

# Affin Hwang Tactical Fund

Semi-Annual Report  
31 August 2022

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
AmanahRaya Trustees Berhad (766894-T)

# AFFIN HWANG TACTICAL FUND

## Semi-Annual Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 August 2022

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## FUND INFORMATION

Fund Name	Affin Hwang Tactical Fund
Fund Type	Capital Growth
Fund Category	Mixed Asset
Investment Objective	To seek a stable return and generate capital growth over medium to long term period in diversified mix of assets
Benchmark	50% FTSE-Bursa Malaysia KLCI (for equities and equity linked instruments) + 50% RAM Quantshop MGS All Index (for fixed income instruments)
Distribution Policy	Distribution (if any) is incidental and will be subject to the availability of income

## FUND PERFORMANCE DATA

Category	As at 31 Aug 2022 (%)	As at 31 Aug 2021 (%)	As at 31 Aug 2020 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Energy	6.67	8.46	-
- Health care	8.82	3.00	23.21
- Construction	-	2.21	4.20
- Consumer product & services	3.42	13.46	8.72
- Financial services	8.72	6.42	8.13
- Industrial products & services	1.50	4.96	13.67
- Plantation	7.79	3.43	-
- Properties	4.19	3.98	1.89
- REITs	-	-	1.96
- Technology	7.45	17.44	20.55
- Telecommunication & media	9.04	6.82	2.62
- Transportation & logistics	-	-	-
- Utilities	1.42	-	-
- Warrant	-	-	1.29
<b>Total quoted equities – local</b>	<b>59.02</b>	<b>70.18</b>	<b>86.24</b>
<b>Quoted equities – foreign</b>			
- Consumer discretionary	2.11	2.96	-
- Financial services	1.83	-	-
- Real estate	-	3.66	-
- Technology	-	11.07	-
- Industrials	1.10	0.84	-
<b>Total quoted equities – foreign</b>	<b>5.04</b>	<b>18.53</b>	<b>-</b>
<b>Unquoted fixed income securities – local</b>	<b>11.18</b>	<b>10.02</b>	<b>10.55</b>
<b>Cash &amp; cash equivalent</b>	<b>24.76</b>	<b>1.27</b>	<b>3.21</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	73.808	79.893	10.578
NAV per Unit (RM)	0.2708	0.3155	0.2812
Unit in Circulation (million)	272.556	253.191	37.623
Highest NAV	0.3042	0.3421	0.2812
Lowest NAV	0.2595	0.2992	0.2029
Return of the Fund (%)	-6.16	-2.05	15.82
- Capital Growth (%)	-10.80	-6.71	9.33
- Income Distribution (%)	5.20	4.99	5.93
Gross Distribution per Unit (sen)	1.35	1.50	1.50
Net Distribution per Unit (sen)	1.35	1.50	1.50
Total Expense Ratio (%) <sup>1</sup>	0.81	0.82	0.91
Portfolio Turnover Ratio (times) <sup>2</sup>	0.60	1.03	1.17

### **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

<sup>1</sup> The TER of the Fund was lower than previous period due to higher average net asset value for the financial period.

<sup>2</sup> The PTR of the Fund was lower than previous period due to lower trading activities of the Fund for the financial period.

## MANAGER'S REPORT

### Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
19-Jul-22	20-Jul-22	0.2706	0.0135	0.2595

No unit split was declared for the financial year ended 31 August 2022

### Performance Review

For the period 1 March 2022 to 31 August 2022, the Fund registered a -6.16% return compared to the benchmark return of -2.83%. The Fund thus underperformed the Benchmark by 3.33%. The Net Asset Value per unit ("NAV") of the Fund as at 31 August 2022 was RM0.2708 while the NAV as at 28 February 2022 was RM0.3036. During the period under review, the Fund has declared a gross income distribution of RM0.0135 per unit.

Since commencement, the Fund has registered a return of 65.20% compared to the benchmark return of 66.43%, underperforming by 1.23%.

Table 1: Performance of the Fund

	6 Months (1/3/22 - 31/8/22)	1 Year (1/9/21 - 31/8/22)	3 Years (1/9/19 - 31/8/22)	5 Years (1/9/17 - 31/8/22)	Since Commencement (10/8/10 - 31/8/22)
<b>Fund</b>	<b>(6.16%)</b>	<b>(9.70%)</b>	<b>21.96%</b>	<b>21.40%</b>	<b>65.20%</b>
<b>Benchmark</b>	<b>(2.83%)</b>	<b>(2.85%)</b>	<b>0.88%</b>	<b>2.79%</b>	<b>66.43%</b>
<b>Outperformance</b>	<b>(3.33%)</b>	<b>(6.85%)</b>	<b>21.08%</b>	<b>18.61%</b>	<b>(1.23%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/9/21 - 31/8/22)	3 Years (1/9/19 - 31/8/22)	5 Years (1/9/17 - 31/8/22)	Since Commencement (10/8/10 - 31/8/22)
<b>Fund</b>	<b>(9.70%)</b>	<b>6.84%</b>	<b>3.95%</b>	<b>4.25%</b>
<b>Benchmark</b>	<b>(2.85%)</b>	<b>0.29%</b>	<b>0.55%</b>	<b>4.31%</b>
<b>Outperformance</b>	<b>(6.85%)</b>	<b>6.55%</b>	<b>3.40%</b>	<b>(0.06%)</b>

