

# Affin Hwang

## Select Balanced Fund

Interim Report

30 September 2020

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



**AFFIN HWANG**  
CAPITAL

**MANAGER**

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)

**TRUSTEE**

HSBC (Malaysia) Trustee Berhad  
193701000084 (1281-T)

# AFFIN HWANG SELECT BALANCED FUND

## Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2020

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## FUND INFORMATION

Fund Name	Affin Hwang Select Balanced Fund
Fund Type	Growth & Income
Fund Category	Balanced
Investment Objective	To provide investors an affordable access into a diversified investment portfolio containing a 'balanced' mixture of equities and fixed income securities to achieve a balance of growth and income over medium to long-term
Benchmark	Weighted average of the FTSE Bursa Malaysia Top 100 Index ("FBM 100") performance (for equity investment) and current Maybank 12-month fixed deposit rate
Distribution Policy	Subject to the availability of income, the Fund will distribute income on a semi-annual basis. However, the income available for distribution may fluctuate from year to year.

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 SEPTEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	531	1,566
5,001 to 10,000	570	4,184
10,001 to 50,000	1,343	30,729
50,001 to 500,000	490	58,864
500,001 and above	34	243,890
<b>Total</b>	<b>2,968</b>	<b>339,233</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 30 Sep 2020 (%)	As at 30 Sep 2019 (%)	As at 30 Sep 2018 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Construction	1.71	0.39	-
- Consumer products & services	6.17	2.72	4.07
- Energy	-	2.21	2.02
- Financial services	-	3.97	6.22
- Health care	5.50	-	-
- Industrial products & services	-	5.92	6.56
- Technology	9.26	3.17	2.02
- Telecommunications & media	-	3.55	1.15
- Transportation & logistics	0.93	-	-
- Utilities	-	3.01	2.18
<b>Total quoted equities – local</b>	<b>23.57</b>	<b>24.94</b>	<b>24.22</b>
<b>Quoted equities – foreign</b>			
- Consumer goods	4.59	3.30	2.50
- Consumer services	7.94	6.25	1.72
- Financials	2.81	8.00	6.53
- Industrial	-	2.30	1.21
- Oil & gas	-	-	4.37
- Technology	10.35	4.48	2.49
- Telecommunications	-	0.61	-
- Utilities	-	-	0.65
<b>Total quoted equities – foreign</b>	<b>25.69</b>	<b>24.94</b>	<b>19.47</b>
<b>Unquoted fixed income securities – local</b>	<b>39.89</b>	<b>39.95</b>	<b>42.16</b>
<b>Exchange traded fund</b>	<b>-</b>	<b>0.65</b>	<b>1.14</b>
<b>Cash &amp; cash equivalent</b>	<b>10.85</b>	<b>9.52</b>	<b>13.01</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	253.344	260.119	253.916
NAV per Unit (RM)	0.7466	0.6432	0.6745
Unit in Circulation (million)	339.337	404.384	376.431
Highest NAV	0.7673	0.6633	0.6875
Lowest NAV	0.6017	0.6432	0.6633
Return of the Fund (%) <sup>iii</sup>	25.18	0.82	2.83
- Capital Growth (%) <sup>i</sup>	23.40	-0.71	1.32
- Income Distribution (%) <sup>ii</sup>	1.44	1.54	1.50
Gross Distribution per Unit (sen)	1.00	1.00	1.00
Net Distribution per Unit (sen)	1.00	1.00	1.00
Management Expense Ratio (%) <sup>1</sup>	0.81	0.82	0.81
Portfolio Turnover Ratio (times) <sup>2</sup>	0.64	0.42	0.52

<sup>1</sup>The MER of the Fund was slightly lower than previous period under review due to lower expenses incurred for the Fund.

<sup>2</sup>The PTR of the Fund was higher than previous period under review due to higher trading activities during the financial period.

**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**

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16 Jun 2020	17 Jun 2020	0.7051	0.0100	0.6965

No unit split were declared for the financial period ended 30 September 2020.

**Performance Review**

For the period 1 April 2020 to 30 September 2020, the Fund registered a return of 25.18%. The Net Asset Value (NAV) per unit of the Fund as at 30 September 2020 was RM 0.7466 while the NAV per unit on 31 March 2020 was RM 0.6050. The Benchmark for the period registered a return of 8.56%. The Fund outperformed the Benchmark by 16.62%. The fund declared a gross income distribution of RM0.01 per unit for the period. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since its inception to 30 September 2020, the Fund has registered a return of 358.19%. Compared to the benchmark of 102.97% for the same period, the Fund outperformed the Benchmark by 255.22%. The fund has declared a total gross income distribution of RM0.6195 per unit to-date. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

