7,400,000	7,699,585	7,704,695	4.90
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	2,500,000	2,465,870	2,527,812	1.61
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	2,500,000	2,543,933	2,548,286	1.62
Total unquoted fixed income securities – local	<u>24,400,000</u>	<u>24,918,172</u>	<u>25,022,566</u>	<u>15.92</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>104,394</u>		
Total unquoted fixed income securities – local		<u>25,022,566</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

(b) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 July 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds (continued)</u>				
4.625% Argentum Netherlands BV Swiss Call: 15.08.2022 (BBB+)	1,483,125	1,480,922	1,554,243	0.97
7.25% Asahi Mutual Life Insurance Co Call: 24.01.2022 (BBB-)	1,695,000	1,781,492	1,800,445	1.13
6% Banco Bilbao Vizcaya Arg SA Call: 29.03.2024 (Ba2)	1,992,160	1,856,516	1,971,204	1.24
3.625% Bank of Communications Co Ltd Call: 03.10.2021 (BBB+)	6,474,520	6,447,094	6,616,718	4.15
4.25% Chalco HK Investment Co Ltd Call: 07.11.2021 (BBB+)	3,390,000	3,321,319	3,469,194	2.18
3.75% China Minmetals Corp Call: 13.11.2022 (Baa1)	2,118,750	2,045,831	2,169,229	1.36
4.875% China Overseas Grand Ocean Fin 01.06.2021 (Baa2)	1,271,250	1,275,407	1,307,767	0.82
5.5% CIFI Holdings Group Co Ltd Call: 02.09.2020 (BB-)	2,118,750	2,069,767	2,147,824	1.35
6.55% CIFI Holdings Group Co Ltd Call: 28.03.2022 (BB-)	1,271,250	1,259,372	1,353,982	0.85
4.85% Ciputra Development Tbk PT 20.09.2021 (BB-)	1,541,350	1,527,301	1,549,219	0.97
6.625% Cooperatieve Rabobank UA Call: 29.06.2021 (Baa3)	1,992,160	1,909,886	2,068,008	1.30
7.125% Country Garden Holdings Co Ltd Call: 27.09.2020 (BBB-)	8,475,000	8,895,080	9,060,129	5.68
4.25% Dah Sing Bank Ltd Call: 30.11.2021 (Baa1)	6,780,000	6,820,295	6,935,271	4.35
4% Franshion Brilliant Ltd Call: 03.01.2023 (Baa3)	3,390,000	3,195,396	3,406,988	2.14
4.5% Huarong Finance 2017 Co Call: 24.01.2022 (Baa1)	5,508,750	5,424,906	5,612,177	3.52
5.75% Julius Baer Group Ltd Call: 20.04.2022 (Baa3)	2,312,025	2,045,469	2,367,343	1.48
5.90% Julius Baer Group Ltd Call: 18.11.2020 (Baa3)	1,541,350	1,567,499	1,536,145	0.96
3.75% Landesbank Baden- Wuerttemberg Call: 18.05.2022 (Baa2)	3,082,700	3,033,054	2,993,011	1.88
2.125% Metropolitan Bank & Trust Co 15.01.2026 (Baa2)	4,237,500	4,237,989	4,216,501	2.64
5.625% Phoenix Group Holdings PLC Call: 29.01.2025 (BBB-)	2,542,500	2,527,413	2,557,103	1.60
5.6% Shimao Group Holdings Ltd Call: 15.07.2023 (BBB-)	1,695,000	1,659,619	1,811,428	1.14

