

Affin Hwang

Enhanced Deposit Fund

Annual Report
30 April 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (001281T)

AFFIN HWANG ENHANCED DEPOSIT FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 30 April 2021

Contents	Page
FUND INFORMATION	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT	V
TRUSTEE'S REPORT	IX
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

FUND INFORMATION

Fund Name	Affin Hwang Enhanced Deposit Fund
Fund Type	Income
Fund Category	Money Market
Investment Objective	The Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation
Benchmark	The performance benchmark of the Fund is the Maybank Overnight Repo Rate
Distribution Policy	The Fund endeavours to distribute income on a monthly basis

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 APRIL 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	3,106	2,073
5,001 to 10,000	373	3,030
10,001 to 50,000	684	16,621
50,001 to 500,000	615	104,741
500,001 and above	260	1,450,335
Total	5,038	1,576,800

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 April 2021 (%)	As at 30 April 2020 (%)	As at 30 April 2019 (%)
Portfolio Composition			
Cash and cash equivalent	100.00	100.00	100.00
Total	100.00	100.00	100.00
Total NAV (RM'million)	1,847.606	2,979.984	1,627.719
NAV per Unit (RM)	1.1715	1.1733	1.1751
Units in Circulation (million)	1,577.124	2,539.891	1,385.220
Highest NAV	1.1743	1.1776	1.1751
Lowest NAV	1.1703	1.1725	1.1469
Return of the Fund ⁱⁱⁱ (%)	2.05	3.35	3.73
-Capital Return (%)	-0.15	-0.15	2.46
-Income Return (%)	2.21	3.51	1.24
Gross Distribution per Unit (sen)	2.56	4.06	1.43
Net Distribution per Unit (sen)	2.56	4.06	1.43
Management Expenses Ratio (%) ¹	0.32	0.32	0.38
Portfolio Turnover Ratio (times) ²	24.64	22.76	0.20

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 unchanged for the financial year.

²The Fund recorded a higher PTR than previous year due to higher trading activities for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

The NAV per Unit prior and subsequent to the distributions are as follow:

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
12-May-20	13-May-20	1.1743	0.0017	1.1727
26-May-20	27-May-20	1.1735	0.0017	1.1722
09-Jun-20	10-Jun-20	1.1732	0.0017	1.1716
23-Jun-20	24-Jun-20	1.1726	0.0016	1.1710
07-Jul-20	08-Jul-20	1.1719	0.0016	1.1704
21-Jul-20	22-Jul-20	1.1713	0.0011	1.1703
11-Aug-20	12-Aug-20	1.1716	0.0009	1.1708
25-Aug-20	26-Aug-20	1.1717	0.0009	1.1708
08-Sep-20	09-Sep-20	1.1717	0.0009	1.1708
22-Sep-20	23-Sep-20	1.1717	0.0009	1.1709
13-Oct-20	14-Oct-20	1.1721	0.0009	1.1713
27-Oct-20	28-Oct-20	1.1721	0.0009	1.1713
10-Nov-20	11-Nov-20	1.1721	0.0009	1.1713
24-Nov-20	25-Nov-20	1.1721	0.0009	1.1712
08-Dec-20	09-Dec-20	1.1720	0.0009	1.1712
22-Dec-20	23-Dec-20	1.1720	0.0009	1.1711
12-Jan-21	13-Jan-21	1.1724	0.0009	1.1715
26-Jan-21	27-Jan-21	1.1723	0.0009	1.1715
09-Feb-21	10-Feb-21	1.1723	0.0009	1.1714
23-Feb-21	24-Feb-21	1.1722	0.0009	1.1713
09-Mar-21	10-Mar-21	1.1721	0.0009	1.1713
23-Mar-21	24-Mar-21	1.1720	0.0009	1.1712
13-Apr-21	14-Apr-21	1.1723	0.0009	1.1715
27-Apr-21	28-Apr-21	1.1722	0.0009	1.1714

No unit splits were declared for the financial year ended 30 April 2021.

Performance Review

For the year 1 May 2020 to 30 April 2021, the Fund has registered a return of 2.05% as compared to the benchmark return of 0.31%. The Fund thus outperformed the benchmark by 1.74%. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2021 was RM1.1715 while the NAV per unit on 30 April 2020 was RM 1.1733. During the same year under review, the Fund has declared a total gross income distribution of RM0.0256 per unit.

