

# Affin Hwang

## Select Asia (ex Japan)

### Opportunity Fund

Interim Report  
31 July 2020

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 SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

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

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## FUND INFORMATION

Fund Name	Affin Hwang Select Asia (ex Japan) Opportunity Fund
Fund Type	Growth
Fund Category	Equity
Investment Objective	The Fund seeks to provide capital appreciation over the medium to long-term by investing in equities and Equity-linked instruments in Asian markets (ex Japan)
Benchmark	MSCI AC Asia Ex Japan Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate

## BREAKDOWN OF UNITHOLDERS BY MYR CLASS SIZE AS AT 31 JULY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1,267	3,504
5,001 to 10,000	1,260	9,142
10,001 to 50,000	3,256	76,046
50,001 to 500,000	1,169	134,417
500,001 and above	58	624,353
<b>Total</b>	<b>7,010</b>	<b>847,462</b>

\* Note: Excluding Manager's stock

## BREAKDOWN OF UNITHOLDERS BY AUD CLASS SIZE AS AT 31 JULY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	3	86
500,001 and above	4	413
<b>Total</b>	<b>7</b>	<b>499</b>

\* Note: Excluding Manager's stock

## BREAKDOWN OF UNITHOLDERS BY USD CLASS SIZE AS AT 31 JULY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	1	28
50,001 to 500,000	2	174
500,001 and above	-	-
<b>Total</b>	<b>3</b>	<b>202</b>

\* Note: Excluding Manager's stock

## BREAKDOWN OF UNITHOLDERS BY GBP CLASS SIZE AS AT 31 JULY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	2	47
50,001 to 500,000	1	74
500,001 and above	-	-
<b>Total</b>	<b>3</b>	<b>121</b>

\* Note: Excluding Manager's stock

## BREAKDOWN OF UNITHOLDERS BY SGD CLASS SIZE AS AT 31 JULY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	2	72
50,001 to 500,000	2	441
500,001 and above	1	2,619
<b>Total</b>	<b>5</b>	<b>3,132</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Jul 2020 (%)	As at 31 Jul 2019 (%)	As at 31 Jul 2018 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Consumer Products & Services	-	4.81	-
- Technology	-	4.10	-
- Utilities	-	2.35	-
- Financials	-	-	2.06
- Trading / services	-	-	-
<b>Total quoted equities – local</b>	<b>-</b>	<b>11.26</b>	<b>2.06</b>
<b>Quoted equities – foreign</b>			
- Banks	-	-	3.13
- Basic materials	-	0.32	-
- Consumer goods	5.65	3.24	5.98
- Consumer service	24.34	18.92	8.41
- Financials	17.53	26.31	23.23
- Healthcare	3.27	-	-
- Industrials	6.40	3.66	4.43
- Oil & Gas	-	-	4.92
- Real estate	-	-	4.46
- Technology	41.09	24.25	15.78
- Telecommunications	-	3.32	-
- Utilities	-	2.32	1.12
<b>Total quoted equities – foreign</b>	<b>98.28</b>	<b>82.34</b>	<b>71.46</b>
<b>Exchange-traded fund - foreign</b>	<b>-</b>	<b>-</b>	<b>2.12</b>
<b>Cash &amp; cash equivalent</b>	<b>1.72</b>	<b>6.40</b>	<b>24.36</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Category	As at 31 Jul 2020 (%)					As at 31 Jul 2019 (%)					As at 31 Jul 2018 (%)				
Currency class	MYR Class	AUD Class	USD Class	GBP Class	SGD Class	MYR Class	AUD Class	USD Class	GBP Class	SGD Class	MYR Class	AUD Class	USD Class	GBP Class	SGD Class
Total NAV (million)	729.434	0.298	0.101	0.072	1.819	723.743	0.337	0.001	0.022	1.480	766.301	0.0005	0.005	0.0005	0.0005
NAV per Unit (in respective currencies)	0.8597	0.5932	0.4942	0.5777	0.5801	0.7179	0.5268	0.4239	0.5292	0.4953	0.7162	0.4948	0.4991	0.4953	0.4971
Unit in Circulation (million)	848.505	0.502	0.205	0.125	3.135	1,008.157	0.639	0.002	0.041	2.987	1,069.965	0.001	0.001	0.001	0.001
Highest NAV	0.8704	0.6094	0.4977	0.5969	0.5905	0.7283	0.5330	0.5010	0.5292	0.5035	0.7752	0.5037	0.5053	0.5030	0.5934
Lowest NAV	0.6477	0.5189	0.3572	0.4594	0.4431	0.6641	0.4688	0.4042	0.4570	0.4570	0.7036	0.4948	0.4988	0.4953	0.4971
Return of the Fund (%)	18.96	7.72	14.98	16.14	15.88	7.55	12.37	-8.48	15.80	8.38	-7.61	-1.04	-0.18	-0.94	-0.58
- Capital Growth (%)	18.96	7.72	14.98	16.14	15.88	7.55	12.37	-8.48	15.80	8.38	-7.61	-1.04	-0.18	-0.94	-0.58
- Income Distribution (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management Expense Ratio (%) <sup>1</sup>	0.85					0.80					0.85				
Portfolio Turnover Ratio (times) <sup>2</sup>	1.25					0.94					1.69				

<sup>1</sup>The MER of the Fund was higher than previous year due to lower average NAV of the Fund the during the period under review.

<sup>2</sup>The PTR of the Fund was higher than previous year as the Manager had increased trading activities during the period under review.

**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

## **MANAGER'S REPORT**

### **Income Distribution / Unit Split**

No income distribution or unit split were declared for the financial period ended 31 July 2020.

### **Performance Review**

#### **MYR Class**

For the period under review from 1 February 2020 to 31 July 2020, the Fund registered a 18.96% return compared to the benchmark return of 10.32%. The Fund thus outperformed the Benchmark by 8.64%. The Net Asset Value ("NAV") per unit of the Fund as at 31 July 2020 was RM0.8597 compared to its NAV per unit as at 31 January 2020 was RM0.7227.

Since its inception to 31 July 2020, the Fund has registered a return of 97.41%. Compared to the benchmark of 60.54% for the same period, the Fund outperformed the Benchmark by 36.87 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

#### **AUD Class**

For the period under review from 1 February 2020 to 31 July 2020, the Fund registered a 7.72% return compared to the benchmark return of 1.16%. The Fund thus outperformed the Benchmark by 6.56%. The Net Asset Value ("NAV") per unit of the Fund as at 31 July 2020 was AUD0.5932 compared to its NAV per unit as at 31 January 2020 was AUD0.5507.

Since its inception to 31 July 2020, the Fund has registered a return of 18.64%. Compared to the benchmark of 10.32% for the same period, the Fund outperformed the Benchmark by 8.32 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

#### **GBP Class**

For the period under review from 1 February 2020 to 31 July 2020, the Fund registered a 16.14% return compared to the benchmark return of 10.84%. The Fund thus outperformed the Benchmark by 5.30%. The Net Asset Value ("NAV") per unit of the Fund as at 31 July 2020 was GBP 0.5777 compared to its NAV per unit as at 31 January 2020 was GBP 0.4974.

Since its inception to 31 July 2020, the Fund has registered a return of 15.54%. Compared to the benchmark of 8.29% for the same period, the Fund outperformed the Benchmark by 7.25 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

#### **SGD Class**

For the period under review from 1 February 2020 to 31 July 2020, the Fund registered a 15.88% return compared to the benchmark return of 7.66%. The Fund thus outperformed the Benchmark by 8.22%. The Net Asset Value ("NAV") per unit of the Fund as at 31 July 2020 was SGD 0.5801 compared to its NAV per unit as at 31 January 2020 was SGD 0.5006.