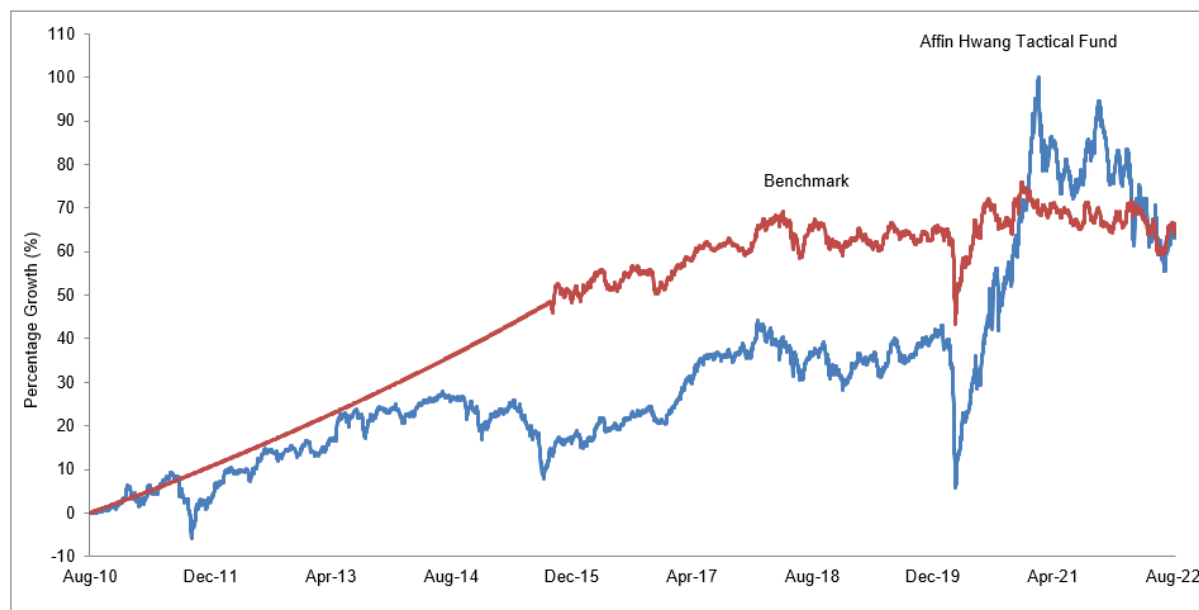
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/3/21 - 28/2/22)	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (1/3/18 - 28/2/19)	FYE 2018 (1/3/17 - 28/2/18)
<b>Fund</b>	<b>(5.75%)</b>	<b>39.29%</b>	<b>(0.98%)</b>	<b>(4.56%)</b>	<b>12.46%</b>
<b>Benchmark</b>	<b>1.45%</b>	<b>4.17%</b>	<b>(1.33%)</b>	<b>(1.62%)</b>	<b>6.94%</b>
<b>Outperformance</b>	<b>(7.20%)</b>	<b>35.12%</b>	<b>0.35%</b>	<b>(2.94%)</b>	<b>5.52%</b>

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: 50% FTSE-Bursa Malaysia KLCI + 50% RAM Quantshop MGS All 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.

During the period under review, the Fund's investment level were reduced while cash level was increased to 24.76% (2021:1.27%). The Manager had reduced local equities exposure mainly through consumer product and services as well a telecommunication and media sector, while added towards the foreign equities. As at 31 August 2022, the Fund's asset allocation stood at 64.06% (2021:88.71%) in equities, 11.18% (2021:10.02%) in fixed income instruments while the remaining was held in cash and cash equivalent.

### **Strategies Employed**

Over the year under review, the Manager continued to focus on domestic-driven sectors that may be less affected by turbulent market conditions and elevated inflation levels. With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. We continue to keep close monitor on market development amidst the rare event of global pandemic.

### **Market Review**

Uncertainty has been an ongoing theme in economies over the past year. Fiscal and monetary adjustments as governments and central banks strive to rein in inflation for a soft landing continue to affect markets, increasing volatility. Geopolitical instability also remains a major concern due to the protracted Russia-Ukraine conflict. The double whammy of a global pandemic coupled with geopolitical tensions has been troubling markets as economic activities were limited and the friction between the two nations further exacerbated market volatility by inciting supply chain disruptions.

At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As the last quarter of 2022

draws closer, we have seen numerous interest rates hikes over the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points within the span of 6 months to address inflationary pressures.

Global markets slumped lower in August as the Fed signalled that there will be no let-up in its quest to quell inflation by tightening monetary policy. As a result, the Standard & Poor (S&P) 500 index fell 4.3% as hopes that the Fed would pivot anytime soon to loosen monetary policy is dampened. At the annual Jackson Hole economic symposium in August this year, Fed Chair Jerome Powell reiterated that the Fed is committed to raising interest rates until it is confident that inflation is sufficiently brought under control. Powell acknowledged that a tighter monetary policy may adversely affect US consumers and businesses due to higher borrowing costs but added that a premature loosening policy could lead to a much worse outcome if inflation continued unchecked.

Similar to US markets, Eurozone shares fell in August due to ongoing inflationary worries. The euro area annual inflation rate was 9.1% in August, a considerable increase compared to 3.0% a year ago. The highest contributor to the annual inflation rate is the energy sector, followed by food, alcohol and tobacco. The energy crisis across Europe was exacerbated as Russia said it would halt the Nord Stream 1 pipeline. Russia has already cut its gas supplies to EU states by 88% over the year.

In Asia the broader MSCI Asia ex-Japan index plunged 12.9% in August, Taiwan and Korea being among the worst performers in the region as the two export-driven countries saw waning demand for tech goods on the back of a global slowdown. Indonesia on the other hand was the best-performing major Asia-Pacific index for the year, with the Jakarta composite index up 6.51% since the start of the year.

According to state media, China plans to launch a real estate fund of up to 300.0 billion yuan (US\$44.0 billion) to help developers complete stalled projects. The People's Bank of China (PBoC) is also said to be issuing 1.0 trillion yuan (US\$148.2 billion) to ease a liquidity crunch in the sector. China went through a sharp slowdown in April and May this year due to strict lockdown in major cities in the country. However, despite having relaxed Covid-19 restrictions as the number of new cases decline, and the government's effort in stimulating the economy from both monetary and fiscal perspective, the path to economic recovery seems rocky and non-linear. The Shanghai Shenzhen CSI300 Index was down 2.2% for the month of August as the region continue to reel from a property slump.

Bond yields continue to rise in August 2022 as central banks maintained hawkishness, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. The US 10-year Treasury rose from 2.64% in July to 3.13% in August, with the two-year rising from 2.90% to 3.45%. The UK gilt market performed relatively worse than most government bond markets as inflation in UK hit 10% in July, surprising markets and raised expectations of a faster pace of rate hikes.

In the domestic market, the Kuala Lumpur Composite Index (KLCI) edged 1.3% higher in August 2022 as earnings season roll-out. Most companies' results were in line with expectations with exporters coming out on top as beneficiaries of a weaker Ringgit. All eyes will be on the upcoming tabling of Budget 2023 slated in October.

On local fixed income, the 10-year MGS yield rose 9 basis points (bps) to end the month at 3.99%. Malaysia's gross domestic product (GDP) expanded by 8.9% in the second quarter of 2022 year on year, buoyed by an improvement seen in consumption for both manufacturing and services segment as well as exports since Malaysia's border reopening in April this year.