Since commencement, the Fund has outperformed the benchmark by 30.42% with returns of 66.51% compared to the benchmark return of 36.09%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/5/20 - 30/4/21)	3 Years (1/5/18 - 30/4/21)	5 Years (1/5/16 - 30/4/21)	Since Commencement (14/6/05 - 30/4/21)
Fund	2.05%	9.41%	17.49%	66.51%
Benchmark	0.31%	3.73%	7.48%	36.09%
Outperformance	1.74%	5.68%	10.01%	30.42%

Source of Benchmark: Maybank

Table 2: Average Total Return

	1 Year (1/5/20 - 30/4/21)	3 Years (1/5/18 - 30/4/21)	5 Years (1/5/16 - 30/4/21)	Since Commencement (14/6/05 - 30/4/21)
Fund	2.05%	3.04%	3.27%	3.26%
Benchmark	0.31%	1.23%	1.45%	1.96%
Outperformance	1.74%	1.81%	1.82%	1.30%

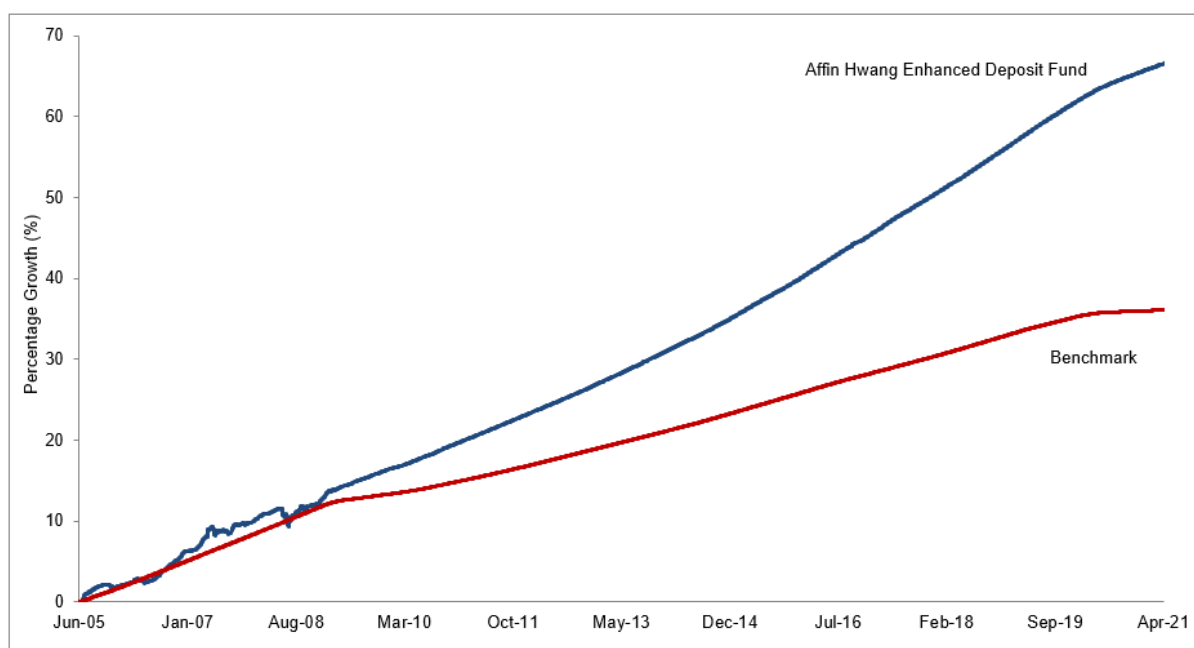
Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2021 (1/5/20 - 30/4/21)	FYE 2020 (1/5/19 - 30/4/20)	FYE 2019 (1/5/18 - 30/4/19)	FYE 2018 (1/5/17 - 30/4/18)	FYE 2017 (1/5/16 - 30/4/17)
Fund	2.05%	3.35%	3.73%	3.52%	3.74%
Benchmark	0.31%	1.48%	1.90%	1.79%	1.80%
Outperformance	1.74%	1.87%	1.83%	1.73%	1.94%

Source of Benchmark: Maybank

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 Maybank."

Benchmark: Maybank Overnight Repo Rate

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

Asset Allocation

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

As at 30 April 2021, the Manager had maintained the Fund's allocation towards cash and cash equivalent at 100% over the year.

Strategies Employed

The Fund invests solely into deposits with financial institutions and aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which are now facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Meanwhile, earnings season continues with technology and banking stocks leading way in terms of results. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter.

