

Affin Hwang Equity Fund

Annual Report
30 April 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
Maybank Trustees Berhad (5004-P)

AFFIN HWANG EQUITY FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 30 April 2020

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FUND INFORMATION

Fund Name	Affin Hwang Equity Fund
Fund Type	Income & Growth
Fund Category	Equity
Investment Objective	To reward the Unit Holders with a reasonable rate of return on income and to realise capital growth
Benchmark	FTSE Bursa Malaysia KLCI
Distribution Policy	Distribution (if any) will be subject to the availability of income

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 APRIL 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	18,885	18,151
5,001 to 10,000	1,699	11,990
10,001 to 50,000	398	6,723
50,001 to 500,000	44	5,499
500,001 and above	1	52,546
Total	21,027	94,909

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As At 30 Apr 2020 (%)	As At 30 Apr 2019 (%)	As At 30 Apr 2018 (%)
Portfolio Composition			
Quoted equities – local			
- Construction	0.59	2.64	5.30
- Consumer products & services	7.68	13.30	6.89
- Energy	4.73	6.22	-
- Financial services	9.29	19.78	25.96
- Healthcare	7.89	1.62	-
- Industrial product & services	10.28	16.69	11.71
- Infrastructure project companies	-	-	-
- Plantation	-	2.12	2.03
- Properties	-	4.22	4.88
- REITs	6.14	6.68	2.66
- Technology	10.31	7.72	0.86
- Telecommunication & media	9.35	7.46	-
- Utilities	5.92	2.04	-
- Trading and services	-	-	27.97
- Warrant	-	0.10	0.06
Total Quoted equities – local	72.18	90.59	88.32
Cash	27.82	9.41	11.68
Total	100.00	100.00	100.00
Total NAV (RM' million)	44.9054	63.389	77.399
NAV per Unit (RM)	0.4731	0.5305	0.5553
Unit in Circulation (million)	94.9120	119.484	139.393
Highest NAV	0.5533	0.5553	0.5880
Lowest NAV	0.4100	0.5030	0.5254
Return of the Fund (%) ⁱⁱⁱ	-10.82	-4.47	4.79
- Capital Return (%) ⁱ	-10.82	-4.47	4.79
- Income Return (%) ⁱⁱ	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expenses Ratio (%) ¹	1.69	1.65	1.72
Portfolio Turnover Ratio (times) ²	1.21	0.86	0.89

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 Fund's MER was higher than previous year due to lower average NAV of the Fund during the financial year.

²The Fund's PTR was higher than previous year due to higher trading activities for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distributions or unit splits were declared for the financial year ended 30 April 2020.

Performance Review

For the period 1 May 2019 to 30 April 2020, the Fund has registered a -10.82% return as compared to the benchmark return of -14.28%. The Fund thus outperformed the benchmark by 3.46 percentage points. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2020 was RM 0.4731 while the 30 April 2019 was RM0.5305.

Since commencement, the Fund has underperformed the benchmark by 63.74 percentage points with returns of 35.95% compared to the benchmark return of 99.69%. The Fund has declared a total gross income distribution of RM0.6014 per unit to date.

Table 1: Performance of the Fund

	1 Year (1/5/19 - 30/4/20)	3 Years (1/5/17 - 30/4/20)	5 Years (1/5/15 - 30/4/20)	Since Commencement (30/4/93 - 30/4/20)
Fund	(10.82%)	(10.72%)	(0.15%)	35.95%
Benchmark	(14.28%)	(20.38%)	(22.58%)	99.69%
Outperformance / (Underperformance)	3.46%	9.66%	22.43%	(63.74%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/19 - 30/4/20)	3 Years (1/5/17 - 30/4/20)	5 Years (1/5/15 - 30/4/20)	Since Commencement (30/4/93 - 30/4/20)
Fund	(10.82%)	(3.71%)	(0.03%)	1.14%
Benchmark	(14.28%)	(7.31%)	(4.98%)	2.59%
Outperformance / (Underperformance)	3.46%	3.60%	4.95%	(1.45%)