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

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

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

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds (continued)</u>				
6.125% Shimao Group Holdings Ltd Call: 21.02.2022 (BBB-)	2,118,750	2,142,655	2,307,366	1.45
6.375% Shimao Group Holdings Ltd Call: 15.10.2020 (Baa3)	9,322,500	9,522,214	9,857,339	6.18
4.30% Societe Generale SA Call: 19.05.2021 (Baa3)	7,706,750	7,792,411	7,799,368	4.89
6.125% Societe Generale SA Call: 16.04.2024 (Ba2)	3,853,375	3,851,064	3,895,976	2.45
7.625% Times China Holdings Ltd Call: 21.02.2021 (B1)	7,203,750	7,411,235	7,669,752	4.81
3.75% Weichai Int HK Energy Grp Co Call: 14.09.2022 (BBB-)	5,296,875	5,363,769	5,401,599	3.39
7.85% Yinso Juniper Ltd Call: 05.10.2022 (NR)	5,932,500	5,930,032	6,464,612	4.04
8.1% Yinso Juniper Ltd Call: 29.03.2024 (NR)	8,475,000	8,359,639	9,334,789	5.85
7.9% Yuzhou Properties Co Ltd Call: 02.09.2020 (NR)	1,695,000	1,724,123	1,761,708	1.10
8.625% Yuzhou Properties Co Ltd 23.01.2022 (B1)	9,322,500	9,163,178	9,752,422	6.12
Total unquoted fixed income securities – foreign	<u>125,840,140</u>	<u>125,641,947</u>	<u>130,748,860</u>	<u>81.98</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		<u>5,106,913</u>		
Total unquoted fixed income securities – foreign		<u>130,748,860</u>		

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

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

(ii) Unquoted fixed income securities – foreign as at 31 July 2019 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
4.625% Argentum Netherlands BV Swiss 29.12.2049 (BBB+)	1,444,100	1,478,533	1,510,025	0.96
5.75% AusNet Services Hldgs Pty Ltd 17.09.2021(Baa2)	4,621,120	4,814,995	4,945,536	3.15
5.875% Banco Bilbao Vizcaya Arg SA 24.09.2023 (Ba2)	920,280	914,682	966,110	0.61
6.00% Banco Bilbao Vizcaya Arg SA 29.03.2024 (Ba2)	1,840,560	1,854,215	1,953,166	1.24
3.625% Bank of Communications Co Ltd 03.10.2021(BBB+)	2,760,840	2,889,639	2,904,087	1.85
4.50% BNP Paribas SA 10.01.2025 (Ba1)	569,280	581,635	577,074	0.37
4.25% Chalco HK Investment Co Ltd 07.11.2021 (BBB+)	3,300,800	3,319,602	3,310,244	2.11
8.125% Champion Sincerity Hldgs Ld 08.02.2022 (Ba3)	1,650,400	1,754,961	1,801,321	1.15
4.625% China CITIC Bank International 28.02.2024 (Baa3)	1,650,400	1,710,293	1,745,226	1.11
4.00% China Life Insurance Co. Ltd 03.07.2020 (A3)	4,126,000	3,862,429	4,141,725	2.63
3.75% China Minmetals Corp 13.11.2022 (Baa1)	2,063,000	2,044,365	2,069,241	1.32
4.875% China Overseas Grand Ocean Fin 01.06.2021 (Baa2)	1,237,800	1,293,819	1,280,906	0.81
3.876% Chong Hing Bank Ltd 2 6.07.2022 (BBB-)	4,126,000	3,977,381	4,117,906	2.62
5.70% Chong Hing Bank Ltd 15.07.2024 (Ba2)	1,031,500	1,037,238	1,052,164	0.67
5.50% CIFI Holdings Group Co Ltd 23.01.2020 (BB-)	2,063,000	2,056,352	2,057,682	1.31
6.55% CIFI Holdings Group Co Ltd 28.03.2022 (BB-)	1,237,800	1,255,845	1,247,182	0.79
4.85% Ciputra Development Tbk PT 20.09.2021 (BB-)	1,507,500	1,520,312	1,536,905	0.98
4.875% Commerzbank AG 01.03.2022 (BBB-)	753,750	795,109	791,087	0.50
7.00% Commerzbank AG 09.04.2025 (Ba2)	825,200	831,030	855,714	0.54
5.50% Cooperatieve Rabobank UA 29.06.2020 (Baa3)	2,760,840	2,912,845	2,887,173	1.84
6.625% Cooperatieve Rabobank UA 29.06.2021 (Baa3)	1,840,560	1,987,160	2,042,972	1.30