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

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

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

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

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

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 year 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 year 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

No cross trade transactions have been carried out during the reported year.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG ENHANCED DEPOSIT FUND

We have acted as Trustee of Affin Hwang Enhanced Deposit Fund ("the Fund") for the financial year ended 30 April 2021. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, a total distribution of 2.56 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
Date: 18 June 2021

AFFIN HWANG ENHANCED DEPOSIT FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

AFFIN HWANG ENHANCED DEPOSIT FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5 - 9
NOTES TO THE FINANCIAL STATEMENTS	10 - 25
STATEMENT BY THE MANAGER	26
INDEPENDENT AUDITORS' REPORT	27 - 30

AFFIN HWANG ENHANCED DEPOSIT FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
INVESTMENT INCOME			
Interest income from financial assets at amortised cost		2	1,269
Interest income from financial assets at fair value through profit or loss		60,884,511	93,328,082
		<u>60,884,513</u>	<u>93,329,351</u>
EXPENSES			
Management fee	4	(7,693,491)	(7,822,982)
Trustee fee	5	(512,899)	(521,532)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,800)	(3,800)
Other expenses		(13,918)	(12,948)
		<u>(8,232,108)</u>	<u>(8,369,262)</u>
NET PROFIT BEFORE TAXATION		52,652,405	84,960,089
Taxation	6	-	-
NET PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>52,652,405</u>	<u>84,960,089</u>
Net profit after taxation is made up of the following:			
Realised amount		52,652,405	84,960,089
Unrealised amount		-	-
		<u>52,652,405</u>	<u>84,960,089</u>

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

AFFIN HWANG ENHANCED DEPOSIT FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2021

ASSETS	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
Cash and cash equivalents		2,555	905
Financial assets at fair value through profit or loss	8	1,849,575,008	2,980,794,273
TOTAL ASSETS		<u>1,849,577,563</u>	<u>2,980,795,178</u>
LIABILITIES			
Amount due to Manager - management fee		496,625	741,204
Amount due to Trustee		33,108	49,414
Auditors' remuneration		8,000	8,000
Tax agent's fee		2,821	3,371
Other payables and accruals		4,154	8,868
Distribution payable		1,426,427	-
TOTAL LIABILITIES		<u>1,971,135</u>	<u>810,857</u>
NET ASSET VALUE OF THE FUND		<u>1,847,606,428</u>	<u>2,979,984,321</u>
EQUITY			
Unitholders' capital		1,809,511,319	2,937,630,330
Retained earnings		38,095,109	42,353,991
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>1,847,606,428</u>	<u>2,979,984,321</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>1,577,124,000</u>	<u>2,539,891,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1715</u>	<u>1.1733</u>

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

AFFIN HWANG ENHANCED DEPOSIT FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 May 2020	2,937,630,330	42,353,991	2,979,984,321
Total comprehensive income for the financial year	-	52,652,405	52,652,405
Distributions (Note 7)	-	(56,911,287)	(56,911,287)
Movement in unitholders' capital:			
Creation of units arising from applications	1,949,496,051	-	1,949,496,051
Creation of units arising from distributions	52,037,742	-	52,037,742
Cancellation of units	(3,129,652,804)	-	(3,129,652,804)
Balance as at 30 April 2021	<u>1,809,511,319</u>	<u>38,095,109</u>	<u>1,847,606,428</u>
Balance as at 1 May 2019	1,579,127,506	48,591,056	1,627,718,562
Total comprehensive income for the financial year	-	84,960,089	84,960,089
Distributions (Note 7)	-	(91,197,154)	(91,197,154)
Movement in unitholders' capital:			
Creation of units arising from applications	3,107,464,482	-	3,107,464,482
Creation of units arising from distributions	86,191,711	-	86,191,711
Cancellation of units	(1,835,153,369)	-	(1,835,153,369)
Balance as at 30 April 2020	<u>2,937,630,330</u>	<u>42,353,991</u>	<u>2,979,984,321</u>

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

AFFIN HWANG ENHANCED DEPOSIT FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>2021</u> RM	<u>2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Placement of deposits with licensed financial institution	(62,582,729,054)	(59,771,237,973)
Proceeds from maturity of deposits with licensed financial institution	63,710,446,979	58,419,131,723
Interest received	64,385,852	92,797,201
Management fee paid	(7,938,070)	(7,479,723)
Trustee fee paid	(529,205)	(498,648)
Payment for other fees and expenses	(30,981)	(18,354)
	<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities	1,183,605,521	(1,267,305,774)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,949,496,051	3,107,464,482
Payments for cancellation of units	(3,129,652,804)	(1,835,153,369)
Payments for distributions	(3,447,118)	(5,005,443)
	<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities	(1,183,603,871)	1,267,305,670
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,650	(104)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	905	1,009
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2,555	905
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 30 April 2021 and 30 April 2020 comprise of bank balances.