Since its inception to 31 July 2020, the Fund has registered a return of 16.02%. Compared to the benchmark of 6.27% for the same period, the Fund outperformed the Benchmark by 9.75 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

### **USD Class**

For the period under review from 1 February 2020 to 31 July 2020, the Fund registered a 14.98% return compared to the benchmark return of 5.72%. The Fund thus outperformed the Benchmark by 9.26%. The Net Asset Value ("NAV") per unit of the Fund as at 31 July 2020 was USD 0.4942 compared to its NAV per unit as at 31 January 2020 was USD 0.4298.

Since its inception to 31 July 2020, the Fund has registered a return of -1.16%. Compared to the benchmark of 4.36% for the same period, the Fund underperformed the Benchmark by 5.52 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

### **MYR Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/2/20 - 31/7/20)</b>	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>3 Years</b> <b>(1/8/17 - 31/7/20)</b>	<b>5 Years</b> <b>(1/8/15 - 31/7/20)</b>	<b>Since Commencement</b> <b>(11/8/06 - 31/7/20)</b>
<b>Fund</b>	<b>18.96%</b>	<b>19.75%</b>	<b>23.47%</b>	<b>62.58%</b>	<b>97.41%</b>
<b>Benchmark</b>	<b>10.32%</b>	<b>12.94%</b>	<b>5.78%</b>	<b>41.82%</b>	<b>60.54%</b>
<b>Outperformance</b>	<b>8.64%</b>	<b>6.81%</b>	<b>17.69%</b>	<b>20.76%</b>	<b>36.87%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>3 Years</b> <b>(1/8/17 - 31/7/20)</b>	<b>5 Years</b> <b>(1/8/15 - 31/7/20)</b>	<b>Since Commencement</b> <b>(11/8/06 - 31/7/20)</b>
<b>Fund</b>	<b>19.75%</b>	<b>7.27%</b>	<b>10.20%</b>	<b>4.98%</b>
<b>Benchmark</b>	<b>12.94%</b>	<b>1.89%</b>	<b>7.23%</b>	<b>3.44%</b>
<b>Outperformance / (Underperformance)</b>	<b>6.81%</b>	<b>5.38%</b>	<b>2.97%</b>	<b>1.54%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(01/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(01/2/18 - 31/1/19)</b>	<b>FYE 2018</b> <b>(01/2/17 - 31/1/18)</b>	<b>FYE 2017</b> <b>(01/2/16 - 31/1/17)</b>	<b>FYE 2016</b> <b>(01/2/15 - 31/1/16)</b>
<b>Fund</b>	<b>8.27%</b>	<b>(13.89%)</b>	<b>26.85%</b>	<b>20.91%</b>	<b>(1.52%)</b>
<b>Benchmark</b>	<b>2.73%</b>	<b>(12.39%)</b>	<b>23.70%</b>	<b>26.36%</b>	<b>(8.91%)</b>
<b>Outperformance / (Underperformance)</b>	<b>5.54%</b>	<b>(1.50%)</b>	<b>3.15%</b>	<b>(5.45%)</b>	<b>7.39%</b>

Source of Benchmark: Bloomberg



## **AUD Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/2/20 - 31/7/20)</b>	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>7.72%</b>	<b>12.60%</b>	<b>18.64%</b>
<b>Benchmark</b>	<b>1.16%</b>	<b>7.04%</b>	<b>10.32%</b>
<b>Outperformance</b>	<b>6.56%</b>	<b>5.56%</b>	<b>8.32%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>12.60%</b>	<b>8.75%</b>
<b>Benchmark</b>	<b>7.04%</b>	<b>4.94%</b>
<b>Outperformance</b>	<b>5.56%</b>	<b>3.81%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(01/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>17.47%</b>	<b>(6.24%)</b>
<b>Benchmark</b>	<b>11.55%</b>	<b>(2.24%)</b>
<b>Outperformance / (Underperformance)</b>	<b>5.92%</b>	<b>(4.00%)</b>

Source of Benchmark: Bloomberg

## **GBP Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/2/20 - 31/7/20)</b>	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>16.14%</b>	<b>9.16%</b>	<b>15.54%</b>
<b>Benchmark</b>	<b>10.84%</b>	<b>5.66%</b>	<b>8.29%</b>
<b>Outperformance</b>	<b>5.30%</b>	<b>3.50%</b>	<b>7.25%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>9.16%</b>	<b>7.34%</b>
<b>Benchmark</b>	<b>5.66%</b>	<b>3.99%</b>
<b>Outperformance</b>	<b>3.50%</b>	<b>3.35%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(01/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>8.84%</b>	<b>(8.60%)</b>
<b>Benchmark</b>	<b>2.16%</b>	<b>(4.36%)</b>
<b>Outperformance / (Underperformance)</b>	<b>6.68%</b>	<b>(4.24%)</b>

Source of Benchmark: Bloomberg

**SGD Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/2/20 - 31/7/20)</b>	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>15.88%</b>	<b>17.12%</b>	<b>16.02%</b>
<b>Benchmark</b>	<b>7.66%</b>	<b>10.51%</b>	<b>6.27%</b>
<b>Outperformance</b>	<b>8.22%</b>	<b>6.61%</b>	<b>9.75%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>17.12%</b>	<b>7.56%</b>
<b>Benchmark</b>	<b>10.51%</b>	<b>3.03%</b>
<b>Outperformance</b>	<b>6.61%</b>	<b>4.53%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(01/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>9.54%</b>	<b>(8.60%)</b>
<b>Benchmark</b>	<b>4.16%</b>	<b>(5.23%)</b>
<b>Outperformance / (Underperformance)</b>	<b>5.38%</b>	<b>(3.37%)</b>

Source of Benchmark: Bloomberg

**USD Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/2/20 - 31/7/20)</b>	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>14.98%</b>	<b>16.58%</b>	<b>(1.16%)</b>
<b>Benchmark</b>	<b>5.72%</b>	<b>8.87%</b>	<b>4.36%</b>
<b>Outperformance / (Underperformance)</b>	<b>9.26%</b>	<b>7.71%</b>	<b>(5.52%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/8/19 - 31/7/20)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/7/20)</b>
<b>Fund</b>	<b>16.58%</b>	<b>(0.57%)</b>
<b>Benchmark</b>	<b>8.87%</b>	<b>2.11%</b>
<b>Outperformance / (Underperformance)</b>	<b>7.71%</b>	<b>(2.68%)</b>