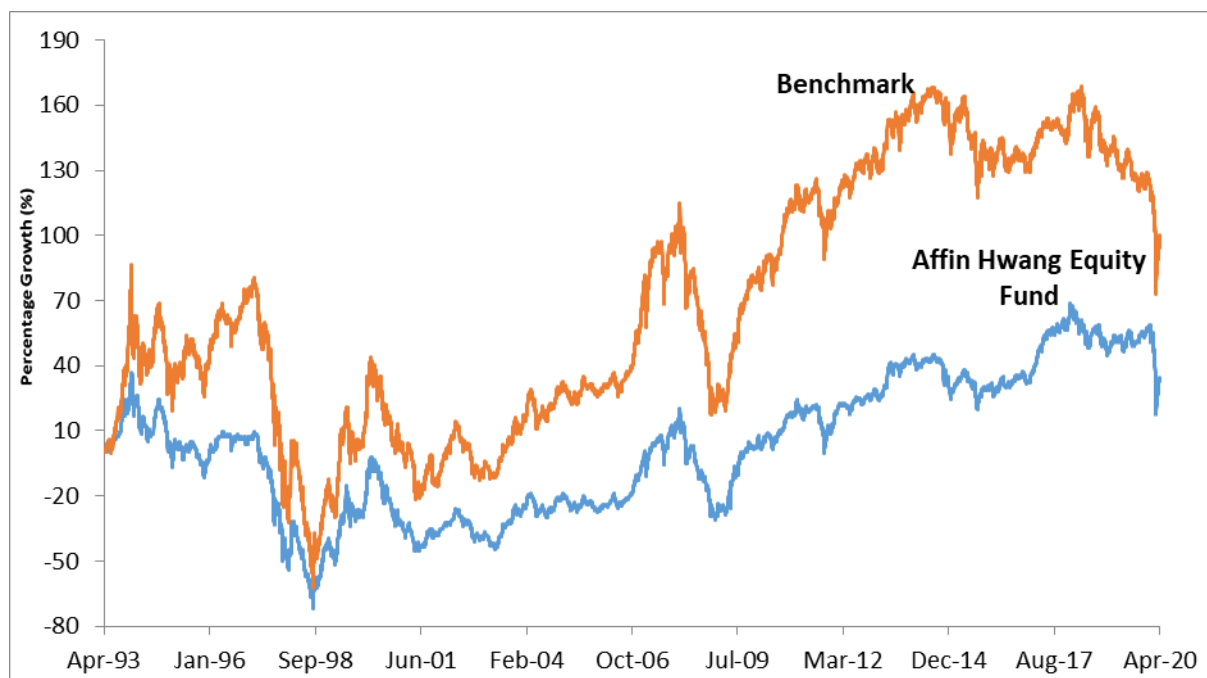
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (01/5/19 - 30/4/20)	FYE 2019 (01/5/18 - 30/4/19)	FYE 2018 (01/5/17 - 30/4/18)	FYE 2017 (01/5/16 - 30/4/17)	FYE 2016 (01/5/15 - 30/4/16)
Fund	(10.82%)	(4.47%)	4.79%	16.31%	(3.84%)
Benchmark	(14.28%)	(12.19%)	5.79%	5.70%	(8.00%)
Outperformance / (Underperformance)	3.46%	7.72%	1.00%	10.61%	4.16%

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: FBMKLCI Index

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

Asset Allocation

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

As at 30 April 2020, the Fund's equity exposure stood at 72.18%, 18.41% higher than last financial year's exposure, while the balance was held in cash and cash equivalent. Cash level was higher as the Manager stay defensive during the volatile period.

Strategies Employed

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

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCI Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

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

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.

There are tentative signs of the coronavirus infection starting to stabilise in US and Europe. Spain reported the fewest number of new coronavirus deaths in the month. Italy which was the first Western democracy to be hit by the virus and has suffered the most deaths of any nation is starting to see signs of the pandemic ebbing. In the US, the pace of infection has slowed with New York which has emerged as the new epicentre of the epidemic appears to have passed the peak with hospitalisation rates falling.

On commodities, crude oil prices slid 8.0% in April as production cuts agreed by OPEC+ disappointed markets. The supply cuts were unlikely to be sufficient to mitigate the sharp collapse in demand which has also seen depleting storage space in the industry. Oil prices are expected to stay weak as supply cuts including those agreed by OPEC+ (9.7 million barrels per day) is unlikely to be sufficient to mitigate the sharp collapse in demand (20 to 35million barrels per day).

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

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

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

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

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

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.

We could see a resurgence of COVID-19 cases as many countries ease or end their lockdown. To prevent a second wave of infection, it is imperative that countries have sufficient testing and thorough contact-tracing capabilities that enable effective targeted quarantine. These capabilities will help limit COVID-19 infections when countries re-open their economy.

On treatment for COVID-19, any rapid drug or vaccine development, if successful will help mitigate COVID-19 infections. Clinical trials have shown the most promise for re-purposed drugs like Remdesivir that has sped up recovery rates during hospitalisation, though it did not significantly improve mortality rates.