	6 Months (1/4/20 - 30/9/20)	1 Year (1/10/19 - 30/9/20)	3 Years (1/10/17 - 30/9/20)	5 Years (1/10/15 - 30/9/20)	Since Commencement (18/8/03 - 30/9/20)
<b>Fund</b>	<b>25.18%</b>	<b>21.44%</b>	<b>26.81%</b>	<b>46.82%</b>	<b>358.19%</b>
<b>Benchmark</b>	<b>8.56%</b>	<b>(0.06%)</b>	<b>(1.58%)</b>	<b>7.43%</b>	<b>102.97%</b>
<b>Outperformance</b>	<b>16.62%</b>	<b>21.50%</b>	<b>28.39%</b>	<b>39.39%</b>	<b>255.22%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/10/19 - 30/9/20)	3 Years (1/10/17 - 30/9/20)	5 Years (1/10/15 - 30/9/20)	Since Commencement (18/8/03 - 30/9/20)
<b>Fund</b>	<b>21.44%</b>	<b>8.23%</b>	<b>7.97%</b>	<b>9.29%</b>
<b>Benchmark</b>	<b>(0.06%)</b>	<b>(0.53%)</b>	<b>1.44%</b>	<b>4.22%</b>
<b>Outperformance</b>	<b>21.50%</b>	<b>8.76%</b>	<b>6.53%</b>	<b>5.07%</b>

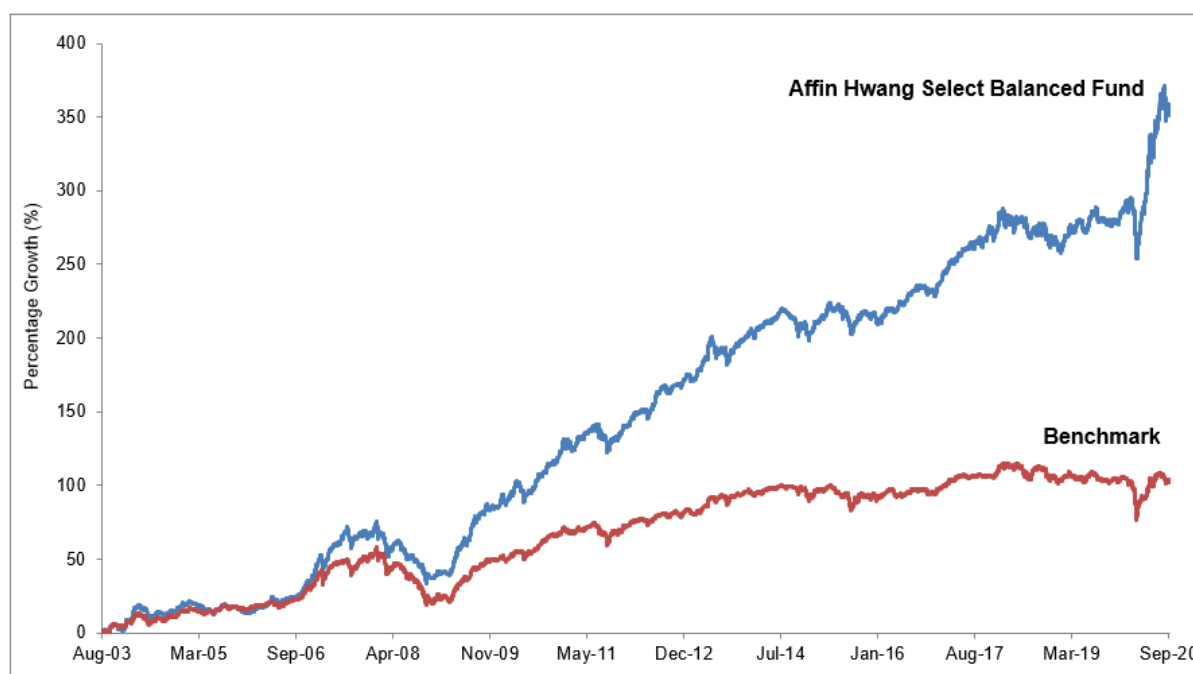
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)	FYE 2017 (1/4/16 - 31/3/17)	FYE 2016 (1/7/15 - 31/3/16)
<b>Fund</b>	<b>(2.18%)</b>	<b>(1.15%)</b>	<b>7.75%</b>	<b>10.13%</b>	<b>0.34%</b>
<b>Benchmark</b>	<b>(8.70%)</b>	<b>(4.07%)</b>	<b>5.12%</b>	<b>3.31%</b>	<b>2.07%</b>
<b>Outperformance</b>	<b>6.52%</b>	<b>2.92%</b>	<b>2.63%</b>	<b>6.82%</b>	<b>(1.73%)</b>