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

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

(ii) Unquoted fixed income securities – foreign as at 31 July 2019 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u> (continued)				
4.25% Dah Sing Bank Ltd 30.11.2021 (Baa1)	2,475,600	2,561,267	2,529,819	1.61
3.00% Dianjian Haiyu Ltd 20.06.2022 (A-)	825,200	833,847	826,039	0.53
4.35% Far East Horizon Ltd 14.06.2022 (NR)	4,951,200	4,620,311	4,842,666	3.08
4.00% Franshion Brilliant Ltd 03.01.2023 (Baa3)	3,300,800	3,193,130	3,245,713	2.06
6.875% HSBC Hldgs PLC 01.06.2021 (Baa3)	4,538,600	4,717,864	4,798,019	3.05
4.50% Huarong Finance Co 24.01.2022 (Baa1)	5,363,800	5,425,045	5,407,112	3.44
5.75% Julius Baer Group Ltd 20.04.2022 (Baa3)	2,261,250	2,045,559	2,379,572	1.51
5.90% Julius Baer Group Ltd 18.11.2020 (Baa3)	1,507,500	1,567,537	1,566,931	1.00
3.75% Landesbank Baden- Wuerttemberg 18.05.2022 (Baa2)	3,015,000	3,032,532	3,062,654	1.95
5.60% Shimao Property Hldgs Ltd 15.07.2023 (BBB-)	1,650,400	1,659,508	1,665,401	1.06
6.125% Shimao Property Hldgs Ltd 21.02.2022 (BBB-)	2,063,000	2,149,041	2,230,149	1.42
6.375% Shimao Property Hldgs 15.10.2020 (BBB-)	7,014,200	7,459,411	7,457,293	4.74
4.30% Societe Generale SA 19.05.2021 (Baa3)	7,537,500	7,808,769	7,738,886	4.92
6.125% Societe Generale SA 16.04.2024 (Baa2)	3,768,750	3,849,202	3,967,606	2.52
7.625% Times China Hldgs Ltd 21.02.2021 (B1)	5,776,400	6,140,557	6,149,491	3.91
6.25% Times Property Hldgs Ltd 23.01.2020 (B1)	2,475,600	2,463,204	2,491,911	1.58
3.875% United Overseas Bank Ltd 19.10.2023 (Baa1)	1,237,800	1,211,045	1,256,589	0.80
3.75% Weichai Int HK Energy Grp Co 14.09.2022 (BBB-)	5,157,500	4,727,639	5,176,948	3.29
7.85% Yinson Juniper Ltd 05.10.2022 (NR)	5,776,400	5,925,999	6,016,666	3.83
8.10% Yinson Juniper Ltd 29.03.2024 (NR)	8,252,000	8,353,517	8,684,817	5.52

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

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

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

(iii) Unquoted fixed income securities – foreign as at 31 July 2019 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds (continued)</u>				
8.50% Yuzhou Properties Co Ltd 26.02.2022 (B1)	1,650,400	1,720,731	1,742,323	1.11
8.625% Yuzhou Properties Co Ltd 23.01.2022 (B1)	3,713,400	3,829,489	3,896,161	2.48
Total unquoted fixed income securities – foreign	<u>126,643,030</u>	<u>128,187,644</u>	<u>130,926,212</u>	<u>83.27</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		<u>2,738,568</u>		
Total unquoted fixed income securities – foreign		<u>130,926,212</u>		

9 CASH AND CASH EQUIVALENTS

	<u>2020 RM</u>	<u>2019 RM</u>
Cash and bank balances	1,934,984	1,553,891
Deposit with a licensed financial institution	3,371,723	100,066
	<u>5,306,707</u>	<u>1,653,957</u>

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

	<u>2020 %</u>	<u>2019 %</u>
Deposit with a licensed financial institution	<u>2.11</u>	<u>3.00</u>

The deposit with a licensed financial institution has an average maturity of 3 day (2019: 1 day).