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

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT
For the Financial Year Ended 30 April 2020

TO THE UNIT HOLDERS OF AFFIN HWANG EQUITY FUND

We have acted as Trustee for AFFIN HWANG EQUITY FUND ("the Fund) for the financial year ended 30 April 2020. To the best of our knowledge, AFFIN HWANG ASSET MANAGEMENT BERHAD ("the Manager") has managed the Fund in the financial year under review in accordance with the following:

1. Limitations imposed on the investment powers of the Manager under the deeds, the securities laws and Guidelines of Unit Trust Funds;
2. Valuation and pricing of the Fund are carried out in accordance with the deeds and any regulatory requirements; and
3. Creation and cancellation of units are carried out in accordance with the deeds and any regulatory requirement.

For **Maybank Trustees Berhad**
(Company No.: 5004-P)

BERNICE K M LAU
Head, Operations

Kuala Lumpur, Malaysia
19 June 2020

AFFIN HWANG EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

AFFIN HWANG EQUITY FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

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AFFIN HWANG EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
INVESTMENT LOSS			
Dividend income		1,549,671	1,714,760
Interest income from financial assets at amortised cost		235,172	449,595
Net loss on financial assets at fair value through profit or loss	7	(6,629,274)	(4,098,611)
Management fee rebate		12,470	-
		<u>(4,831,961)</u>	<u>(1,934,256)</u>
EXPENSES			
Management fee	4	(872,852)	(1,023,087)
Trustee fee	5	(46,552)	(54,980)
Auditor's remuneration		(7,500)	(7,500)
Tax agent's fee		(6,100)	(6,280)
Transaction costs		(437,654)	(362,009)
Other expenses		(72,177)	(39,261)
		<u>(1,442,835)</u>	<u>(1,493,117)</u>
NET LOSS BEFORE TAXATION		(6,274,796)	(3,427,373)
Taxation	6	-	(15,360)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(6,274,796)</u>	<u>(3,442,733)</u>
Net loss after taxation is made up of the following:			
Realised amount		(2,738,961)	940,904
Unrealised amount		(3,535,835)	(4,383,637)
		<u>(6,274,796)</u>	<u>(3,442,733)</u>

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

AFFIN HWANG EQUITY FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	8	13,091,131	5,352,528
Amount due from brokers		54,106	906,545
Amount due from Manager			
- creation of units		8,858	-
Dividends receivable		85,981	-
Financial assets at fair value through profit or loss	7	32,412,613	57,421,518
Tax recoverable		-	10,950
TOTAL ASSETS		<u>45,652,689</u>	<u>63,691,541</u>
LIABILITIES			
Amount due to Manager			
- management fee		58,116	78,825
- cancellation of units		-	33,869
Amount due to Trustee		3,100	4,204
Amount due to brokers		659,704	165,490
Auditors' remuneration		7,500	7,500
Tax agent's fee		13,700	11,980
Other payables and accruals		5,219	249
TOTAL LIABILITIES		<u>747,339</u>	<u>302,117</u>
NET ASSET VALUE OF THE FUND		<u>44,905,350</u>	<u>63,389,424</u>
EQUITY			
Unitholders' capital		86,201,260	98,410,538
Accumulated losses		(41,295,910)	(35,021,114)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>44,905,350</u>	<u>63,389,424</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>94,912,000</u>	<u>119,484,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4731</u>	<u>0.5305</u>

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

AFFIN HWANG EQUITY FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 May 2019	98,410,538	(35,021,114)	63,389,424
Total comprehensive loss for the financial year	-	(6,274,796)	(6,274,796)
Movement in unitholders' capital:			
Creation of units arising from applications	257,424	-	257,424
Cancellation of units	(12,466,702)	-	(12,466,702)
Balance as at 30 April 2020	<u>86,201,260</u>	<u>(41,295,910)</u>	<u>44,905,350</u>
Balance as at 1 May 2018	108,977,831	(31,578,381)	77,399,450
Total comprehensive loss for the financial year	-	(3,442,733)	(3,442,733)
Movement in unitholders' capital:			
Creation of units arising from applications	3,201	-	3,201
Cancellation of units	(10,570,494)	-	(10,570,494)
Balance as at 30 April 2019	<u>98,410,538</u>	<u>(35,021,114)</u>	<u>63,389,424</u>

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

AFFIN HWANG EQUITY FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		78,414,877	61,462,694
Purchase of investments		(59,126,247)	(55,711,865)
Dividend received		1,474,640	1,699,400
Interest received		235,172	449,595
Rebate of management fee received		12,470	7,796
Management fee paid		(893,561)	(1,047,754)
Trustee fee paid		(47,656)	(55,880)
Payment for other fees and expenses		(79,087)	(57,131)
		<hr/>	<hr/>
Net cash generated from operating activities		19,990,608	6,746,855
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		248,566	3,201
Payments for cancellation of units		(12,500,571)	(10,573,216)
		<hr/>	<hr/>
Net cash used in financing activities		(12,252,005)	(10,570,015)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,738,603	(3,823,160)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		5,352,528	9,175,688
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	13,091,131	5,352,528
		<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 year. 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 L.