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

AFFIN HWANG ENHANCED DEPOSIT FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS 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 I.

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

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

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

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

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

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

AFFIN HWANG ENHANCED DEPOSIT FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

B INCOME RECOGNITION

Interest income

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

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

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 profits earned during the financial year.

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 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

AFFIN HWANG ENHANCED DEPOSIT FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The contractual cash flows of the Fund's debt securities are solely principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee, distribution payable 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, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

Deposits with licensed financial institutions are stated at fair value. Due to the short term nature of the deposits, the cost plus accrued interest calculated based on the effective interest rate method over the period from the date of placement to the date of maturity of the respective deposits is the reasonable estimate of fair value.

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

AFFIN HWANG ENHANCED DEPOSIT FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

The Fund's financial assets measured at amortised cost are subject to expected credit losses. 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

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

Write-off

The Fund write 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.

AFFIN HWANG ENHANCED DEPOSIT FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances which are subject to an insignificant risk of change in value.

H 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.

I 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.

J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Hwang Enhanced Deposit Fund (the “Fund”) pursuant to the execution of a Master Deed dated 4 April 2005, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 20 February 2006, Third Supplemental Deed dated 18 June 2007, Fourth Supplemental Deed dated 15 October 2008, Fifth Supplemental Deed dated 12 March 2009, Sixth Supplemental Deed dated 19 March 2010, Seventh Supplemental Deed dated 18 January 2012, Eighth Supplemental Deed dated 27 June 2014 and Ninth Supplemental Deed dated 19 December 2016 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”). The Fund has changed its name from HwangDBS Enhanced Deposit Fund to Hwang Enhanced Deposit Fund as amended by Seventh Supplemental Deed dated 18 January 2012 and from Hwang Enhanced Deposit Fund to Affin Hwang Enhanced Deposit Fund as amended by Eighth supplemental Deed dated 27 June 2014.

The Fund invests 90% to 100% of its NAV in debentures, money market instruments and deposits with maturities of no more than 365 days. Up to 10% of the NAV of the Fund may be invested in debentures, money market instruments and deposits with the remaining maturity exceeding 365 days but no longer than 732 days. As such, the Fund shall invest in a diversified portfolio of good quality, short-term fixed income investments and money market instruments, including deposits, bankers’ acceptances, negotiable certificates of deposits and commercial papers. Other fixed income investments comprise government and government-sponsored bonds and private debt securities with maturity of not more than 732 days.

The Fund was launched on 18 April 2005 and will continue its operations until terminated by the Trustee as provided under Clause 3.2 of the Deed.

The Fund may invest in any of the followings investment:

- (a) Debentures;
- (b) Unlisted securities, including without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation of such securities;
- (c) Money market instruments;
- (d) Ringgit-denominated deposits;
- (e) Unit or shares in collective investment schemes; and
- (f) Any other form of investment as may be permitted by the SC from time to time which are in line with the objective of the Fund.

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

The Fund will select debt securities, the selection of which will depend largely on credit quality, to assure relative certainty of principal repayment and overall total return stability.

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

The financial statements were authorised for issue by the Manager on 18 June 2021.

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		2,555	-	2,555
Deposits with licensed financial Institutions	8	-	1,849,575,008	1,849,575,008
Total		<u>2,555</u>	<u>1,849,575,008</u>	<u>1,849,577,563</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		496,625	-	496,625
Amount due to Trustee		33,108	-	33,108
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		2,821	-	2,821
Distribution payable		1,426,427	-	1,426,427
Other payables and accruals		4,154	-	4,154
Total		<u>1,971,135</u>	<u>-</u>	<u>1,971,135</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents		905	-	905
Deposits with licensed financial Institutions	8	-	2,980,794,273	2,980,794,273
Total		<u>905</u>	<u>2,980,794,273</u>	<u>2,980,795,178</u>

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Financial instruments are as follows: (continued)

	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u> (continued)			
<u>Financial liabilities</u>			
Amount due to Manager			
- management fee	741,204	-	741,204
Amount due to Trustee	49,414	-	49,414
Auditors' remuneration	8,000	-	8,000
Tax agent's fee	3,371	-	3,371
Other payables and accruals	8,868	-	8,868
	<hr/>	<hr/>	<hr/>
Total	810,857	-	810,857
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Fund is exposed to a variety of risks which include market risk (including 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.