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 36 (2019: 41) forward currency contracts outstanding. The notional principal amount of the outstanding forward currency contracts amounted to RM124,413,347 (2019: RM131,342,238.00). The forward currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Australian Dollar, Euro, Singapore Dollar and United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

11 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the date of launch	151,168,000	-
Creation of units during the financial period	-	152,421,000
Cancellation of units during the financial period	(593,000)	(415,000)
At the end of the financial period	<u>150,575,000</u>	<u>152,006,000</u>

12 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the financial period ended 31 July 2020 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
RHB Investment Bank Bhd#	45,958,184	45.33
Nomura Singapore Ltd#	25,058,989	24.72
Citigroup Global Markets	10,491,373	10.35
Barclays Bank PLC	9,147,539	9.02
Bank of America Merrill Lynch	6,653,401	6.56
Morgan Stanley Asia Ltd	1,752,066	1.73
Haitong International Securities Company Ltd	1,319,294	1.30
BNP Paribas Securities	1,004,747	0.99
	<u>101,385,593</u>	<u>100.00</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

12 TRANSACTIONS WITH DEALERS (CONTINUED)

- (i) Details of transactions with the top 10 dealers for the financial period from 26.2.2019 (date of launch) to 31 July 2019 are as follows:

<u>Name of dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
Nomura Singapore Ltd#	35,899,922	17.73
RHB Investment Bank Bhd#	27,092,846	13.38
HSBC Banking Corporation Ltd	20,163,987	9.96
Affin Hwang Investment Bank Bhd*#	17,444,925	8.62
Barclays Bank PLC	13,438,166	6.64
DBS Bank Ltd	11,732,806	5.80
Citigroup Global Markets	10,919,234	5.39
Standard Chartered Bank	10,351,814	5.11
Morgan Stanley and Co International PLC	8,826,738	4.36
Standard Chartered Bank Malaysia Bhd	8,127,000	4.01
Others#	38,458,315	19.00
	<u>202,455,753</u>	<u>100.00</u>

* Included in the transactions with brokers and dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM Nil (2019: RM17,444,925). The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.

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

<u>Name of dealers</u>	<u>2020 RM</u>	<u>2019 RM</u>
Affin Hwang Investment Bank Bhd	-	17,444,925
Nomura Singapore Ltd	23,304,438	16,493,492
RHB Investment Bank Bhd	45,958,184	27,092,846
	<u>69,262,622</u>	<u>61,031,263</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

12 TRANSACTIONS WITH DEALERS (CONTINUED)

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

	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Flexible Maturity Income Fund IV	-	33,654,148
Affin Hwang Multi-Asset Fund 2	-	4,945,500
Affin Hwang Select Income Fund	-	7,760,772
Affin Hwang Flexible Maturity Income Fund 6	-	2,850,941
Affin Hwang Flexible Maturity Income Fund 9	3,525,008	-
Affin Hwang Flexible Maturity Income Fund V	-	2,023,460
Affin Hwang Select Bond Fund	65,737,614	4,016,951
Affin Hwang Flexi Fund II	-	4,128,208
Private mandates	-	1,651,283
	<u>69,262,622</u>	<u>61,031,263</u>

13 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
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager as disclosed in its financial statements

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

	<u>2020</u> No. of units	<u>2020</u> RM	<u>2019</u> No. of units	<u>2019</u> RM
<u>The Provider:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>3,074</u>	<u>3,256</u>	<u>2,278</u>	<u>2,356</u>

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

14 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended <u>31.7.2020</u> %	Financial period from 26.2.2019 (date of launch) to <u>31.7.2019</u> %
MER	0.04	0.03

MER is derived from the following calculation:

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

A	=	Trustee fee
B	=	Auditors' remuneration
C	=	Tax agent's fee
D	=	Other expenses, excluding withholding tax
E	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM156,905,852 (2019: RM150,689,925).

15 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended <u>31.7.2020</u>	Financial period from 26.2.2019 (date of launch) to <u>31.7.2019</u>
PTR (times)	0.34	0.72

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM53,693,900 (2019: RM184,033,333)
total disposal for the financial period = RM53,261,918 (2019: RM32,937,058)

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

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

17 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 fair value of the Fund's investments at fair value through profit or loss.

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

AFFIN HWANG FLEXIBLE MATURITY INCOME FUND 11

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 38 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 July 2020 and of its financial performance, changes in equity and cash flows for the 6 months financial period ended 31 July 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
17 September 2020

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