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

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

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

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

B INCOME RECOGNITION

Dividend income

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

Interest income

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

AFFIN HWANG EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

Interest income (continued)

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 gain and loss on sale of investments

For quoted equities, collective investment schemes (“CIS”) and exchange traded funds, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. 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 year.

Withholding taxes on investment income from investment which are not “income tax” in nature are recognised and measured based on the requirements of MFRS 137. They are presented within the 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.

AFFIN HWANG EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

The Fund classifies cash and cash equivalents, amount due from brokers, amount due from Manager and dividends receivable 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 brokers, 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 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.

AFFIN HWANG EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and initial measurement (continued)

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

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

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.

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

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

(iii) Impairment

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and 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.

H 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 F for accounting policy on recognition and measurement.

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

AFFIN HWANG EQUITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

K UNITHOLDERS' CAPITAL

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

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

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

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

M 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 EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name of Amanah Saham PHB (the “Fund”) pursuant to the execution of a Principal Deed dated 15 April 1993, a First Supplemental Deed dated 4 May 1994, a Second Supplemental Deed dated 1 October 1996, a Third Supplemental Deed dated 1 October 1996, a Supplemental Deed dated 18 November 1998, Second Supplemental Deed dated 31 May 2002, Third Supplemental Deed dated 23 August 2007, Forth Supplemental Deed dated 13 October 2008, Fifth Supplemental Deed dated 22 July 2014, Sixth Supplemental Deed dated 27 July 2015 and Seventh Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and Maybank Trustees Berhad (the “Trustee”). The Fund, under a Second Supplemental Deed dated 31 May 2002, was later renamed to Affin Equity Fund, changed its pricing policy to forward pricing and replaced units certificates with statements. The Fund later changed its name from Affin Equity Fund to Affin Hwang Equity Fund as amended by the Fifth Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 29 April 1993 and will continue its operations until terminated by the Trustee as provided under Clause 23 of the Supplemental Deed.

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

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

The objective of the Fund is to reward the unitholders with a reasonable rate of return on income and to realise capital growth.

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 19 June 2020.

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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>				
Cash and cash equivalents	8	13,091,131	-	13,091,131
Quoted equities	7	-	32,412,613	32,412,613
Amount due from brokers		54,106	-	54,106
Amount due from Manager - creation of units		8,858	-	8,858
Dividends receivable		85,981	-	85,981
Total		<u>13,240,076</u>	<u>32,412,613</u>	<u>45,652,689</u>
<u>Financial liabilities</u>				
Amount due to brokers		659,704	-	659,704
Amount due to Manager - management fee		58,116	-	58,116
Amount due to Trustee		3,100	-	3,100
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		13,700	-	13,700
Other payables and accruals		5,219	-	5,219
Total		<u>747,339</u>	<u>-</u>	<u>747,339</u>
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	5,352,528	-	5,352,528
Quoted equities	7	-	57,421,518	57,421,518
Amount due from brokers		906,545	-	906,545
Tax recoverable		10,950	-	10,950
Total		<u>6,270,023</u>	<u>57,421,518</u>	<u>63,691,541</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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> (continued)				
<u>Financial liabilities</u>				
Amount due to brokers		165,490	-	165,490
Amount due to Manager				
- management fee		78,825	-	78,825
- cancellation of units		33,869	-	33,869
Amount due to Trustee		4,204	-	4,204
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		11,980	-	11,980
Other payables and accruals		249	-	249
Total		<u>302,117</u>	<u>-</u>	<u>302,117</u>

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

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 investments		
Quoted equities	32,412,613	57,421,518

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2019: 5%) and decreased by 10% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2020</u>		
-10%	29,171,352	(3,241,261)
0%	32,412,613	-
+10%	35,653,874	3,241,261
<u>2019</u>		
-5%	54,550,442	(2,871,076)
0%	57,421,518	-
+5%	60,292,594	2,871,076

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 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 are not material as the deposits are held on a short term basis.

Credit risk

Credit risk refers to the ability of any 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 of 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.