## **Investment Outlook**

Markets are set to remain challenging for the rest of 2022. In developed markets, rising inflation and tight monetary policy may continue to hamper the recovery of risk assets. Recent hawkish comments by Jerome Powell, the Chair of the U.S. Federal Reserve, during the Jackson Hole Economic Symposium in August 2022 have curbed expectations of a transition to looser monetary policy anytime soon.

Following an order by the U.S. government in early September 2022 preventing chipmakers including Nvidia and Advanced Micro Devices (AMD) from exporting specific advanced chips to China, bilateral relationships between the U.S. and China may worsen further. On a positive note, delisting fears for U.S. listed Chinese

stocks have alleviated to some extent on the news of an agreement between both governments over the auditing dispute being reached.

Asian markets may continue to see weakness. Korea and Taiwan have underperformed thus far as manufacturing gauges for both countries slumped in August 2022. Chinese markets were not spared following renewed lockdowns in major cities. Nevertheless, easing COVID-19 restrictions and policymakers signalling an end to the regulatory crackdown have given hope of a recovery in the Chinese markets.

Locally, election rumours have begun circulating. The United Malays National Organisation (UMNO) Supreme Council nominated Datuk Seri Ismail Sabri Yaakob as the Prime Minister for the 15<sup>th</sup> General Election (GE15) following a meeting between council members. According to political analysts, the timing of GE15 would be highly dependent on whether UMNO would be allowed by the Registrar of Societies (RoS) to amend its party constitution to delay its party polls. Assuming a full-term, Parliament would need to be dissolved by 16 July 2023. By the latest, election would need then to be held by 14 September 2023.

In other news, Malaysia's Consumer Price Index (CPI) for July 2022 accelerated by 4.4% year-on-year, its highest in 14 months as food and beverage prices remained as the main contributor to inflation. The latest reading marks a full percentage jump from June 2022's figures, though largely in line with consensus estimates. Bank Negara Malaysia (BNM) is still expected to remain gradual and accommodative in its current rate hiking cycle.

### **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 Fund has received soft commissions from brokers/dealers who have also executed trades for other funds managed by Affin Hwang Asset Management. The soft commissions were utilised for goods and services in the form of research materials, data and quotation services, investment-related publications, market data feed, industry benchmarking agencies and investment-related publications to assist the Manager in the investment decision-making process. The soft commission received were for the benefit of the fund and there were no churning of trades.

### **Cross Trade**

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

### **Securities Financing Transactions**

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

### **Changes Made To the Fund's Prospectus**

There were no changes made to the Fund's prospectus during the financial period under review.



## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG TACTICAL FUND**

We have acted as Trustee of the Fund for the financial period ended 31 August 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Afifn Hwang Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, Securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Kuala Lumpur, Malaysia

19 October 2022

**AFFIN HWANG TACTICAL FUND**

**UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022**

# **AFFIN HWANG TACTICAL FUND**

## **UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022**

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## AFFIN HWANG TACTICAL FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022

	<u>Note</u>	6 months financial period ended <u>31.8.2022</u> RM	6 months financial period ended <u>31.8.2021</u> RM
<b>INVESTMENT LOSS</b>			
Dividend income		692,160	480,608
Interest income for financial assets at fair value through profit or loss		163,500	133,583
Interest income for financial assets at amortised cost		82,226	26,949
Net gain on foreign currency exchange		99,039	33,424
Net loss on financial assets at fair value through profit or loss	8	<u>(5,083,230)</u>	<u>(788,123)</u>
		<u>(4,046,305)</u>	<u>(113,559)</u>
<b>EXPENSES</b>			
Management fee	4	(566,003)	(530,387)
Trustee fee	5	(30,196)	(28,335)
Auditors' remuneration		(4,537)	(4,537)
Tax agent's fee		(1,346)	-
Transaction cost		(335,650)	(413,269)
Other expenses		(16,848)	(20,444)
		<u>(954,580)</u>	<u>(996,972)</u>
<b>NET LOSS BEFORE AXATION</b>		(5,000,885)	(1,110,531)
Taxation	6	-	-
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u><u>(5,000,885)</u></u>	<u><u>(1,110,531)</u></u>
Net loss after taxation is made up of the following:			
Realised amount		(2,815,400)	(575,662)
Unrealised amount		(2,185,485)	(534,869)
		<u><u>(5,000,885)</u></u>	<u><u>(1,110,531)</u></u>

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

## AFFIN HWANG TACTICAL FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	16,502,106	1,519,938
Amount due from brokers		1,589,588	509,692
Amount due from Manager			
- creation of units		-	65,583
Dividend receivables		16,424	15,182
Financial assets at fair value through profit or loss	8	56,013,922	78,868,618
<b>TOTAL ASSETS</b>		<u>74,122,040</u>	<u>80,979,013</u>
<b>LIABILITIES</b>			
Amount due to brokers		67,180	953,924
Amount due to Manager			
- management fee		93,441	96,651
- cancellation of units		128,246	5,928
Amount due to Trustee		4,984	5,155
Auditors' remuneration		4,557	4,557
Tax agent's fee		7,443	10,476
Other payables and accruals		8,402	8,868
<b>TOTAL LIABILITIES</b>		<u>314,253</u>	<u>1,085,559</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>73,807,787</u>	<u>79,893,454</u>
<b>EQUITY</b>			
Unitholders' capital		73,888,552	68,291,465
(Accumulated losses)/retained earnings		(80,765)	11,601,989
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>73,807,787</u>	<u>79,893,454</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>272,556,000</u>	<u>253,191,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2708</u>	<u>0.3155</u>

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

## AFFIN HWANG TACTICAL FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 March 2022	74,766,033	8,423,694	83,189,727
Total comprehensive loss for the financial period	-	(5,000,885)	(5,000,885)
Distribution (Note 7)	-	(3,503,574)	(3,503,574)
Movement in unitholders' capital:			
Creation of units arising from applications	1,830,098	-	1,830,098
Creation of units arising from distribution	3,503,574	-	3,503,574
Cancellation of units	(6,211,153)	-	(6,211,153)
Balance as at 31 August 2022	<u>73,888,552</u>	<u>(80,765)</u>	<u>73,807,787</u>
Balance as at 1 March 2021	52,180,307	16,180,100	68,360,407
Total comprehensive loss for the financial period	-	(1,110,531)	(1,110,531)
Distribution (Note 7)	-	(3,467,580)	(3,467,580)
Movement in unitholders' capital:			
Creation of units arising from applications	18,062,712	-	18,062,712
Creation of units arising from distribution	3,467,580	-	3,467,580
Cancellation of units	(5,419,134)	-	(5,419,134)
Balance as at 31 August 2021	<u>68,291,465</u>	<u>11,601,989</u>	<u>79,893,454</u>