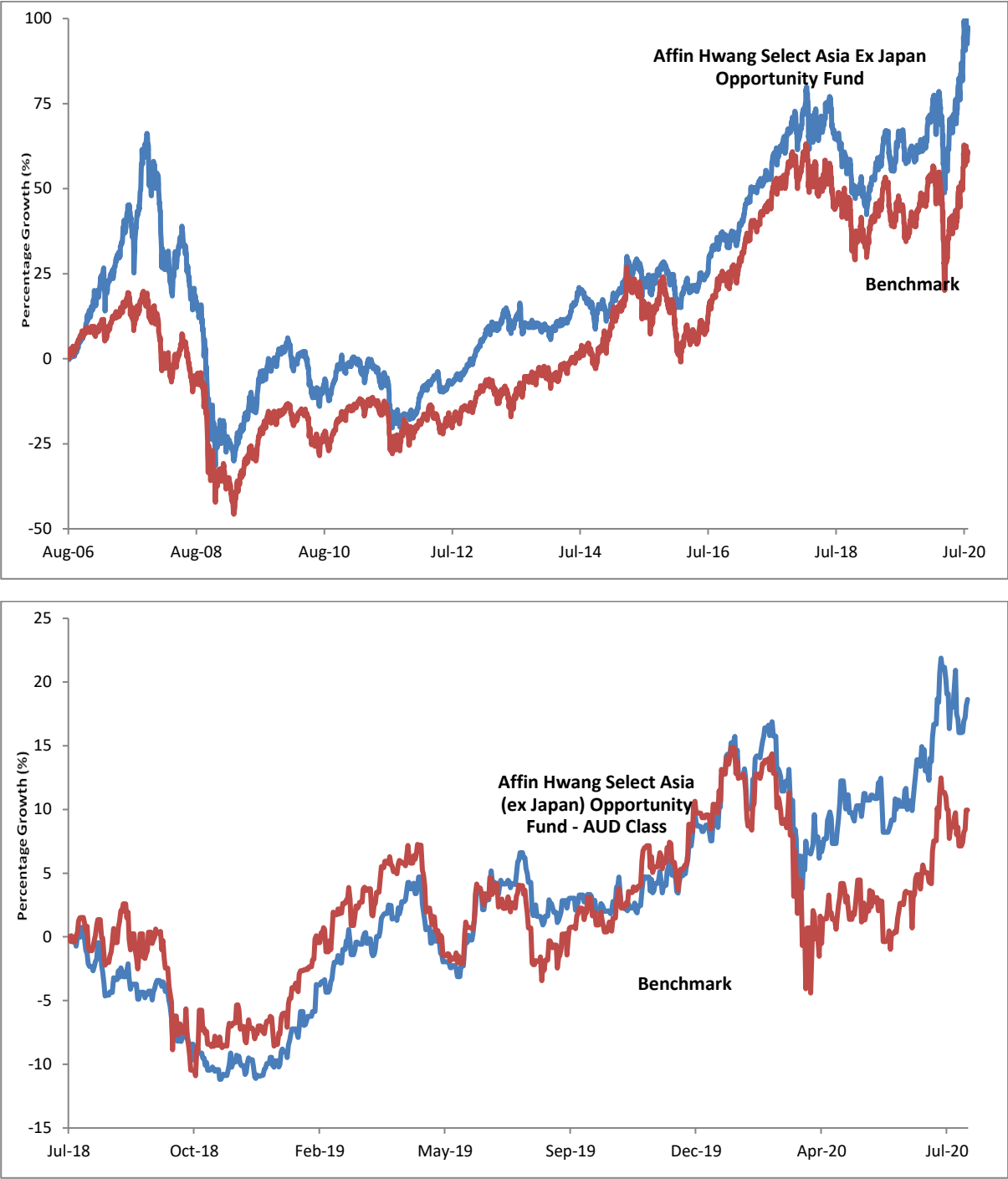
Source of Benchmark: Bloomberg

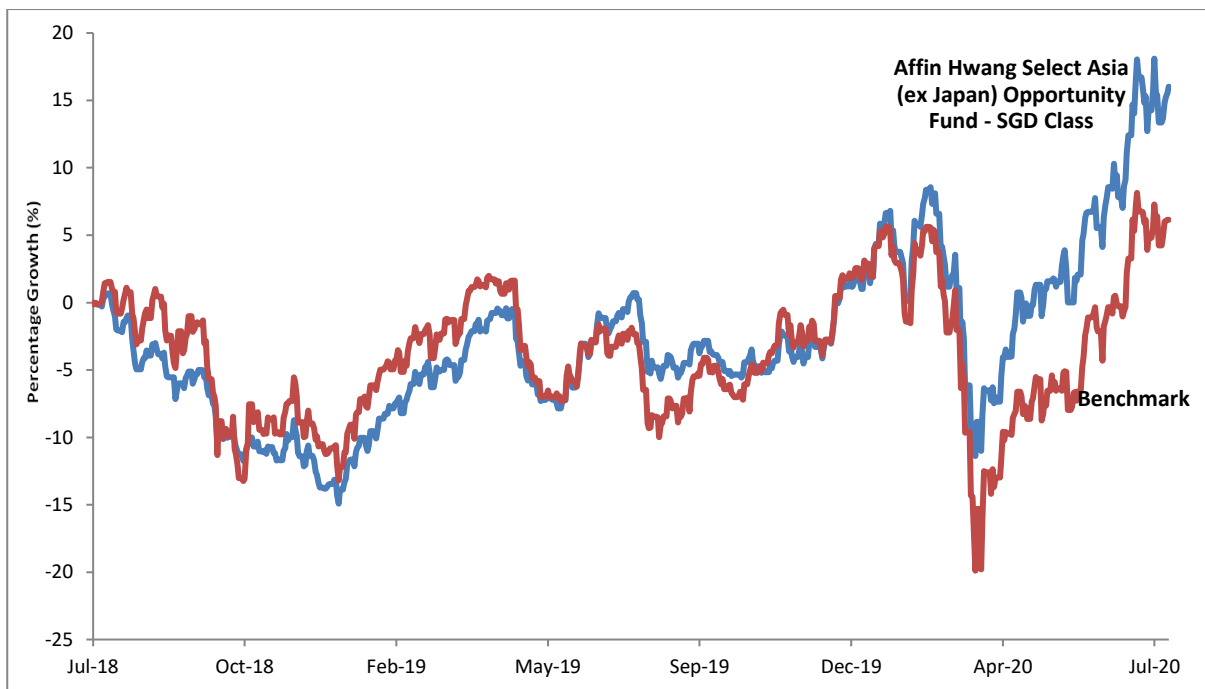
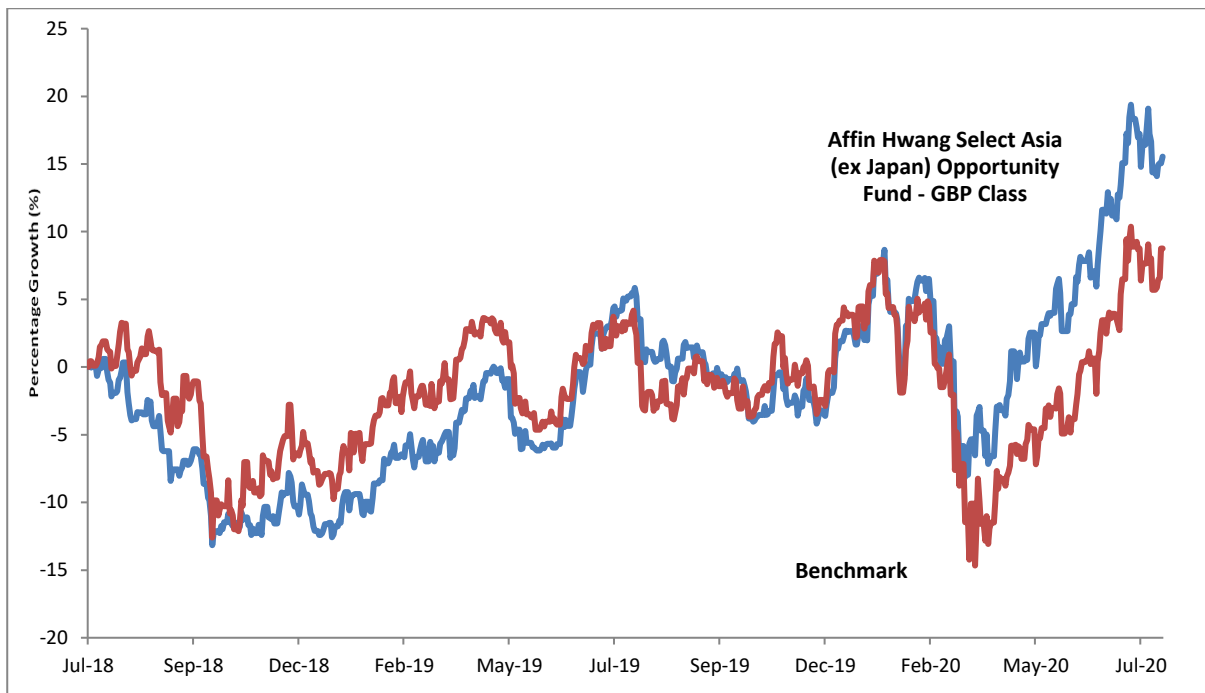
Table 3: Annual Total Return