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u>			
Finance			
- AAA	9,717,319	-	9,717,319
- AA3	3,373,812	-	3,373,812
- NR	-	100,423	100,423
Consumer Products & Services			
- NR	-	4,948	4,948
Industrial Products & Services			
- NR	-	35,339	35,339
Telecommunication & Media			
- NR	-	8,235	8,235
	13,091,131	148,945	13,240,076
	13,091,131	148,945	13,240,076
<u>2019</u>			
Finance			
- AAA	2,099,359	77,386	2,176,745
- AA3	1,800,420	267,971	2,068,391
- BAA1	-	561,188	561,188
- NR	1,452,749	-	1,452,749
	5,352,528	906,545	6,259,073
	5,352,528	906,545	6,259,073

* Other assets consist of dividends receivable, amount due from Manager and amount due from brokers.

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 payment and cancellations of unit by unitholders. Liquid assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

Liquidity risk (continued)

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to brokers	659,704	-	659,704
Amount due to Manager			
- management fee	58,116	-	58,116
Amount due to Trustee	3,100	-	3,100
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	13,700	13,700
Other payables and accruals	-	5,219	5,219
	<u>720,920</u>	<u>26,419</u>	<u>747,339</u>
<u>2019</u>			
Amount due to brokers	165,490	-	165,490
Amount due to Manager			
- management fee	78,825	-	78,825
- cancellation of units	33,869	-	33,869
Amount due to Trustee	4,204	-	4,204
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	11,980	11,980
Other payables and accruals	-	249	249
	<u>282,388</u>	<u>19,729</u>	<u>302,117</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 EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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 year 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.

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.

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 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:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>32,412,613</u>	<u>-</u>	<u>-</u>	<u>32,412,613</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>57,421,518</u>	<u>-</u>	<u>-</u>	<u>57,421,518</u>

Investments whose values are based on quoted market price in active markets and are therefore classified within level 1 includes active listed equities. The Fund does not adjust the quoted prices for these investments.

- (ii) The carrying values of cash and cash equivalents, dividends receivable, amount due from Manager, amount due from brokers 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 not exceeding 1.50% per annum of the NAV of the Fund, calculated on a daily basis.

For the financial year ended 30 April 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum based on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 30 April 2020, the Trustee fee is recognised at a rate of 0.08% (2019: 0.08%) per annum based 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 the amounts recognised above.

6 TAXATION

	<u>2020</u> RM	<u>2019</u> RM
Current taxation - local	-	15,360

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

	<u>2020</u> RM	<u>2019</u> RM
Net loss before taxation	(6,274,796)	(3,427,373)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(1,505,951)	(822,570)
Tax effect of:		
Investment loss not brought to tax	1,162,663	464,222
Expenses not deductible for tax purposes	133,532	106,916
Restrictions on tax deductible expenses for Unit Trust Funds	209,756	251,432
Investment income subject to different tax rate	-	15,360
Tax expense	-	15,360

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
At fair value through profit or loss at inception:		
- quoted equities – local	32,412,613	57,421,518
Net loss on financial assets at fair value through profit or loss		
- realised (loss)/gain on sale of investments	(3,093,439)	285,026
- unrealised loss on changes in fair value	(3,535,835)	(4,383,637)
	<u>(6,629,274)</u>	<u>(4,098,611)</u>

(a) Quoted equities - local

(i) Quoted equities – local as at 30 April 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 Berhad	82,800	280,237	266,616	0.59
<u>Consumer Products & Services</u>				
Guan Chong Berhad	436,400	783,984	1,012,448	2.25
Hong Leong Industries Berhad	235,600	1,676,470	1,943,700	4.33
Sime Darby Berhad	247,400	460,164	492,326	1.10
	<u>919,400</u>	<u>2,920,618</u>	<u>3,448,474</u>	<u>7.68</u>
<u>Energy</u>				
Dialog Group Berhad	298,000	916,055	986,380	2.20
Malaysia Marine&Heavy Eng. Berhad	709,400	627,227	333,418	0.74
Veleso Energy Berhad	3,292,800	523,944	477,456	1.06
Wah Seong Corporation Berhad	529,635	623,565	328,374	0.73
	<u>4,829,835</u>	<u>2,690,791</u>	<u>2,125,628</u>	<u>4.73</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