Source of Benchmark: Bloomberg

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



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

*Benchmark: 50% FTSE Bursa Malaysian Top 100 Index + 50% Maybank 12-month fixed deposit rate*

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

### **Asset Allocation**

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

As at 30 September 2020, the asset allocation of the Fund stood at 49.26% in equities, 39.89% in fixed income securities, while the balance was held in cash and cash equivalent. During the period under review, the Manager increased exposure towards health care, consumers and technology sector, remove energy, financials, industrials and telecommunications from the portfolio. While on the other hand the Manager did not make significant changes within the foreign portfolio in terms of sector allocation, other than increasing technology exposure. The Manager also stripped off exchange traded-fund from the portfolio. Cash level was maintained at around 10% level.

## **Strategies Employed**

The Fund remained focus on providing investors with a balanced exposure into both equities and fixed income opportunities.

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tensions. With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse. We also kept a moderate cash level as we seek for potential opportunities in the market to deploy.

## **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. In the US, the S&P 500 index closed 12.5% lower that month. 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 September, 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.

Coming into September, opposition leader Datuk Seri Anwar Ibrahim claimed that he has secured a “strong, formidable” majority from lawmakers in parliament to oust Prime Minister Tan Sri Muhyiddin Yassin. The news was greeted with scepticism as Anwar has made prior claims before. Though a statement from UMNO

president Datuk Seri Dr Ahmad Zahid Hamidi that he has information that many members from UMNO and Barisan Nasional have stated their support for Anwar to form a new government has lent credibility to the claim.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

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 RM25 billion. 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 RM10 billion 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**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. The accelerated efforts to shorten the timeline for a successful vaccine inoculation also lessened market's response towards increasing infection rates. Economic restarts have since moved at different paces between countries, each depending on their own ways of dealing with Covid-19.

A Biden presidency may be positive for the Asian stock markets. Biden prides himself as one who respects international laws, supporting more coordinated foreign policies. Trade tensions might ease, with technology sector equities and high-yield credits benefitting provided the ongoing Huawei and TikTok issues can be solved amicably. Biden's clean energy revolution plan could also revitalise US' energy sector and create more well-paying jobs, further boosting US economy. Considering that the World Trade Organisation ("WTO") has recently ruled Trump's China tariff as illegal, Biden may also consider reducing or removing tariffs on China imports.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe's continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe's exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

On the other hand, recent alarming increase in Covid-19 cases caused targeted lockdowns in Malaysia, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. gloves, electromotive force and technology stocks. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries.

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.

### **Cross Trade**

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

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BALANCED FUND**

We have acted as Trustee of Affin Hwang Select Balanced Fund ("the Fund") for the financial period ended 30 September 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.

During this financial period, a total distribution of 1.00 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Vicknesan Balakrishnan  
Chief Executive Officer

Kuala Lumpur  
16 November 2020

**AFFIN HWANG SELECT BALANCED FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

# **AFFIN HWANG SELECT BALANCED FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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# AFFIN HWANG SELECT BALANCED FUND

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Note	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
<b>INVESTMENT INCOME</b>			
Dividend income		1,599,132	2,316,836
Interest income for financial assets at amortised cost		8,327	131,085
Interest income for financial assets at fair value through profit or loss		2,323,217	2,880,131
Net (loss)/gain on foreign currency exchange		(231,773)	45,907
Net gain/(loss) on financial assets at fair value through profit or loss	8	52,029,475	(550,274)
		<u>55,728,378</u>	<u>4,823,685</u>
<b>EXPENSES</b>			
Management fee	4	(1,796,994)	(1,963,026)
Trustee fee	5	(84,509)	(92,541)
Auditors' remuneration		(5,297)	(4,513)
Tax agent's fee		(15,518)	(1,905)
Transaction cost		(866,397)	(484,983)
Other expenses		(101,345)	(89,836)
		<u>(2,870,060)</u>	<u>(2,636,804)</u>
<b>NET PROFIT BEFORE TAXATION</b>		52,858,318	2,186,881
Taxation	6	-	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>52,858,318</u>	<u>2,186,881</u>
Net profit after taxation is made up of the following:			
Realised amount		31,204,144	2,813,847
Unrealised amount		21,654,174	(626,966)
		<u>52,858,318</u>	<u>2,186,881</u>