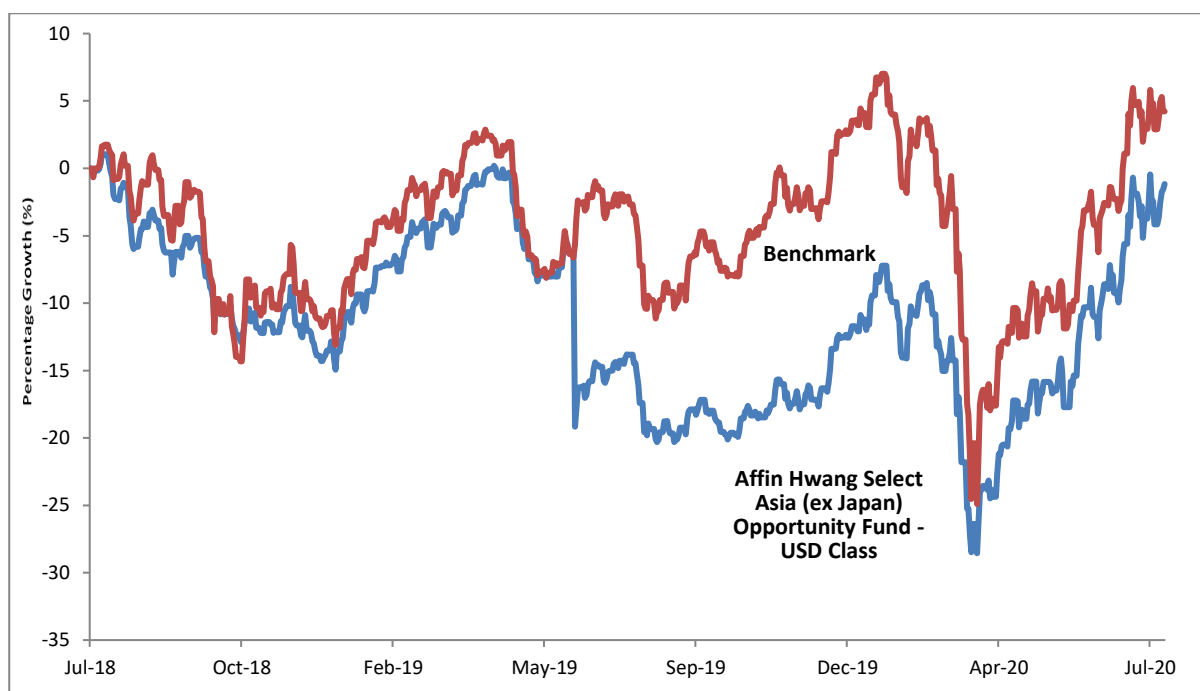
	<b>FYE 2020</b> <b>(01/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>(7.21%)</b>	<b>(7.36%)</b>
<b>Benchmark</b>	<b>2.73%</b>	<b>(3.91%)</b>
<b>Outperformance / (Underperformance)</b>	<b>(9.94%)</b>	<b>(3.45%)</b>

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: MSCI AC Asia Ex Japan Index

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

## **Asset Allocation**

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

As at 31 July 2020, the Fund's equities weighting in the portfolio had increased to 98.28% of the Fund's NAV – 15.94 percentage points higher than 82.34% a year ago while the cash holdings dropped to a level of 1.72%. The equities exposure into domestic market had been stripped off during the period under review as the Manager shifted the focus back to foreign names. Exposure towards the foreign equities were increased mainly via the consumer service and technology sector as the Manager sees opportunities for quality growth stocks within the sectors.

## **Strategies Employed**

With the return of volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation, deploying into domestic-driven sectors that are less directly impacted from trade tariffs. As the sell-down accelerated, we took a view that the correction was overdone and a recession was not imminent, where we then deployed into the market with a focus on quality.

## **Market Review**

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in

Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy. The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

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

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

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

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

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

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

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

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

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

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

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

### **Investment Outlook**

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

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

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

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

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

### **State of Affairs of the Fund**

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

### **Soft Commissions received from Brokers**

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

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

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



## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

We have acted as Trustee of Affin Hwang Select Asia (Ex Japan) Opportunity Fund ("the Fund") for the financial period ended 31 July 2020. 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.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
17 September 2020

**AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 2020**

# **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 2020**

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# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

	<u>Note</u>	6 months financial period ended 31.7.2020 RM	6 months financial period ended 31.7.2019 RM
<b>INVESTMENT INCOME</b>			
Dividend income		5,634,048	10,279,951
Interest income from financial assets at amortised cost		86,541	259,045
Net gain on foreign currency exchange		3,762,874	278,752
Net loss on forward foreign currency contract at fair value through profit or loss		(4,065,400)	(4,325,137)
Net gain on financial assets at fair value through profit or loss	7	121,925,269	59,530,717
		<u>127,343,332</u>	<u>66,023,328</u>
<b>EXPENSES</b>			
Management fee	4	(4,823,101)	(5,669,185)
Trustee fee	5	(226,961)	(267,937)
Auditors' remuneration		(5,237)	(3,719)
Tax agent's fee		(50,039)	(10,317)
Transaction cost		(4,380,958)	(2,846,481)
Other expenses		(797,002)	(727,946)
		<u>(10,283,298)</u>	<u>(9,525,585)</u>
<b>NET PROFIT BEFORE TAXATION</b>		117,060,034	56,497,743
Taxation	6	-	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>117,060,034</u>	<u>56,497,743</u>
Increase in net asset attributable to unitholders is made up of the following:			
Realised amount		45,759,208	2,945,144
Unrealised amount		71,300,826	53,552,599
		<u>117,060,034</u>	<u>56,497,743</u>

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

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	8	7,387,648	50,429,710
Amount due to Manager			
- creation of units		5,799,297	-
Dividend receivables		467,447	479,268
Financial assets at fair value through profit or loss	7	724,091,617	682,501,347
Forward foreign currency contracts at fair value through profit or loss	9	-	394,325
<b>TOTAL ASSETS</b>		<u>737,746,009</u>	<u>733,804,650</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		916,291	949,595
- cancellation of units		-	3,526,709
Amount due to Trustee		42,760	44,315
Auditors' remuneration		8,692	7,174
Tax agent's fee		3,175	1,884
Other payables and accruals		6,532	592
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>977,450</u>	<u>4,530,269</u>
<b>NET ASSETS VALUE OF THE FUND</b>		<u>736,768,559</u>	<u>729,274,381</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>736,768,559</u>	<u>729,274,381</u>

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

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020 (CONTINUED)

	Note	<u>2020</u> RM	<u>2019</u> RM
<b>REPRESENTED BY</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- MYR Class		729,433,820	723,742,972
- AUD Class		901,301	958,169
- GBP Class		397,750	108,945
- SGD Class		5,606,407	4,460,797
- USD Class		429,281	3,498
		<u>736,768,559</u>	<u>729,274,381</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>			
- MYR Class	10 (a)	848,505,000	1,008,157,000
- AUD Class	10 (b)	502,000	639,000
- GBP Class	10 (c)	125,000	41,000
- SGD Class	10 (d)	3,135,000	2,987,000
- USD Class	10 (e)	205,000	2,000
		<u>852,472,000</u>	<u>1,011,826,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- MYR Class		0.8597	0.7179
- AUD Class		1.7954	1.4995
- GBP Class		3.182	2.6572
- SGD Class		1.7883	1.4934
- USD Class		2.0941	1.7490
		<u>0.8597</u>	<u>0.7179</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- MYR Class		RM0.8597	RM0.7179
- AUD Class		AUD0.5932	AUD0.5268
- GBP Class		GBP0.5777	GBP0.5292
- SGD Class		SGD0.5801	SGD0.4953
- USD Class		USD0.4942	USD0.4239
		<u>0.8597</u>	<u>0.7179</u>