Market risk

(a) Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit 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.

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	496,625	-	496,625
Amount due to Trustee	33,108	-	33,108
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	2,821	2,821
Distribution payable	1,426,427	-	1,426,427
Other payables and accruals	-	4,154	4,154
	<u>1,956,160</u>	<u>14,975</u>	<u>1,971,135</u>
<u>2020</u>			
Amount due to Manager			
- management fee	741,204	-	741,204
Amount due to Trustee	49,414	-	49,414
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,371	3,371
Other payables and accruals	-	8,868	8,868
	<u>790,618</u>	<u>20,239</u>	<u>810,857</u>

Credit risk

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

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

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Credit risk (continued)

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

	Deposits with licensed financial <u>institutions</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2021</u>			
Financial services			
- AAA	925,581,603	2,555	925,584,158
- AA2	295,970,105	-	295,970,105
- AA3	397,717,567	-	397,717,567
- AA-	230,305,733	-	230,305,733
	<u>1,849,575,008</u>	<u>2,555</u>	<u>1,849,577,563</u>
<u>2020</u>			
Financial services			
- AAA	1,206,267,321	905	1,206,268,226
- AA2	1,043,566,855	-	1,043,566,855
- AA3	374,018,643	-	374,018,643
- A1	336,214,879	-	336,214,879
- NR	20,726,575	-	20,726,575
	<u>2,980,794,273</u>	<u>905</u>	<u>2,980,795,178</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 ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (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.

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 ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (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>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM	RM	RM	RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- deposits with licensed financial institutions	-	1,849,575,008	-	1,849,575,008
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- deposits with licensed financial institutions	-	2,980,794,273	-	2,980,794,273
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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. This includes deposits with licensed financial institutions. 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 are a reasonable approximation of the fair values due to their short term nature.

4 MANAGEMENT FEE

In accordance with the Deeds, 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 daily basis.

For the financial year ended 30 April 2021, the management fee is recognised at a rate of 0.30% (2020: 0.30%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's prospectus.

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

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund.

The Trustee imposes a tiered trustee fee in respect of the Fund:-

Net Asset Value (NAV)	% of NAV of the Funds
< RM500 million	0.03% per annum
≥ RM500 million	0.02% per annum

For the financial year ended 30 April 2021 and 30 April 2020, Trustee's fee is recognised at the rates stated in accordance with 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>2021</u> RM	<u>2020</u> RM
Current taxation - local	-	-

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit before taxation	52,652,405	84,960,089
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	12,636,577	20,390,421
Tax effects of:		
Investment income not subject to tax	(14,612,283)	(22,399,044)
Expenses not deductible for tax purposes	124,228	126,787
Restrictions on tax deductible expenses for Unit Trust Funds	1,851,478	1,881,836
Tax expense	-	-

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

7 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
Distributions to unitholders are from the following sources:		
Interest income	26,515,670	58,150,492
Previous years' realised income	33,110,042	39,347,107
	<hr/>	<hr/>
Gross realised income	59,625,712	97,497,599
Less: expenses	(2,714,425)	(6,300,445)
	<hr/>	<hr/>
	<u>56,911,287</u>	<u>91,197,154</u>

During the financial year ended 30 April 2021, distributions (sen) were made as follows:

<u>2021</u>	<u>Gross/Net distribution per unit (sen)</u>
13.05.2020	0.17
27.05.2020	0.17
10.06.2020	0.17
24.06.2020	0.16
08.07.2020	0.16
22.07.2020	0.11
12.08.2020	0.09
26.08.2020	0.09
09.09.2020	0.09
23.09.2020	0.09
14.10.2020	0.09
28.10.2020	0.09
11.11.2020	0.09
25.11.2020	0.09
09.12.2020	0.09
23.12.2020	0.09
13.01.2021	0.09
27.01.2021	0.09
10.02.2021	0.09
24.02.2021	0.09
10.03.2021	0.09
24.03.2021	0.09
14.04.2021	0.09
28.04.2021	0.09
	<hr/>
	<u>2.56</u>

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 April 2020, distributions (sen) were made as follows:

<u>2020</u>	Gross/Net distribution per unit (sen)
08.05.2019	0.12
23.05.2019	0.15
12.06.2019	0.17
26.06.2019	0.17
10.07.2019	0.17
24.07.2019	0.17
14.08.2019	0.17
28.08.2019	0.17
11.09.2019	0.17
25.09.2019	0.17
09.10.2019	0.17
23.10.2019	0.17
13.11.2019	0.17
27.11.2019	0.17
11.12.2019	0.17
26.12.2019	0.17
08.01.2020	0.17
22.01.2020	0.17
12.02.2020	0.17
26.02.2020	0.18
11.03.2020	0.18
25.03.2020	0.18
08.04.2020	0.18
22.04.2020	0.18
	<hr/>
	4.06
	<hr/> <hr/>

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 year is an amount of RM33,110,042 (2020: RM39,347,107) made from previous years' realised income.