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

## AFFIN HWANG TACTICAL FUND

### UNAUDITED SEMI-ANNUAL STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022

	6 months financial period ended <u>31.8.2022</u> RM	6 months financial period ended <u>31.8.2021</u> RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	48,717,454	67,805,863
Purchase of investments	(36,697,952)	(77,267,172)
Dividends received	834,209	496,471
Interest received	282,847	197,953
Management fee paid	(570,644)	(517,036)
Trustee's fee paid	(30,443)	(27,612)
Payment for other fees and expenses	(25,663)	(441,614)
Net realised gain on foreign currency exchange	532,684	312,666
	<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities	13,042,492	(9,440,481)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	1,830,098	18,100,937
Payments for cancellation of units	(6,122,577)	(9,413,233)
	<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities	(4,292,479)	8,687,704
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	8,750,013	(752,777)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		
	(438)	184
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		
	7,752,531	2,272,531
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	9 16,502,106	1,519,938
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The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## AFFIN HWANG TACTICAL FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022

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 (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ (effective 1 January 2021) provide practical expedient allowing Fund to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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 TACTICAL FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### **B INCOME RECOGNITION**

##### Dividend Income

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

##### Interest Income

Interest income from short-term deposits with licensed financial institutions and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

##### Realised gains and losses on sale of investments

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

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

#### **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 profits earned during the financial period.

Tax on investment income from foreign investments is based on the tax regime of the respective countries that the Fund invests in.

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

#### **E 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.

## AFFIN HWANG TACTICAL FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### F FUNCTIONAL AND PRESENTATION CURRENCY

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

#### G FOREIGN CURRENCY TRANSLATIONS

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

#### H 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 contractual cash flows of the Fund’s debt securities are solely payments of 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, amount due from brokers, amount due from Manager, dividend receivables 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 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.

## AFFIN HWANG TACTICAL FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (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. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

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

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 period 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.

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

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

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

## AFFIN HWANG TACTICAL FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### H 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 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 period.

## **AFFIN HWANG TACTICAL FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)**

#### **I 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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### **J AMOUNT DUE FROM/(TO) BROKERS**

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

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

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

#### **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 assets value ("NAV");
- the units are the most subordinated class and class features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

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

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

## **AFFIN HWANG TACTICAL FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)**

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

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

#### **M REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX**

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

## **AFFIN HWANG TACTICAL FUND**

### **NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022**

#### **1 INFORMATION ON THE FUND**

The Unit Trust Fund was constituted under the name Affin Tactical Fund (“the Fund”) pursuant to the execution of a Master Deed dated 8 April 2010, as modified by First Supplemental Deed dated 22 July 2014, Second Supplemental Deed dated 6 August 2015 and Third Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (“the Manager”), AmanahRaya Trustees Berhad (“the Trustee”). The Fund has changed its name from Affin Tactical Fund to Affin Hwang Tactical Fund as amended by the First Supplemental Deed dated 22 July 2014.

The Fund commenced operations on 8 April 2010 and will continue its operations until terminated by the Trustee as provided by Clause 12.3 of the Deed.

The Fund may invest in the following assets, subject to the Deed, the Fund's objective, the Guidelines, the requirements of the SC and any other regulatory body and all relevant laws:

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

The objective of the Fund is to seek a stable return and generate capital growth over the medium to long term period in diversified mix of assets.

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

The financial statements were authorised for issue by the Manager on 17 October 2022.

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortized <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	16,502,106	-	16,502,106
Amount due from broker		1,589,588	-	1,589,588
Dividend receivables		16,424	-	16,424
Quoted equities	8	-	47,270,870	47,270,870
Unquoted fixed income securities	8	-	8,743,052	8,743,052
Total		<u>18,108,118</u>	<u>56,013,922</u>	<u>74,122,040</u>
<u>Financial liabilities</u>				
Amount due to brokers		67,180	-	67,180
Amount due to Manager				
- management fee		93,441	-	93,441
- cancellation of units		128,246	-	128,246
Amount due to Trustee		4,984	-	4,984
Auditors' remuneration		4,557	-	4,557
Tax agent's fee		7,443	-	7,443
Other payables and accruals		8,402	-	8,402
Total		<u>314,253</u>	<u>-</u>	<u>314,253</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,519,938	-	1,519,938
Amount due from broker		509,692	-	509,692
Amount due from Manager				
- creation of units		65,583	-	65,583
Dividend receivables		15,182	-	15,182
Quoted equities	8	-	70,867,166	70,867,166
Unquoted fixed income securities	8	-	8,001,452	8,001,452
Total		<u>2,110,395</u>	<u>78,868,618</u>	<u>80,979,013</u>



## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

Financial instruments are as follows: (continued)

	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2021 (continued)</u>			
<u>Financial liabilities</u>			
Amount due to brokers	953,924	-	953,924
Amount due to Manager			
- management fee	96,651	-	96,651
- cancellation of units	5,928	-	5,928
Amount due to Trustee	5,155	-	5,155
Auditors' remuneration	4,557	-	4,557
Tax agent's fee	10,476	-	10,476
Other payables and accruals	8,868	-	8,868
Total	<u>1,085,559</u>	<u>-</u>	<u>1,085,559</u>

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

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

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (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>2022</u> RM	<u>2021</u> RM
<b>Quoted investment</b>		
Quoted equities	<u>47,270,870</u>	<u>70,867,166</u>
<b>Unquoted investment</b>		
Unquoted fixed income securities	<u>8,743,052</u>	<u>8,001,452</u>

\* Includes interest receivable RM138,032 (2021: RM121,772)

The following table summarises the sensitivity of the Fund's loss after taxation and NAV to price risk movement. The analysis is based on the assumptions that the market price increased by 2% (2021: 7.5%) and decreased by 2% (2021: 7.5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on loss after tax/NAV</u> RM
<u>2022</u>		
-2%	54,758,372	(1,117,518)
0%	55,875,890	-
+2%	<u>56,993,408</u>	<u>1,117,518</u>
<u>2021</u>		
-7.5%	72,840,833	(5,906,013)
0%	78,746,846	-
+7.5%	<u>84,652,859</u>	<u>5,906,013</u>

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

##### Market risk (continued)

##### (b) Interest rate risk

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

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

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

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

<u>% Change in interest rate</u>	<u>Impact on loss after tax/ NAV</u>	
	<u>2022</u>	<u>2021</u>
	RM	RM
+2% (2021: 2%)	(232,793)	(25,583)
- 2% (2021: 2%)	241,530	25,680

The Fund's exposure to the interest rate risk is mainly confined to short term placement with a financial institution. The Manager overcomes this exposure by way of maintaining deposits on a short-term basis.