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

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

## UNAUDITED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2020

	6 months financial period ended <u>31.7.2020</u> RM	6 months financial period ended <u>31.7.2019</u> RM
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	640,904,081	769,657,497
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	77,472,156	15,046,097
- MYR Class	75,787,768	14,864,305
- AUD Class	717,592	104,698
- GBP Class	326,954	77,094
- SGD Class	245,229	-
- USD Class	394,613	-
Cancellation of units	(98,667,712)	(111,926,956)
- MYR Class	(97,645,572)	(111,215,577)
- AUD Class	(430,888)	-
- GBP Class	(72,494)	(180,658)
- SGD Class	(518,758)	-
- USD Class	-	(530,721)
Net increase in net assets attributable to unitholders during the financial period	117,060,034	56,497,743
- MYR Class	116,095,257	56,095,369
- AUD Class	90,862	59,046
- GBP Class	33,618	13,707
- SGD Class	809,150	313,094
- USD Class	31,147	16,527
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>736,768,559</u>	<u>729,274,381</u>

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

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

	<u>Note</u>	6 months financial period ended 31.7.2020 RM	6 months financial period ended 31.7.2019 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		868,029,968	805,605,160
Purchase of investments		(852,636,812)	(694,188,590)
Dividends received		5,578,315	9,596,335
Interest received		86,541	259,045
Management fee paid		(4,782,942)	(5,651,304)
Trustee fee paid		(225,087)	(267,102)
Realised (loss)/gains on forward foreign currency contracts		(4,065,400)	(4,282,100)
Payment for other fees and expenses		(5,229,743)	(3,007,636)
Net realised foreign currency exchange loss		6,372,948	(13,736)
Net cash generated from operating activities		<u>13,127,788</u>	<u>108,050,072</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		71,672,859	15,805,501
Payments for cancellation of units		(100,701,464)	(108,416,697)
Net cash used in financing activities		<u>(29,028,605)</u>	<u>(92,611,196)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(15,900,817)	15,438,876
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		4,711,852	944,867
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		<u>18,576,613</u>	<u>34,045,967</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	8	<u><u>7,387,648</u></u>	<u><u>50,429,710</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 SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JULY 2020**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2022) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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

#### **B INCOME RECOGNITION**

##### 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.

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

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

#### **B INCOME RECOGNITION (CONTINUED)**

##### Interest income

Interest income from short term deposit with a licensed financial institution is recognised based on effective interest rate method on an accruals 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, collective investment schemes ("CIS") and exchange traded funds, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

#### **C TRANSACTION COSTS**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

#### **D TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial period.

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

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **F FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are 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 statement of comprehensive income.

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

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

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

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

The Fund classifies cash and cash equivalents and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee and other payables and accruals as financial liabilities measured at amortised cost.

##### **(i) 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 de-recognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category 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 period which they arise.

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

##### (ii) Recognition and measurement (continued)

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

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

##### (iii) Impairment

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

##### Significant increase in credit risk

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

##### 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.

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

(iv) Impairment (continued)

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.

#### **H CASH AND CASH EQUIVALENTS**

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

#### **I DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

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

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

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

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

#### **J CREATION AND CANCELLATION OF UNITS**

The unitholders' capital to the Fund meets the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in five classes of units, known respectively as the AUD class, GBP class, MYR class, SGD class and USD class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

#### **K INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Income not distributed is included in net assets attributable to unitholders.

#### **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 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 SC's Guidelines on Unit Trust Funds.

#### **M REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

The analysis of realised and unrealised amount in increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

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

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

The Unit Trust Fund was constituted under the name HwangDBS Global Opportunities Fund ("Fund") pursuant to the execution of a Master Deed dated 20 March 2006, as modified by first Supplemental Deed dated 13 December 2006, Second Supplemental Master Deed dated 18 June 2007, Third Supplemental Master Deed dated 28 August 2008, Fourth Supplemental Master Deed dated 27 September 2011, Fifth Supplemental Master Deed dated 18 January 2012, Sixth Supplemental Deed dated 2 May 2012, Seventh Supplemental Deed dated 27 June 2014 and Eight Supplemental Deed dated 28 April 2017 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager"), HSBC (Malaysia) Trustee Berhad (the "Trustee") and the registered unitholders of the Fund. The Fund has changed its name from Hwang Global Opportunities Fund to Hwang Select Asia (Ex Japan) Opportunity Fund as amended by the Sixth Supplemental Deed dated 2 May 2012, and from Hwang Select Asia (Ex Japan) Opportunity Fund to Affin Hwang Select Asia (Ex Japan) Opportunity Fund as amended by the Seventh Supplemental Deed dated 27 June 2014.

The Fund commenced operations on 19 July 2006 and will continue its operations until terminated by the Trustee as provided under Clause 12.2 of the Deeds.

The Fund has introduced other classes of units in accordance with the unitholders' resolution passed on 8 December 2017.

The Fund may invest in any of the following investments:

- (i) Securities of companies listed on Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities Commission
- (ii) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities
- (iii) Debentures
- (iv) Money market instruments
- (v) Deposits
- (vi) Derivatives, for the purpose of hedging only
- (vii) Warrants
- (viii) Structured products
- (ix) Units or shares in collective investments schemes
- (x) Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund.

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

The main objective of the Fund is to provide capital appreciation over the medium to long term by investing in equities and equity-linked investments in Asian markets (ex Japan).

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 series to private clients.

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

Financial instruments are as follows:

<u>2020</u>	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
Quoted equities	7	-	724,091,617	724,091,617
Cash and cash equivalents	8	7,387,648	-	7,387,648
Amount due to Manager				
- creation of units		5,799,297	-	5,799,297
Dividend receivables		467,447	-	467,447
Total		<u>13,654,392</u>	<u>724,091,617</u>	<u>737,746,009</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		916,291	-	916,291
Amount due to Trustee		42,760	-	42,760
Auditors' remuneration		8,692	-	8,692
Tax agent's fee		3,175	-	3,175
Other payables and accruals		6,532	-	6,532
Total		<u>977,450</u>	<u>-</u>	<u>977,450</u>



## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

Financial instruments are as follows (continued):

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2019</u>				
Quoted equities	7	-	682,501,347	682,501,347
Cash and cash equivalents	8	50,429,710	-	50,429,710
Dividend receivables		479,268	-	479,268
Forward foreign currency contracts	9	-	394,325	394,325
Total		<u>50,908,978</u>	<u>682,895,672</u>	<u>733,804,650</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		949,595	-	949,595
- cancellation of units		3,526,709	-	3,526,709
Amount due to Trustee		44,315	-	44,315
Auditors' remuneration		7,174	-	7,174
Tax agent's fee		1,884	-	1,884
Other payables and accruals		592	-	592
Total		<u>4,530,269</u>	<u>-</u>	<u>4,530,269</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 SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

#### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2020</u> RM	<u>2019</u> RM
<b>Quoted investments</b>		
Quoted equities	724,091,617	682,501,347

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

% change in price	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2020</u>		
-10%	651,682,455	(72,409,162)
0%	724,091,617	-
+10%	796,500,779	72,409,162
<u>2019</u>		
-5%	716,626,414	(34,125,067)
0%	682,501,347	-
+5%	648,376,280	34,125,067

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

##### Market risk (continued)

##### (b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate is mainly confined to short term deposit 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.