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- deposits with licensed financial institutions	1,849,575,008	2,980,794,273

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

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	2.08	3.15

The deposits with licensed financial institutions have an average maturity of 19 days (2020: 46 days).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	2,539,891,000	1,385,220,000
Creation of units arising from applications	1,663,880,102	2,642,744,363
Creation of units arising from distributions	44,424,315	73,355,233
Cancellation of units	(2,671,071,417)	(1,561,428,596)
At the end of the financial year	<u>1,577,124,000</u>	<u>2,539,891,000</u>

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

- (i) Details of transactions with the top 10 financial institutions for the financial year ended 30 April 2021 are as follows:

<u>Name of financial institutions</u>	<u>Value of trades RM</u>	<u>Percentage of total trades %</u>
Hong Leong Bank Berhad	40,713,092,722	65.05
Public Bank Berhad	5,692,369,400	9.10
CIMB Bank Berhad	5,547,568,844	8.86
Affin Hwang Investment Bank Berhad#	4,844,458,016	7.74
AmBank (M) Berhad	1,628,456,200	2.60
RHB Bank Berhad	1,316,700,622	2.10
KAF Investment Bank Berhad	860,600,255	1.38
CIMB Islamic Bank Berhad	733,173,740	1.17
Public Islamic Bank Berhad	504,219,418	0.81
Hong Leong Islamic Bank Berhad	342,521,356	0.55
Others	399,568,481	0.64
	<u>62,582,729,054</u>	<u>100.00</u>

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)

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

<u>Name of financial institution</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
Hong Leong Bank Berhad	37,537,561,790	62.72
Public Bank Berhad	5,346,835,380	8.93
Sumitomo Mitsui Bank Corporation	3,091,594,295	5.17
RHB Bank Berhad	2,679,985,842	4.48
Affin Hwang Investment Bank Berhad#	2,572,821,565	4.30
CIMB Bank Berhad	1,573,059,674	2.63
AmBank (M) Berhad	1,218,464,010	2.04
KAF Investment Bank Berhad	1,092,776,458	1.83
Hong Leong Islamic Bank Berhad	843,812,980	1.41
United Overseas Bank (M) Berhad	729,118,664	1.22
Others	3,160,207,315	5.27
	<u>59,846,237,973</u>	<u>100.00</u>

#Included in transactions with financial institutions are trades conducted with Affin Hwang Investment Bank Berhad, holding company of the Manager amounting to RM4,844,458,016 (2020: RM2,572,821,565). The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

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

<u>Related parties</u>	<u>Relationship</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements

The units held by Manager at the end of the financial year is as below.

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>323,530</u>	<u>379,015</u>	<u>47,555</u>	<u>55,796</u>
<u>Parties related to the Manager:</u>				
Affin Hwang Trustee Berhad (The units are held beneficially)	<u>925,060</u>	<u>1,083,708</u>	<u>518,931</u>	<u>608,861</u>
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>25,435,860</u>	<u>29,843,895</u>
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>1,629,079</u>	<u>1,911,398</u>
<u>Subsidiary of the Manager:</u>				
Accelvantage Academy Sdn Bhd (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>555,930</u>	<u>652,273</u>

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	0.32	0.32

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM2,562,740,148 (2020: RM2,596,921,119).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2021</u>	<u>2020</u>
PTR (times)	24.64	22.76

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 = RM62,582,729,054 (2020: RM59,771,237,973)
total disposal for the financial year = RM 63,710,446,979 (2020: RM58,419,131,723)

AFFIN HWANG ENHANCED DEPOSIT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

STATEMENT BY THE MANAGER

I, Dato' 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 25 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 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
18 June 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG ENHANCED DEPOSIT FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Enhanced Deposit Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 April 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, 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 2021, 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 25.

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 ENHANCED DEPOSIT 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, 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 has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG ENHANCED DEPOSIT 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 of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON 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 unitholder 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
18 June 2021

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
1, Persiaran Greentown 6
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)