(i) Quoted equities – local as at 30 April 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Financial Services</u>				
Aeon Credit Service M Berhad	56,005	641,882	510,206	1.14
Allianz Malaysia Berhad	46,800	671,036	658,008	1.46
Bursa Malaysia Berhad	106,400	534,512	632,016	1.41
Hong Leong Bank Berhad	72,500	1,232,742	961,350	2.14
Malayan Banking Berhad	186,661	1,681,015	1,411,157	3.14
	<u>468,366</u>	<u>4,761,187</u>	<u>4,172,737</u>	<u>9.29</u>
<u>Health Care</u>				
Duopharma Biotech Berhad	800,350	1,093,383	1,248,546	2.78
IHH Healthcare Berhad	89,500	505,967	468,980	1.04
Supermax Corp Berhad	736,600	1,347,974	1,826,768	4.07
	<u>1,626,450</u>	<u>2,947,324</u>	<u>3,544,294</u>	<u>7.89</u>
<u>Industrial Products & Services</u>				
ATA IMS Berhad	734,600	1,249,648	808,060	1.80
Scientex Berhad	183,400	799,088	1,503,880	3.35
SKP Resources Berhad	378,100	398,998	431,034	0.96
Sunway Berhad	597,292	954,160	937,748	2.09
V.S. Industry Berhad	1,008,200	932,165	932,585	2.08
	<u>2,901,592</u>	<u>4,334,059</u>	<u>4,613,307</u>	<u>10.28</u>
<u>REITs</u>				
IGB REIT	621,100	1,018,355	1,068,292	2.38
KLCCP Stapled Group				
Stapled Security	125,300	1,001,424	979,846	2.18
Sunway REIT	450,800	798,586	707,756	1.58
	<u>1,197,200</u>	<u>2,818,365</u>	<u>2,755,894</u>	<u>6.14</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

(i) Quoted equities – local as at 30 April 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Technology</u>				
GHL Systems Berhad	480,300	661,719	960,600	2.14
Inari Amertron Berhad	415,500	783,301	590,010	1.31
JHM Consolidation Berhad	728,700	1,165,818	692,265	1.54
Malaysian Pac Industries Berhad	94,400	943,579	1,010,080	2.25
Mi Equipment Holdings Berhad	39,400	85,892	89,832	0.20
Pentamaster Corporation Berhad	274,800	1,257,033	1,143,168	2.55
UWC Berhad	61,500	138,283	144,525	0.32
	<u>2,094,600</u>	<u>5,035,625</u>	<u>4,630,480</u>	<u>10.31</u>
<u>Telecommunication & Media</u>				
Axiata Group Berhad	183,000	608,948	715,530	1.59
Digi.Com Berhad	211,400	1,001,259	972,440	2.17
OCK Group Berhad	2,015,500	1,209,300	1,027,905	2.29
TIME dotCom Berhad	151,100	1,357,560	1,480,780	3.30
	<u>2,561,000</u>	<u>4,177,067</u>	<u>4,196,655</u>	<u>9.35</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	217,200	2,734,367	2,658,528	5.92
Total quoted equities – local	<u>16,898,443</u>	<u>32,699,640</u>	<u>32,412,613</u>	<u>72.18</u>
Accumulated unrealised loss on quoted equities – local		<u>(287,027)</u>		
Total quoted equities – local		<u>32,412,613</u>		

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities – local as at 30 April 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Gamuda Berhad	182,800	620,326	637,972	1.01
IJM Corporation Berhad	441,800	814,462	1,033,812	1.63
	<u>624,600</u>	<u>1,434,788</u>	<u>1,671,784</u>	<u>2.64</u>
<u>Consumer Products & Services</u>				
Fraser & Neave Holdings Berhad	37,000	999,255	1,289,080	2.03
Guan Chong Berhad	469,700	1,682,532	1,944,558	3.07
Hong Leong Industries Berhad	252,900	1,799,573	2,655,450	4.19
Mynews Holdings Berhad	442,600	663,900	619,640	0.98
Petronas Dagangan Berhad	79,500	1,996,837	1,920,720	3.03
	<u>1,281,700</u>	<u>7,142,097</u>	<u>8,429,448</u>	<u>13.30</u>
<u>Energy</u>				
Dialog Group Berhad	605,200	1,831,839	1,948,744	3.07
Hibiscus Petroleum Berhad	1,277,400	1,361,355	1,456,236	2.30
Yinson Holdings Berhad	111,300	511,713	538,692	0.85
	<u>1,993,900</u>	<u>3,704,907</u>	<u>3,943,672</u>	<u>6.22</u>
<u>Financial Services</u>				
Aeon Credit Service M Berhad	114,205	1,126,305	1,859,257	2.93
Allianz Malaysia Berhad	46,800	671,036	636,480	1.00
CIMB Group Holdings Berhad	506,130	2,904,336	2,662,244	4.20
Hong Leong Bank Berhad	63,900	1,277,212	1,276,722	2.01
Hong Leong Financial Group Berhad	83,800	1,541,920	1,605,608	2.53
Malayan Banking Berhad	278,445	2,656,791	2,572,832	4.06
RHB Bank Berhad	325,200	1,740,383	1,931,688	3.05
	<u>1,418,480</u>	<u>11,917,983</u>	<u>12,544,831</u>	<u>19.78</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

a) Quoted equities - local (continued)