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an 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:

	Quoted equities RM	Cash and cash equivalents RM	Other assets* RM	Net assets attributable to unitholders RM	Total RM
<u>2020</u>					
<u>Financial assets</u>					
Australian Dollar	-	497,366	5,309	901,301	1,403,976
China Renminbi	12,617,558	902	-	-	12,618,460
Hong Kong Dollar	369,156,930	9,864	343,438	-	369,510,232
Indonesian Rupiah	-	2	-	-	2
Korea Won	58,079,173	-	124,009	-	58,203,182
Pound Sterling	12,962,162	225,255	-	397,750	13,585,167
Singapore Dollar	20,650,946	323,429	-	5,606,407	26,580,782
Taiwan Dollar	51,639,149	-	-	-	51,639,149
United States Dollar	198,985,699	203,479	58,281	429,281	199,676,740
	<u>724,091,617</u>	<u>1,260,297</u>	<u>531,037</u>	<u>7,334,739</u>	<u>733,217,690</u>

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

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

#### Market risk (continued)

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

	Quoted equities RM	Forward foreign currency contracts RM	Cash and cash equivalents RM	Other assets* RM	Net assets attributable to unitholders RM	Total RM
<u>2019</u>						
<u>Financial assets</u>						
Australian Dollar	2,344,010	-	-	-	958,169	3,302,179
China Renminbi	12,578,151	-	-	-	-	12,578,151
Hong Kong Dollar	200,377,750	-	31,511,396	-	-	231,889,146
Indonesian Rupiah	8,724,135	-	2	-	-	8,724,137
Indian Rupee	39,799,935	-	-	146,023	-	39,945,958
Korea Won	19,386,299	-	-	118,036	-	19,504,335
Pound Sterling	-	-	49,657	-	108,945	158,602
Singapore Dollar	101,229,188	-	14,442,498	138,019	4,460,797	120,270,502
Taiwan Dollar	32,788,312	-	-	-	-	32,788,312
United States Dollar	183,147,663	394,325	3,640,532	-	3,498	187,186,018
	<u>600,375,443</u>	<u>394,325</u>	<u>49,644,085</u>	<u>402,078</u>	<u>5,531,409</u>	<u>656,347,340</u>

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

##### Market risk (continued)

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

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

	Change in rate %	Impact on profit after tax/ NAV RM
<u>2020</u>		
Australian Dollar	+/-10	+/- 140,398
China Renminbi	+/-10	+/- 1,261,846
Hong Kong Dollar	+/-10	+/- 36,951,023
Korean Won	+/-10	+/- 5,820,318
Pound Sterling	+/-10	+/- 1,358,517
Singapore Dollar	+/-10	+/- 2,658,078
Taiwan Dollar	+/-10	+/- 5,163,915
United States Dollar	+/-10	+/- 19,967,674
<u>2019</u>		
Australian Dollar	+/-5	+/- 165,109
China Renminbi	+/-5	+/- 628,908
Hong Kong Dollar	+/-5	+/- 11,594,457
Indonesian Rupiah	+/-5	+/- 436,207
Indian Rupee	+/-5	+/- 1,997,298
Korean Won	+/-5	+/- 975,217
Pound Sterling	+/-5	+/- 7,930
Singapore Dollar	+/-5	+/- 6,013,525
Taiwan Dollar	+/-5	+/- 1,639,416
United States Dollar	+/-5	+/- 9,359,301

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. This will result in lower NAV of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of units by unitholders. Liquid assets comprise cash, deposit with a licensed financial institution and other instruments, which are capable of being converted into cash within 7 days.

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

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

	Within one month RM	Between one month and one year RM	Total RM
<u>2020</u>			
Amount due to Manager			
- management fee	916,291	-	916,291
Amount due to Trustee	42,760		42,760
Auditors' remuneration	-	8,692	8,692
Tax agent's fee	-	3,175	3,175
Other payables and accruals	-	6,532	6,532
Net assets attributable to unitholders*	736,768,559	-	736,768,559
	<u>737,727,610</u>	<u>18,399</u>	<u>737,746,009</u>
<u>2019</u>			
Amount due to Manager			
- management fee	949,595	-	949,595
- cancellation of units	3,526,709	-	3,526,709
Amount due to Trustee	44,315		44,315
Auditors' remuneration	-	7,174	7,174
Tax agent's fee	-	1,884	1,884
Other payables and accruals	-	592	592
Net assets attributable to unitholders*	729,274,381	-	729,274,381
	<u>733,795,000</u>	<u>9,650</u>	<u>733,804,650</u>

\* Units are cancelled on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as unitholders of the instruments typically retain them for the medium to long term.

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

##### Credit risk

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 deposit in a licensed financial institution is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The settlement terms of amount due from brokers are governed by the relevant rules and regulations as prescribed by the respective stock exchanges.

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

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

	Cash and cash <u>equivalents</u> RM	Amount due from <u>Manager</u> RM	Dividend <u>receivables</u> RM	<u>Total</u> RM
<u>2020</u>				
Consumer Services				
- NR	-	-	72,972	72,972
Financials Services				
- AAA	7,387,648	-	-	7,387,648
- NR	-	-	270,466	270,466
Technology				
- NR	-	-	124,009	124,009
Others				
- NR	-	5,799,297	-	5,799,297
	<u>7,387,648</u>	<u>5,799,297</u>	<u>467,447</u>	<u>13,654,392</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

##### Credit risk (continued)

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

	Forward foreign currency contracts RM	Cash and cash equivalents RM	Dividend receivables RM	Total RM
<u>2019</u>				
Consumer Goods				
- NR	-	-	118,036	118,036
Financials Services				
- AAA	-	50,429,710	-	50,429,710
- NR	394,325	-	284,042	678,367
Industrials				
- NR	-	-	77,190	77,190
	<u>394,325</u>	<u>50,429,710</u>	<u>479,268</u>	<u>51,303,303</u>

##### Capital risk

The capital of the Fund is represented by net assets attributable to unitholders. The amount of net assets attributable to unitholders 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 unitholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### 3 FAIR VALUE ESTIMATION

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

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

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



# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

### 3 FAIR VALUE ESTIMATION (CONTINUED)

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

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	724,091,617	-	-	724,091,617
	<u>724,091,617</u>	<u>-</u>	<u>-</u>	<u>724,091,617</u>
<u>2019</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	682,501,347	-	-	682,501,347
	<u>682,501,347</u>	<u>-</u>	<u>-</u>	<u>682,501,347</u>

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

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

#### **3 FAIR VALUE ESTIMATION (CONTINUED)**

(i) Fair value hierarchy (continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and exchanged traded fund. 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 and forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(ii) The carrying values of cash and cash equivalents, dividend receivables, amount due from Manager, amount due from brokers and all current liabilities (except for forward foreign currency contracts) are a reasonable approximation of the fair values due to their short term nature.

#### **4 MANAGEMENT FEE**

In accordance with the 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 6 months financial period ended 31 July 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum on the NAV of the Fund calculated on 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 SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

#### 5 TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee, inclusive of local custodian fees, at a rate not exceeding 0.30% per annum on the NAV of the Fund for local investments, excluding foreign sub-custodian fees.

For the 6 months financial period ended 31 July 2020, the Trustee fee is recognised at a rate of 0.07% (2019: 0.07%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on daily basis as stated in the Fund's Prospectus.

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

#### 6 TAXATION

	6 months financial period ended 31.7.2020 RM	6 months financial period ended 31.7.2019 RM
Current tax	-	-

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

	6 months financial period ended 31.7.2020 RM	6 months financial period ended 31.7.2019 RM
Net profit before taxation	117,060,034	56,497,743
Tax at Malaysian statutory rate of 24% (2019: 24%)	28,094,408	13,559,458
Tax effects of:		
Investment income not subject to tax	(30,562,400)	(15,845,599)
Expenses not deductible for tax purposes	1,307,664	922,259
Restrictions on tax deductible expenses for Unit Trust Funds	1,160,328	1,363,882
Tax expense	-	-

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

	<u>2020</u> RM	<u>2019</u> RM
Financial assets at fair value through profit or loss		
- quoted equities – local	-	82,125,904
- quoted equities – foreign	724,091,617	600,375,443
	<u>724,091,617</u>	<u>682,501,347</u>
Net gain on assets at fair value through profit or loss		
- realised gain on sale of investments	55,336,295	6,879,948
- unrealised gain on changes in fair value	66,588,974	52,650,769
	<u>121,925,269</u>	<u>59,530,717</u>

#### (a) Quoted equities - local

(i) There is no quoted equities - local as at 31 July 2020.