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

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk

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

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividend receivables</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Hong Kong Dollar	1,559,052	6,349,682	-	7,908,734
Indonesian Rupiah	1,347,945	-	-	1,347,945
Singapore Dollar		742	-	742
Thailand Baht	813,339	-	15,103	828,442
United States Dollar	-	3,107,704	-	3,107,704
	<u>3,720,336</u>	<u>9,458,128</u>	<u>15,103</u>	<u>13,193,567</u>
<u>2021</u>				
<u>Financial assets</u>				
Hong Kong Dollar	9,497,790	6,554	-	9,504,344
Indonesian Rupiah	1,847,940	-	-	1,847,940
Singapore Dollar	2,785,737	21,136	-	2,806,873
Thailand Baht	668,938	-	5,013	673,951
United States Dollar	-	197,325	-	197,325
	<u>14,800,405</u>	<u>225,015</u>	<u>5,013</u>	<u>15,030,433</u>
			<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Thailand Baht			151,882	151,882

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

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

	Change in rate %	Impact on (loss)/profit after tax/ NAV RM
<u>2022</u>		
Hong Kong Dollar	+/- 10.00	790,873
Indonesian Rupiah	+/- 10.00	134,795
Singapore Dollar	+/- 10.00	74
Thailand Baht	+/- 10.00	82,844
United States Dollar	+/- 10.00	310,770
		<hr/> <hr/>
<u>2021</u>		
Hong Kong Dollar	+/- 10.00	950,434
Indonesian Rupiah	+/- 10.00	184,794
Singapore Dollar	+/- 10.00	280,687
Thailand Baht	+/- 10.00	52,207
United States Dollar	+/- 10.00	19,733
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## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

##### Credit risk

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

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

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 proceed from the creation of units receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2022</u>				
Consumer Discretionary				
- A+	1,012,012	-	-	1,012,012
- NR			80,897	80,897
Energy				
- AA-	1,043,549	-	-	1,043,549
- NR	-	-	505,177	505,177
Financial Services				
- AAA	1,028,254	6,988,031	-	8,016,285
- AA3	-	9,514,075	-	9,514,075
- NR	-	-	98,286	98,286
Government				
- SOV	2,016,576	-	-	2,016,576
Health Care				
- NR	-	-	238,981	238,981
Industrials				
- AA2	1,033,688	-	-	1,033,688
- AA3	510,424	-	-	510,424
- NR	-	-	15,103	15,103

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

##### Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2022</u> (continued)				
Technology				
- NR	-	-	667,568	667,568
Utilities				
- AA-	1,076,748	-	-	1,076,748
- AA2	1,021,801	-	-	1,021,801
	<u>8,743,052</u>	<u>16,502,106</u>	<u>1,606,012</u>	<u>26,851,170</u>
<u>2021</u>				
Consumer Staples				
- AA3	1,039,888	-	-	1,039,888
Energy				
- AA-	1,107,129	-	-	1,107,129
- NR	-	-	509,692	509,692
Financial Services				
- AAA	1,077,164	1,266,774	-	2,343,938
- AA3	-	253,164	-	253,164
Government				
- SOV	2,098,076	-	-	2,098,076
Industrials				
- AA3	536,059	-	-	536,059
- AA-	1,019,596	-	-	1,019,596
- NR	-	-	5,013	5,013
Technology				
- NR	-	-	10,169	10,169
Utilities				
- AA-	1,123,540	-	-	1,123,540
Others				
- NR	-	-	65,583	65,583
	<u>8,001,452</u>	<u>1,519,938</u>	<u>590,457</u>	<u>10,111,847</u>

\* Other assets consist of amount due from brokers, amount due from Manager and dividend receivables.

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

##### Liquidity risk

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

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

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

	Within <u>one month</u> RM	Between one Month to <u>one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Amount due to brokers	67,180	-	67,180
Amount due to Manager			
- management fee	93,441	-	93,441
- cancellation of units	128,246	-	128,246
Amount due to Trustee	4,984	-	4,984
Auditors' remuneration	-	4,557	4,557
Tax agent's fee	-	7,443	7,443
Other payables and accruals	-	8,402	8,402
	<u>293,851</u>	<u>20,402</u>	<u>314,253</u>

##### 2021

Amount due to brokers	953,924	-	953,924
Amount due to Manager			
- management fee	96,651	-	96,651
- cancellation of units	5,928	-	5,928
Amount due to Trustee	5,155	-	5,155
Auditors' remuneration	-	4,557	4,557
Tax agent's fee	-	10,476	10,476
Other payables and accruals	-	8,868	8,868
	<u>1,061,658</u>	<u>23,901</u>	<u>1,085,559</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 TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION

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

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

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

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 TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (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>2022</u>				
Financial assets at fair value through profit or loss				
- quoted equities	47,270,870	-	-	47,270,870
- unquoted fixed income securities	-	8,743,052	-	8,743,052
	<u>47,270,870</u>	<u>8,743,052</u>	<u>-</u>	<u>56,013,922</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	70,867,166	-	-	70,867,166
- unquoted fixed income securities	-	8,001,452	-	8,001,452
	<u>70,867,166</u>	<u>8,001,452</u>	<u>-</u>	<u>78,868,618</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities. 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, amount due from brokers, amount due from Manager, dividend receivables and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 4 MANAGEMENT FEE

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

For the 6 months financial period ended 31 August 2022, the management fees provided in the financial statements was 1.5% (2021: 1.5%) per annum on the NAV of the Fund calculated on a daily basis as stated in Fund's Prospectus.