(ii) Quoted equities – local as at 30 April 2019 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Health Care</u>				
Top Glove Corp Berhad	214,500	1,085,313	1,025,310	1.62
<u>Industrial Products & Services</u>				
ATA IMS Berhad	734,600	1,249,648	1,300,242	2.05
Kelington Group Berhad	962,600	1,325,821	1,328,388	2.10
Petronas Chemicals Group Berhad	141,400	1,168,975	1,272,600	2.01
Scientex Berhad	356,600	1,553,734	3,034,666	4.79
SKP Resources Berhad	510,000	663,000	703,800	1.11
Sunway Berhad	1,187,220	1,915,521	1,982,657	3.13
V.S. Industry Berhad	848,800	917,412	950,656	1.50
	<u>4,741,220</u>	<u>8,794,111</u>	<u>10,573,009</u>	<u>16.69</u>
<u>Plantation</u>				
Genting Plantations Berhad	129,600	1,282,912	1,342,656	2.12
<u>Property</u>				
Malaysian Resources Corp Berhad	1,114,900	1,163,589	1,137,198	1.79
Matrix Concepts Holdings Berhad	447,675	883,059	855,059	1.35
SP Setia Berhad Group	301,165	738,123	683,645	1.08
	<u>1,863,740</u>	<u>2,784,771</u>	<u>2,675,902</u>	<u>4.22</u>
<u>REITs</u>				
IGB REIT	1,516,200	2,485,959	2,820,132	4.45
Sunway REIT	756,000	1,304,742	1,413,720	2.23
	<u>2,272,200</u>	<u>3,790,701</u>	<u>4,233,852</u>	<u>6.68</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

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

b) Quoted equities - local (continued)

(ii) Quoted equities – local as at 30 April 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Technology</u>				
Inari Amertron Berhad	774,600	1,535,661	1,332,312	2.10
Malaysian Pac Industries Berhad	179,500	1,794,200	1,759,100	2.78
My EG Services Berhad	1,198,700	1,832,316	1,798,050	2.84
	<u>2,152,800</u>	<u>5,162,177</u>	<u>4,889,462</u>	<u>7.72</u>
<u>Telecommunication & Media</u>				
Astro Malaysia Holdings Berhad	1,606,500	2,503,805	2,313,360	3.65
Digi.Com Berhad	275,100	1,269,749	1,262,709	1.99
OCK Group Berhad	2,243,350	1,721,355	1,155,325	1.82
	<u>4,124,950</u>	<u>5,494,909</u>	<u>4,731,394</u>	<u>7.46</u>
<u>Utilities</u>				
Tenaga Nasional Berhad	105,600	1,578,041	1,294,656	2.04
<u>Warrant</u>				
Econpile Holdings Berhad - Warrant (02.01.2023)	278,900	-	65,542	0.10
Total quoted equities – local	<u>21,202,190</u>	<u>54,172,710</u>	<u>57,421,518</u>	<u>90.59</u>
Accumulated unrealised gain on quoted equities – local		<u>3,248,808</u>		
Total quoted equities – local		<u>57,421,518</u>		

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	22,015	27,264
Deposits with licensed financial institutions	13,069,116	5,325,264
	<u>13,091,131</u>	<u>5,352,528</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	<u>2.54</u>	<u>3.25</u>