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Consumer Products &amp; Services</u>				
Genting Berhad	1,237,300	8,268,083	8,487,878	1.16
Genting Malaysia Berhad	6,869,400	22,156,764	26,584,578	3.65
	<u>8,106,700</u>	<u>30,424,847</u>	<u>35,072,456</u>	<u>4.81</u>
<u>Technology</u>				
My EG Services Berhad	15,438,000	21,289,943	23,774,520	3.26
Inari Amertron Berhad	3,745,200	5,999,770	6,142,128	0.84
	<u>19,183,200</u>	<u>27,289,713</u>	<u>29,916,648</u>	<u>4.10</u>
<u>Utilities</u>				
Tenaga Nasional Berhad	1,240,000	15,870,140	17,136,800	2.35
Total quoted equities - local	<u>28,529,900</u>	<u>73,584,700</u>	<u>82,125,904</u>	<u>11.26</u>
Accumulated unrealised gain on quoted equities - local		8,541,204		
Total quoted equities - local		<u>82,125,904</u>		

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign

(i) Quoted equities - foreign as at 31 July 2020 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>CHINA</u>				
<u>Consumer goods</u>				
Midea Group Co Ltd	291,198	9,957,440	12,617,558	1.71
<u>HONG KONG</u>				
<u>Consumer goods</u>				
China Mengniu Dairy Co Ltd	583,000	9,159,661	11,587,813	1.57
Nissin Foods Co Ltd	2,579,000	9,536,816	10,407,255	1.41
Shenzhou International Group Holdings	140,000	6,595,605	7,077,232	0.96
	3,302,000	25,292,082	29,072,300	3.94
<u>Consumer services</u>				
Alibaba Group Holding Ltd	563,500	52,887,419	75,797,963	10.29
China Yuhua Education Corp Ltd	3,691,000	10,307,011	15,096,426	2.05
Sands China Ltd	1,424,000	25,697,936	23,320,364	3.17
Sun Art Retail Group Ltd	1,623,000	11,531,990	9,549,031	1.30
Topsports International Holdings	1,777,000	9,932,420	9,055,905	1.23
	9,078,500	110,356,776	132,819,689	18.04
<u>Financials</u>				
A-Living Services Co Ltd	847,000	19,274,909	20,262,358	2.75
CIFI Holdings Group Co Ltd	4,495,147	14,100,571	17,107,307	2.32
Ping An Insurance Group Co China	733,000	33,718,282	32,906,041	4.47
Shimao Group Holdings Ltd	865,000	15,677,829	15,537,459	2.11
Sichuan Languang Justbon Svcs	477,000	11,515,630	13,706,280	1.86
	7,417,147	94,287,221	99,519,445	13.51

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign (continued)

(i) Quoted equities - foreign as at 31 July 2020 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG (CONTINUED)</u>				
<u>Health care</u>				
AK Medical Holdings Ltd	556,000	8,022,244	6,886,071	0.93
<u>Industrials</u>				
China Resources Cement Holding	1,909,000	9,491,071	11,064,717	1.50
<u>Technology</u>				
HKBN Ltd	968,000	5,118,237	7,579,610	1.03
Tencent Holdings Ltd	254,600	46,306,473	74,340,959	10.09
Xiaomi Corp	973,000	7,934,051	7,874,139	1.07
	2,195,600	59,358,761	89,794,708	12.19
<u>KOREA REPUBLIC</u>				
<u>Technology</u>				
Samsung Electronics Co Ltd	165,576	26,847,804	29,071,254	3.95
SK Hynix Inc	98,770	30,578,026	29,007,919	3.94
	264,346	57,425,830	58,079,173	7.89
<u>SINGAPORE</u>				
<u>Financials</u>				
CapitaLand Retail China Trust	3,418,000	14,562,979	12,854,736	1.74
<u>Industrials</u>				
Venture Corp Ltd	142,000	6,635,272	7,796,210	1.06

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign (continued)

(i) Quoted equities - foreign as at 31 July 2020 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>TAIWAN</u>				
<u>Technology</u>				
ASE Technology Holding Co Ltd	747,000	8,022,248	8,103,904	1.10
Taiwan Semiconductor Manufacturing	713,000	29,331,343	43,535,245	5.91
	<u>1,460,000</u>	<u>37,353,591</u>	<u>51,639,149</u>	<u>7.01</u>
<u>UNITED KINGDOM</u>				
<u>Consumer services</u>				
Compass Group PLC	224,000	13,967,907	12,962,162	1.76
<u>UNITED STATES</u>				
<u>Consumer services</u>				
Alibaba Group Holding Ltd	86	58,981	91,478	0.01
Amazon.com Inc	2,487	22,677,548	33,342,853	4.53
	<u>2,573</u>	<u>22,736,529</u>	<u>33,434,331</u>	<u>4.54</u>
<u>Financials</u>				
Visa Inc	20,835	16,524,155	16,809,212	2.28
<u>Health care</u>				
Anthem Inc	14,689	17,528,228	17,247,989	2.34
<u>Industrials</u>				
Axon Enterprise Inc	25,114	10,311,304	8,846,742	1.20
PayPal Holdings Inc	14,000	10,268,927	11,636,005	1.58
TransUnion	20,562	7,216,620	7,802,624	1.06
	<u>59,676</u>	<u>27,796,851</u>	<u>28,285,371</u>	<u>3.84</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign (continued)

(i) Quoted equities - foreign as at 31 July 2020 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>UNITED STATES (CONTINUED)</u>				
<u>Techonolgy</u>				
Apple Inc.	7,651	8,770,442	13,784,809	1.87
Facebook Inc	31,605	27,392,746	33,973,056	4.61
Kingsoft Cloud Holdings	134,022	14,062,960	19,911,213	2.70
Microsoft Corporation	40,900	22,952,190	35,539,718	4.82
	<u>214,178</u>	<u>73,178,338</u>	<u>103,208,796</u>	<u>14.00</u>
Total quoted equities - foreign	<u>30,569,742</u>	<u>604,475,275</u>	<u>724,091,617</u>	<u>98.28</u>
Accumulated unrealised gain on quoted equities - foreign		<u>119,616,342</u>		
Total quoted equities - foreign		<u>724,091,617</u>		



# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign (continued)

(ii) Quoted equities - foreign as at 31 July 2019 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>AUSTRALIA</u>				
<u>Basic Materials</u>				
Hastings Technology Metals Ltd	6,100,000	3,846,074	2,344,010	0.32
<u>CHINA</u>				
<u>Consumer Services</u>				
China Intl Travel Serv Corp Ltd	232,300	8,640,643	12,578,151	1.72
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
Nissin Foods Co Ltd	1,414,000	2,677,109	4,255,774	0.58
<u>Consumer Services</u>				
China Education Group Holdings	2,049,000	13,162,342	13,262,742	1.82
<u>Financials</u>				
AIA Group Ltd	907,400	33,776,133	38,645,876	5.30
Ping An Insurance Grp Co China	790,000	32,233,916	38,850,960	5.33
	1,697,400	66,010,049	77,496,836	10.63
<u>Technology</u>				
HKBN Ltd	3,119,500	14,431,767	23,283,124	3.19
Tencent Holdings Ltd	256,400	45,858,627	49,761,656	6.82
	3,375,900	60,290,394	73,044,780	10.01
<u>Telecommunications</u>				
HKT Trust & HKT Ltd	2,342,000	15,083,536	15,430,852	2.12
<u>Utilities</u>				
Guangdong Investment Ltd	1,944,000	12,856,807	16,886,766	2.32

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign (continued)

(ii) Quoted equities - foreign as at 31 July 2019 are as follows (continued):