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

#### 5 TRUSTEE'S FEE

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

For the 6 months financial period ended 31 August 2022, the Trustee's fee was recognised at a rate of 0.08% (2021: 0.08%) per annum on the NAV of the Fund calculated on a daily basis as stated in Fund's Prospectus.

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

#### 6 TAXATION

	6 months financial period ended <u>31.8.2022</u> RM	6 months financial period ended <u>31.8.2021</u> RM
Current taxation - local	-	-

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

	6 months financial period ended <u>31.8.2022</u> RM	6 months financial period ended <u>31.8.2021</u> RM
Net loss before taxation	(5,000,885)	(1,110,531)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(1,200,212)	(266,527)
Tax effect of:		
Investment loss not brought to tax	971,113	27,254
Expenses not deductible for tax purposes	91,383	110,105
Restriction on tax deductible expenses for Unit Trust Funds	137,716	129,168
Tax expense	-	-

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 7 DISTRIBUTION

	6 months financial period ended <u>31.8.2022</u> RM	6 months financial period ended <u>31.8.2021</u> RM
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Distribution to unitholders is from the following sources:

Previous year's realised income	<u>3,503,574</u>	<u>3,467,580</u>
Gross/Net distribution per unit (sen)	<u>1.35</u>	<u>1.50</u>
Ex-date	<u>20.7.2022</u>	<u>21.7.2021</u>

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

Included in distribution for the financial period is an amount of RM3,503,574 (2021: RM3,467,580) made from previous year's realised income.

During the 6 months financial period ended 31 August 2022, the Fund incurred unrealised loss of RM2,185,485 (2021: RM534,869).

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss		
- quoted equities - local	43,550,534	56,066,761
- quoted equities - foreign	3,720,336	14,800,405
- unquoted fixed income securities - local	8,743,052	8,001,452
	<u>56,013,922</u>	<u>78,868,618</u>
Net loss on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(2,898,183)	(582,578)
- unrealised loss on changes in fair value	(2,185,047)	(205,545)
	<u>(5,083,230)</u>	<u>(788,123)</u>

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(a) Quoted equities - local

(i) Quoted equities - local as at 31 August 2022 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products &amp; Services</u>				
Aeon Company (M) Berhad	500,000	646,671	735,000	1.00
Genting Bhd	381,000	1,890,436	1,786,890	2.42
	<u>881,000</u>	<u>2,537,107</u>	<u>2,521,890</u>	<u>3.42</u>
<u>Energy</u>				
Dialog Group Bhd	462,100	1,282,779	1,118,282	1.52
Yinson Holdings Berhad	1,802,600	3,849,078	3,803,486	5.15
	<u>2,264,700</u>	<u>5,131,857</u>	<u>4,921,768</u>	<u>6.67</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	192,800	2,521,724	2,691,488	3.65
CIMB Group Holdings Bhd	366,000	1,886,771	1,961,760	2.66
Hong Leong Bank Bhd	85,200	1,497,768	1,777,272	2.41
	<u>644,000</u>	<u>5,906,263</u>	<u>6,430,520</u>	<u>8.72</u>
<u>Health Care</u>				
Hartalega Holdings Bhd	489,000	879,793	797,070	1.08
IHH Healthcare Bhd	422,800	2,774,821	2,621,360	3.55
Kossan Rubber Industries Bhd	1,105,000	1,152,485	1,116,050	1.51
KPJ Healthcare Berhad	2,272,200	2,444,325	1,976,814	2.68
	<u>4,289,000</u>	<u>7,251,424</u>	<u>6,511,294</u>	<u>8.82</u>
<u>Industrial Products &amp; Services</u>				
Press Metal Aluminium Hldg Bhd	233,000	1,126,560	1,106,750	1.50
<u>Plantation</u>				
Hap Seng Plantations Hldgs Bhd	473,000	1,109,402	1,068,980	1.45
Kuala Lumpur Kepong Bhd	113,800	2,542,014	2,621,952	3.55
Ta Ann Holdings Bhd	518,000	1,994,361	2,061,640	2.79
	<u>1,104,800</u>	<u>5,645,777</u>	<u>5,752,572</u>	<u>7.79</u>

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(a) Quoted equities - local (continued)

(i) Quoted equities - local as at 31 August 2022 are as follows (continued):

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Property</u>				
Eco World Development Grp Bhd	3,367,900	1,826,089	2,239,654	3.03
Mah Sing Group Bhd	1,411,000	1,104,644	853,655	1.16
	<u>4,778,900</u>	<u>2,930,733</u>	<u>3,093,309</u>	<u>4.19</u>
<u>Technology</u>				
CTOS Digital Berhad	224,000	326,326	315,840	0.43
GHL Systems Bhd	1,400,100	2,480,172	1,540,110	2.09
Inari Amertron Bhd	526,000	1,698,341	1,425,460	1.93
LGMS Bhd	2,012,900	1,066,308	2,214,190	3.00
	<u>4,163,000</u>	<u>5,571,147</u>	<u>5,495,600</u>	<u>7.45</u>
<u>Telecommunication &amp; Media</u>				
Telekom Malaysia Bhd	788,300	4,435,198	4,706,151	6.38
TIME dotCom Berhad	412,000	1,825,381	1,965,240	2.66
	<u>1,200,300</u>	<u>6,260,579</u>	<u>6,671,391</u>	<u>9.04</u>
<u>Utilities</u>				
Mega First Corp Bhd	288,000	1,053,858	1,045,440	1.42
Total quoted equities - local	<u>19,846,700</u>	<u>43,415,305</u>	<u>43,550,534</u>	<u>59.02</u>
Accumulated unrealised gain on quoted equities - local		<u>135,229</u>		
Total quoted equities - local		<u>43,550,534</u>		