Deposits with licensed financial institutions of the Fund have an average maturity period of 4 days (2019: 2 days).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of unit	<u>2019</u> No. of unit
At beginning of the financial year	119,484,000	139,393,000
Creation of units arising from application during the financial year	597,000	6,000
Cancellation of units during the financial year	(25,169,000)	(19,915,000)
At end of the financial year	<u>94,912,000</u>	<u>119,484,000</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the financial year ended 30 April 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Berhad#	51,981,923	37.86	130,092	38.93
Public Investment Bank Berhad	9,214,298	6.71	23,084	6.91
Kenanga Investment Bank Berhad	8,767,877	6.39	21,946	6.57
CLSA Securities Malaysia Sdn Bhd	7,258,333	5.29	14,419	4.31
Malayan Banking Berhad	7,134,730	5.20	17,863	5.35
CGS – CIMB Securities Sdn Bhd	6,994,861	5.09	16,624	4.97
RHB Investment Bank Berhad	6,966,450	5.07	17,451	5.22
Hong Leong Investment Bank Berhad	6,785,229	4.94	16,331	4.89
UOB Kay Hian Securities (M) Sdn Bhd	5,566,706	4.05	13,931	4.17
Alliance Investment Bank Berhad	4,373,167	3.19	10,971	3.28
Others	22,257,772	16.21	51,454	15.40
	<u>137,301,346</u>	<u>100.00</u>	<u>334,166</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers for the financial year ended 30 April 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Berhad#	42,880,782	36.57	99,784	39.03
Malayan Banking Berhad	9,910,806	8.45	24,777	9.69
Kenanga Investment Bank Berhad	9,582,886	8.17	23,957	9.37
Hong Leong Investment Bank Berhad	8,377,214	7.14	16,622	6.50
CIMB Investment Bank Berhad	8,356,261	7.13	18,877	7.38
RHB Investment Bank Berhad	5,971,806	5.09	14,930	5.84
Public Investment Bank Berhad	5,435,863	4.64	13,615	5.33
CLSA Securities Malaysia Sdn Bhd	4,940,114	4.21	9,571	3.74
Macquarie Capital Securities (M) Sdn Bhd	4,108,479	3.50	10,271	4.02
UOB Kay Hian Securities (M) Sdn Bhd	3,860,943	3.29	9,652	3.78
Others	13,846,648	11.81	13,615	5.32
	<u>117,271,802</u>	<u>100.00</u>	<u>255,671</u>	<u>100.00</u>

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

10 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in transactions with brokers are trades conducted with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM51,981,923 (2019: RM42,880,782). The Manager is of the opinion that all the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

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

	<u>2020</u> RM	<u>2019</u> RM
<u>Brokers</u>		
Affin Hwang Investment Bank Berhad	-	1,371,857
	<u> </u>	<u> </u>

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

	<u>2020</u> RM	<u>2019</u> RM
Private mandates managed by the Manager	-	1,371,857
	<u> </u>	<u> </u>

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

The related party of and its 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
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

The units held by the Manager as at the end of the financial year 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 purposes)	<u>2,955</u>	<u>1,398</u>	<u>2,493</u>	<u>1,323</u>
<u>Party related to the Manager</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>51,104</u>	<u>24,177</u>	<u>-</u>	<u>-</u>

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2020</u>	<u>2019</u>
	%	%
MER	<u>1.69</u>	<u>1.65</u>

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 fee
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 Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM58,185,209 (2019: RM68,719,403).

AFFIN HWANG EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020 (CONTINUED)

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2020</u>	<u>2019</u>
PTR (times)	<u>1.21</u>	<u>0.86</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM59,478,485 (2019: RM55,609,327)
total disposal for the financial year = RM80,951,555 (2019: RM62,446,067)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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 EQUITY 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 the opinion of 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 30 April 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2020 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 June 2020

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG EQUITY FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Equity Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 April 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 31.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG EQUITY FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG EQUITY FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG EQUITY FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
19 June 2020

DIRECTORY OF SALES OFFICE

HEAD OFFICE

Affin Hwang Asset Management Berhad
Ground Floor
Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Tel : 03 – 2116 6000
Fax : 03 – 2116 6100
Toll free no : 1-800-88-7080
Email: customercare@affinhwangam.com

PENANG

Affin Hwang Asset Management Berhad
No. 10-C-24 Precinct 10
Jalan Tanjung Tokong
10470 Penang

Tel : 04 – 899 8022
Fax : 04 – 899 1916

PERAK

Affin Hwang Asset Management Berhad
13A Persiaran Greentown 7
Greentown Business Centre
30450 Ipoh Perak

Tel : 05 – 241 0668
Fax : 05 – 255 9696

MELAKA

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

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

JOHOR

Affin Hwang Asset Management Berhad
Unit 22-05, Level 22
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

Tel : 07 – 227 8999
Fax : 07 – 223 8998

SABAH

Affin Hwang Asset Management Berhad
Lot No. B-2-09, 2nd Floor
Block B, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu
Sabah

Tel : 088 – 252 881
Fax : 088 – 288 803

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

Affin Hwang Asset Management Berhad
Ground Floor, No. 69
Block 10, Jalan Laksamana Cheng Ho
93200 Kuching
Sarawak

Tel : 082 – 233 320
Fax : 082 – 233 663

Affin Hwang Asset Management Berhad
1st Floor, Lot 1291
Jalan Melayu, MCLD
98000 Miri
Sarawak

Tel : 085 – 418 403
Fax : 085 – 418 372

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)