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>INDIA</u>				
<u>Financials</u>				
HDFC Bank Ltd	80,000	11,855,035	10,798,080	1.48
Housing Development Finance	103,698	10,803,204	13,198,785	1.81
ICICI Bank Ltd	619,000	15,738,359	15,803,070	2.17
	<u>802,698</u>	<u>38,396,598</u>	<u>39,799,935</u>	<u>5.46</u>
<u>INDONESIA</u>				
<u>Telecommunications</u>				
Telekomunikasi Indonesia	6,917,000	7,757,453	8,724,135	1.20
<u>KOREA</u>				
<u>Consumer Goods</u>				
Samsung Electronics Co Ltd	122,593	19,800,008	19,386,299	2.66
<u>SINGAPORE</u>				
<u>Financials</u>				
Ascendas Real Estate InvTrust	1,624,700	12,894,744	14,989,320	2.06
DBS Group Holdings Ltd	332,559	25,592,098	26,480,393	3.63
Mapletree Industrial Trust	1,634,322	9,520,737	11,037,557	1.51
Mapletree North Asia Com Trust	5,140,000	16,686,271	22,005,882	3.02
	<u>8,731,581</u>	<u>64,693,850</u>	<u>74,513,152</u>	<u>10.22</u>
<u>Industrials</u>				
Singapore Tech Engineering Ltd	1,035,000	11,096,198	13,231,026	1.81
Venture Corp Ltd	288,000	15,555,739	13,485,010	1.85
	<u>1,323,000</u>	<u>26,651,937</u>	<u>26,716,036</u>	<u>3.66</u>
<u>TAIWAN</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing Company Ltd	954,000	29,913,030	32,788,312	4.50

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

(b) Quoted equities - foreign (continued)

(ii) Quoted equities - foreign as at 31 July 2019 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>UNITED STATES</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	78,186	53,623,281	55,831,592	7.66
Amazon.com Inc	4,303	29,976,089	33,136,043	4.54
Autohome Inc	17,846	6,528,689	6,258,771	0.86
Ctrip.com International Ltd	105,190	16,028,225	16,909,183	2.32
	<u>205,525</u>	<u>106,156,284</u>	<u>112,135,589</u>	<u>15.38</u>
<u>Technology</u>				
Adobe Inc	6,459	8,204,730	7,964,569	1.09
Alphabet Inc - Class C	3,489	15,684,694	17,514,856	2.40
Facebook Inc	32,835	23,686,781	26,311,029	3.61
Microsoft Corporation	34,197	15,835,600	19,221,620	2.64
	<u>76,980</u>	<u>63,411,805</u>	<u>71,012,074</u>	<u>9.74</u>
Total quoted equities - foreign	<u>38,287,977</u>	<u>539,347,919</u>	<u>600,375,443</u>	<u>82.34</u>
Accumulated unrealised gain on quoted equities - foreign		<u>61,027,524</u>		
Total quoted equities - foreign		<u>600,375,443</u>		

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

#### 8 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	1,284,587	49,688,279
Deposits with a licensed financial institution	6,103,061	741,431
	<u>7,387,648</u>	<u>50,429,710</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with a licensed financial institution	<u>1.75</u>	<u>3.00</u>

Deposits with a licensed financial institution of the Fund have an average of 3 days (2019: 1 day).

#### 9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there is nil (2019: 2) forward foreign currency contract outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM Nil (2019: RM110,567,710). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign securities denominated in United States Dollar and Korea Won. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

#### 10 NUMBER OF UNIT IN CIRCULATION

(a) MYR class units in circulation

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial period	878,951,000	1,144,567,000
Creation of units arising from applications	100,454,000	21,481,000
Cancellation of units	(130,900,000)	(157,891,000)
At the end of the financial period	<u>848,505,000</u>	<u>1,008,157,000</u>

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

### 10 NUMBER OF UNIT IN CIRCULATION (CONTINUED)

#### (b) AUD class units in circulation

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	347,000	570,000
Creation of units arising from applications	426,000	69,000
Cancellation of units	(271,000)	-
At the end of the financial period	<u>502,000</u>	<u>639,000</u>

#### (c) GBP class units in circulation

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	41,000	81,000
Creation of units arising from applications	113,000	29,000
Cancellation of units	(29,000)	(69,000)
At the end of the financial period	<u>125,000</u>	<u>41,000</u>

#### (d) SGD class units in circulation

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	3,373,000	2,987,000
Creation of units arising from applications	147,000	-
Cancellation of units	(385,000)	-
At the end of the financial period	<u>3,135,000</u>	<u>2,987,000</u>

#### (e) USD class units in circulation

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	2,000	273,000
Creation of units arising from applications	203,000	-
Cancellation of units	-	(271,000)
At the end of the financial period	<u>205,000</u>	<u>2,000</u>

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

### 11 TRANSACTIONS WITH BROKERS

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

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
Robert W.Baird & Co.Inc. Ny	198,782,354	11.80	39,301	1.45
Citigroup Global Mkts Ltd	157,582,464	9.35	317,521	11.74
JP Morgan Securities (Asia Pacific) Ltd	154,068,238	9.14	440,595	16.29
Masterlink Securities Co Ltd Taipei	136,782,214	8.12	341,956	12.64
Macquarie Bank Ltd Hong Kong	98,945,851	5.87	154,170	5.70
CLSA Ltd	83,801,993	4.97	73,971	2.73
Depository Trust Company	81,816,729	4.86	86,728	3.21
Macquarie Bank Ltd Seoul	75,178,380	4.46	132,729	4.91
Sanford C.Bernstein and Co LLC	66,228,355	3.93	50,805	1.88
Hong Kong Securities Clearing Co Ltd	61,456,008	3.65	50,076	1.85
Others	570,378,247	33.85	1,017,358	37.60
	<u>1,685,020,833</u>	<u>100.00</u>	<u>2,705,210</u>	<u>100.00</u>

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

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
China Intl Capital Corp HK Sec Ltd	282,524,062	19.45	290,044	14.17
CLSA Ltd	224,239,196	15.44	171,908	8.40
Macquarie Bank Ltd Hong Kong	197,862,265	13.62	100,984	4.94
Citigroup Global Mkts Ltd	100,982,777	6.95	201,966	9.87
Robert W.Baird & Co.Inc. Ny	72,395,260	4.99	30,619	1.50
UOB Kay Hian Pte Ltd	58,366,593	4.02	145,916	7.13
Daiwa Securities Co Ltd	44,367,604	3.06	110,919	5.42
CCB International Securities Ltd	44,251,720	3.05	110,629	5.41
Morgan Stanley And Co. International Plc	43,316,543	2.98	86,633	4.23
CIMB-Gk Securities Pte Ltd	41,846,184	2.88	56,916	2.78
Other	342,176,111	23.56	739,747	36.15
	<u>1,452,328,315</u>	<u>100.00</u>	<u>2,046,281</u>	<u>100.00</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

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

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager

The number of units held by the Manager and party related to the Manager as follows:

	<u>2020</u>		<u>2019</u>	
	No. of units	RM	RMNo. of	units
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)				
- MYR class	1,044,306	897,790	382,023	274,254
- AUD class	2,746	4,930	2,411	3,615
- GBP class	3,174	10,100	2,211	5,875
- SGD class	3,348	5,987	1,707	2,549
- USD class	2,429	5,087	2,000	3,498
	<u>1,049,993</u>	<u>923,884</u>	<u>389,352</u>	<u>289,791</u>

#### Parties related to the Manager

Director of Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)				
- MYR class	-	-	2,307,284	1,656,399
	<u>-</u>	<u>-</u>	<u>2,307,284</u>	<u>1,656,399</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

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

#### 13 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended 31.7.2020 %	6 months financial period ended 31.7.2019 %
MER	0.85	0.80

MER is derived from the following calculation:

MER	=	$\frac{(A + B + C + D + E) \times 100}{F}$
A	=	Management fee, excluding management fee rebate
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding goods and service tax on transaction cost and withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM650,283,879 (2019: RM772,228,518 ).

#### 14 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended 31.7.2020	6 months financial period ended 31.7.2019
PTR (times)	1.25	0.94

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM852,436,460 (2019: RM674,126,985)  
total disposal for the financial period = RM776,978,445 (2019: RM772,002,423)

#### 17 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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



## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, Affin Hwang Asset Management Berhad, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 37 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 July 2020 and of its financial performance, net assets attributable to unitholders and cash flows for the financial period ended 31 July 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/ MANAGING DIRECTOR**

Kuala Lumpur  
17 September 2020

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