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 August 2021 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Jaks Resources Bhd	3,500,000	1,662,500	1,767,500	2.21
<u>Consumer Products &amp; Services</u>				
Aeon Company (M) Bhd	1,800,000	2,328,015	2,592,000	3.24
Genting Bhd	735,000	3,694,217	3,711,750	4.65
Hong Leong Industries Bhd	138,100	1,122,267	1,280,187	1.60
Malayan Flour Mills Bhd	4,088,000	3,429,463	3,168,200	3.97
	<u>6,761,100</u>	<u>10,573,962</u>	<u>10,752,137</u>	<u>13.46</u>
<u>Energy</u>				
KNM Group Bhd	9,000,000	1,744,691	2,250,000	2.82
Reservoir Link Energy Bhd	2,500,000	1,231,280	1,425,000	1.78
Yinson Holdings Bhd	630,000	2,960,621	3,087,000	3.86
	<u>12,130,000</u>	<u>5,936,592</u>	<u>6,762,000</u>	<u>8.46</u>
<u>Financial Services</u>				
BIMB Holdings Bhd	500,000	1,790,000	1,980,000	2.48
Hong Leong Bank Bhd	164,200	2,792,654	3,146,072	3.94
	<u>664,200</u>	<u>4,582,654</u>	<u>5,126,072</u>	<u>6.42</u>
<u>Health Care</u>				
KPJ Healthcare Bhd	2,400,000	2,523,000	2,400,000	3.00
<u>Industrial Products &amp; Services</u>				
ATA IMS Bhd	875,000	2,181,284	2,362,500	2.96
Samchem Holdings Bhd	1,982,200	1,030,665	1,595,671	2.00
	<u>2,857,200</u>	<u>3,211,949</u>	<u>3,958,171</u>	<u>4.96</u>

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 August 2021 are as follows (continued):

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	128,700	2,926,484	2,738,736	3.43
<u>Property</u>				
Eco World Development Grp Bhd	4,480,500	2,254,674	3,181,155	3.98
<u>Technology</u>				
CTOS Digital Bhd	1,086,000	1,582,099	1,889,640	2.37
Cuscapi Bhd	2,551,000	799,483	790,810	0.99
Genetec Technology Bhd	95,700	2,456,569	2,966,700	3.71
GHL Systems Bhd	1,200,000	2,212,600	2,340,000	2.93
Greatech Technology Bhd	316,400	1,306,479	2,183,160	2.73
Inari Amertron Bhd	547,000	1,695,700	1,881,680	2.36
Unisem M Bhd	219,000	1,375,448	1,881,210	2.35
	<u>6,015,100</u>	<u>11,428,378</u>	<u>13,933,200</u>	<u>17.44</u>
<u>Telecommunication &amp; Media</u>				
Telekom Malaysia Bhd	662,100	3,787,539	4,038,810	5.06
TIME dotCom Bhd	306,300	1,236,104	1,408,980	1.76
	<u>968,400</u>	<u>5,023,643</u>	<u>5,447,790</u>	<u>6.82</u>
Total quoted equities - local	<u>39,905,200</u>	<u>50,123,836</u>	<u>56,066,761</u>	<u>70.18</u>
Accumulated unrealised gain on quoted equities - local		<u>5,942,925</u>		
Total quoted equities - local		<u>56,066,761</u>		



## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(b) Quoted equities - foreign

(i) Quoted equities - foreign as at 31 August 2022 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	29,000	1,387,693	1,559,052	2.11
<u>Indonesia</u>				
<u>Financial Services</u>				
Bank Syariah Indonesia Tbk PT	2,952,000	1,415,730	1,347,945	1.83
<u>Thailand</u>				
<u>Industrial Products &amp; Services</u>				
Business Online PCL -NVDR	552,800	828,846	813,339	1.10
Total quoted equities - foreign	3,533,800	3,632,269	3,720,336	5.04
Accumulated unrealised gain on quoted equities - foreign		88,067		
Total quoted equities - foreign		3,720,336		

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(b) Quoted equities - foreign (continued)

(ii) Quoted equities - foreign as at 31 August 2021 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	26,800	3,253,693	2,363,969	2.96
<u>Real Estate</u>				
A-Living Smart City Svc Co Ltd	178,000	2,731,230	2,923,764	3.66
<u>Technology</u>				
Pentamaster International Ltd	1,956,000	1,086,737	1,074,429	1.35
Truly International Holding Ltd	1,143,000	1,582,588	1,761,634	2.20
Weimob Inc	228,000	2,479,189	1,373,994	1.72
	<u>3,327,000</u>	<u>5,148,514</u>	<u>4,210,057</u>	<u>5.27</u>
<u>Indonesia</u>				
<u>Technology</u>				
Bukalapak.com PT Tbk	6,802,400	1,700,498	1,847,940	2.31
<u>Singapore</u>				
<u>Technology</u>				
Silverlake Axis Ltd	3,280,000	2,657,174	2,785,737	3.49
<u>Thailand</u>				
<u>Industrials</u>				
Business Online PCL -NVDR	536,100	663,038	668,938	0.84
Total quoted equities - foreign	<u>14,150,300</u>	<u>16,154,147</u>	<u>14,800,405</u>	<u>18.53</u>
Accumulated unrealised loss on quoted equities - foreign		<u>(1,353,742)</u>		
Total quoted equities - foreign		<u>14,800,405</u>		

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(c) Unquoted fixed income securities - local

(i) Unquoted fixed income securities - local as at 31 August 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
4.50% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	1,000,000	1,014,674	1,028,254	1.39
4.55% DRB-Hicom Berhad 12.12.2024 (A+)	1,000,000	1,022,301	1,012,012	1.37
4.25% Edra Solar Sdn Bhd 11.10.2024 (AA2)	1,000,000	1,032,437	1,021,801	1.38
4.76% IJM Corporation Bhd 10.04.2029 (AA3)	500,000	540,752	510,424	0.69
5.75% Malaysia Airports Holdings Bhd (Call: 13.12.2024) (AA2)	1,000,000	1,040,664	1,033,688	1.39
5.70% MMC Corp Berhad 24.03.2028 (AA-)	1,000,000	1,113,512	1,076,748	1.45
5.90% UiTM Solar Power Sdn Bhd 27.04.2029 (AA-)	1,000,000	1,121,134	1,043,549	1.41
3.422% GII 30.09.2027 (SOV)	1,000,000	1,056,873	997,398	1.35
3.726% GII 31.03.2026 (SOV)	1,000,000	1,069,790	1,019,178	1.38
Total unquoted fixed income securities - local	<u>8,500,000</u>	<u>9,012,137</u>	<u>8,743,052</u>	<u>11.81</u>
Accumulated unrealised loss on unquoted fixed income securities - local		<u>(269,085)</u>		
Total unquoted fixed income securities - local		<u>8,743,052</u>		

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

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

(c) Unquoted fixed income securities - local (continued)

(ii) Unquoted fixed income securities - local as at 31 August 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
4.50% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	1,000,000	1,014,594	1,077,164	1.35
4.20% Bumitama Agri Ltd 22.07.2026 (AA3)	1,000,000	1,034,184	1,039,888	1.30
4.76% IJM Corporation Bhd 10.04.2029 (AA3)	500,000	544,816	536,059	0.67
5.70% MMC Corp Berhad 24.03.2028 (AA-)	1,000,000	1,127,881	1,123,540	1.41
5.90% UiTM Solar Power Sdn Bhd 27.04.2029 (AA-)	1,000,000	1,134,007	1,107,129	1.38
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	1,000,000	1,019,449	1,019,596	1.28
3.422% GII 30.09.2027 (SOV)	1,000,000	1,064,615	1,035,898	1.30
3.726% GII 31.03.2026 (SOV)	1,000,000	1,084,164	1,062,178	1.33
Total unquoted fixed income securities - local	<u>7,500,000</u>	<u>8,023,710</u>	<u>8,001,452</u>	<u>10.02</u>
Accumulated unrealised loss on unquoted fixed income securities - local		<u>(22,258)</u>		
Total unquoted fixed income securities - local		<u>8,001,452</u>		

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	9,514,075	253,164
Deposits with a licensed financial institution	6,988,031	1,266,774
	<u>16,502,106</u>	<u>1,519,938</u>

The weighted average effective interest rates per annum of deposit with a licensed financial institution are as follows:

	<u>2022</u> %	<u>2021</u> %
Deposit with a licensed financial institution	<u>2.25</u>	<u>1.75</u>

Deposit with a licensed financial institution has an average maturity of 1 day (2021: 1 days).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial period	274,039,000	202,105,000
Creation of units from applications during the financial period	6,435,000	56,042,732
Creation of units from distribution during the financial period	13,372,420	11,395,268
Cancellation of units during the financial period	<u>(21,290,420)</u>	<u>(16,352,000)</u>
At the end of the financial period	<u>272,556,000</u>	<u>253,191,000</u>

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS

- (a) Details of transactions with the top 10 brokers and dealers for the 6 months financial period ended 31 August 2022 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd #	15,746,588	18.43	64,657	19.26
UOB Kay Hian Securities (M) Sdn Bhd	7,972,651	9.33	49,020	14.61
JP Morgan Securities (Malaysia) Sdn Bhd	5,009,862	5.87	20,175	6.01
CLSA Securities Malaysia Sdn Bhd	4,726,863	5.53	15,414	4.59
Credit Suisse Securities (Malaysia) Sdn Bhd	4,433,396	5.19	18,067	5.38
RHB Investment Bank Bhd	3,994,731	4.68	16,231	4.84
Kenanga Investment Bank Bhd	3,478,724	4.07	14,426	4.30
UBS Securities Malaysia Sdn Bhd	3,255,061	3.81	11,818	3.52
CLSA Limited (Hong Kong)	2,866,007	3.36	5,340	1.59
Alliance Bernstein DMA	2,859,887	3.35	5,373	1.60
Others	31,076,489	36.38	115,129	34.30
	<u>85,420,259</u>	<u>100.00</u>	<u>335,650</u>	<u>100.00</u>

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

- (b) Details of transactions with the top 10 brokers and dealers for the 6 months financial period ended 31 August 2021 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Hwang Investment Bank Bhd #	33,475,669	23.26	102,064	24.68
CLSA Securities Malaysia Sdn Bhd	10,408,932	7.23	20,848	5.04
Bank Of America, N.A. (Jakarta Branch)	6,682,960	4.65	22,005	5.32
CIMB Bank Bhd	6,278,052	4.36	9,953	2.41
CGS-CIMB Securities Sdn Bhd	6,078,280	4.22	19,705	4.77
Public Investment Bank Bhd	6,015,595	4.18	18,760	4.54
CLSA Limited (Hong Kong)	5,274,573	3.66	8,327	2.01
CCB International Securities	5,059,571	3.52	15,819	3.83
Kenanga Investment Bank Bhd	4,622,935	3.21	4,441	1.07
Macquarie Capital Securities (Malaysia) Sdn Bhd	4,529,148	3.15	13,381	3.24
Others	55,493,360	38.56	178,153	43.09
	<u>143,919,075</u>	<u>100.00</u>	<u>413,456</u>	<u>100.00</u>

# Included in transaction with brokers and dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company formerly related to the Manager amounting to RM15,746,588 (2021: RM33,475,669).

The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationship</u>
CVC Capital Partners Asia V L.P., CVC Capital Partners Investment Asia L.P. and CVC Capital Partners Asia V Associates L.P. (collectively known as "CVC Asia V")	Ultimate holding companies of the Manager
CVC Capital Partners Asia V Limited companies	General Partner of the ultimate holding
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former holding company of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn. Bhd.	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAM")	Substantial shareholder of the Manager
Affin Hwang Asset Management Berhad ("AHAM")	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding companies of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager



## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 12 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 period are as follows:

	2022		2021	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	2,953	800	19,479	6,146
	2,953	800	19,479	6,146

#### 13 TOTAL EXPENSE RATIO (“TER”)

	6 months financial period ended <u>31.8.2022</u> %	6 months financial period ended <u>31.8.2021</u> %
TER	0.81	0.82
	0.81	0.82

TER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebate
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 NAV of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on daily basis was RM74,867,010 (2021: RM70,226,871).

## AFFIN HWANG TACTICAL FUND

### NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2022 (CONTINUED)

#### 14 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended 31.8.2022	6 months financial period ended 31.8.2021
PTR (times)	0.60	1.03

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM36,287,857 (2021: RM78,221,096)  
total disposal for the financial period = RM53,146,803 (2021: RM66,001,133)

#### 15 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

##### Change in corporate shareholding of Affin Hwang Asset Management Berhad

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in Affin Hwang Asset Management Berhad.

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, Affin Hwang Asset Management Berhad has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

## **AFFIN HWANG TACTICAL 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 as the Manager, the financial statements set out on pages 1 to 39 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2022 and of its financial performance, changes in equity and cash flows for the financial period ended 31 August 2022 in accordance with the Malaysia 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  
19 October 2022

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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