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

# AFFIN HWANG SELECT BALANCED FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
Cash and cash equivalents	9	20,548,107	23,617,572
Amount due from brokers		8,949,130	1,739,812
Amount due from Manager			
- creation of units		1,108,412	235,544
Dividends receivables		147,244	625,015
Financial assets at fair value through profit or loss	8	225,847,685	235,328,781
<b>TOTAL ASSETS</b>		<u>256,600,578</u>	<u>261,546,724</u>
<b>LIABILITIES</b>			
Amount due to brokers		2,893,364	1,058,420
Amount due to Manager			
- management fee		309,912	323,180
Amount due to Trustee		14,462	15,082
Auditors' remuneration		5,297	4,512
Tax agent's fee		5,672	2,875
Other payables and accruals		28,336	23,428
<b>TOTAL LIABILITIES</b>		<u>3,257,043</u>	<u>1,427,497</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>253,343,535</u>	<u>260,119,227</u>
<b>EQUITY</b>			
Unitholders' capital		200,336,461	242,346,988
Retained earnings		53,007,074	17,772,239
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>253,343,535</u>	<u>260,119,227</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>339,337,000</u>	<u>404,384,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7466</u>	<u>0.6432</u>

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

## AFFIN HWANG SELECT BALANCED FUND

### UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	Total RM
Balance as at 1 April 2020	211,319,107	3,529,036	214,848,143
Total comprehensive income for the financial period	-	52,858,318	52,858,318
Distribution (Note 7)	-	(3,380,280)	(3,380,280)
Movement in Unitholders' capital:			
Creation of units arising from application	18,222,138	-	18,222,138
Creation of units arising from distribution	3,300,077	-	3,300,077
Cancellation of units	(32,504,861)	-	(32,504,861)
Balance as at 30 September 2020	<u>200,336,461</u>	<u>53,007,074</u>	<u>253,343,535</u>
Balance as at 1 April 2019	246,396,856	19,602,888	265,999,744
Total comprehensive income for the financial period	-	2,186,881	2,186,881
Distribution (Note 7)	-	(4,017,530)	(4,017,530)
Movement in Unitholders' capital:			
Creation of units arising from application	14,395,519	-	14,395,519
Creation of units arising from distribution	3,935,574	-	3,935,574
Cancellation of units	(22,380,961)	-	(22,380,961)
Balance as at 30 September 2019	<u>242,346,988</u>	<u>17,772,239</u>	<u>260,119,227</u>

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

# AFFIN HWANG SELECT BALANCED FUND

## UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Note	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		162,041,561	119,245,772
Purchase of investments		(171,972,475)	(106,261,188)
Dividends received		1,925,516	2,197,036
Interest received		2,543,034	3,216,827
Management fee paid		(1,772,064)	(1,979,145)
Trustee fee paid		(83,346)	(93,293)
Payment for other fees and expenses		(986,889)	(586,971)
Net realised (loss)/gain on foreign currency exchange		(73,838)	1,108,586
Net cash (used in)/generated from operating activities		(8,378,501)	16,847,624
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		17,171,994	14,605,877
Payments for cancellation of units		(32,504,861)	(22,380,961)
Payment for distribution		(80,203)	(81,956)
Net cash used in financing activities		(15,413,070)	(7,857,040)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(23,791,571)	8,990,584
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		(201,025)	59,777
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		44,540,703	14,567,211
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	9	20,548,107	23,617,572

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



## **AFFIN HWANG SELECT BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

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

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

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 and exchange trade funds ("ETF"), realised gain and losses on sale of investment is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

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

#### **C TRANSACTION COSTS**

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

#### **D DIVIDEND DISTRIBUTION**

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

#### **E TAXATION**

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

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.

#### **F FUNCTIONAL AND PRESENTATION CURRENCY**

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

## **AFFIN HWANG SELECT BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

#### **G 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

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

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

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

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

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

The Fund classifies cash and cash equivalents, dividend receivables, amount due from brokers and amount due from Manager 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, amount due to brokers, auditors' remuneration, tax agent's fee and other payables and accruals as financial liabilities measured at amortised cost.

##### **(ii) Recognition and measurement**

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

Financial liabilities, within the scope of MFRS 139, 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.

## **AFFIN HWANG SELECT BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

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

## AFFIN HWANG SELECT BALANCED FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

##### (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.

##### Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

#### I CASH AND CASH EQUIVALENTS

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

## **AFFIN HWANG SELECT BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

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

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

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

#### **K UNITHOLDERS' CAPITAL**

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

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

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

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

#### **L CRITICAL ACCOUNTING ESTIMATES AND 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 content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

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

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

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

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

## **AFFIN HWANG SELECT BALANCED FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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

The Unit Trust Fund was constituted under the name HwangDBS Select Balanced Fund (the "Fund") pursuant to the execution of a Deed dated 1 July 2003 as modified by First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 15 October 2008, Fourth Supplemental Deed dated 18 January 2012, Fifth Supplemental Deed dated 27 June 2014, Sixth Supplemental deed dated 28 April 2017 and Seventh Supplemental Deed dated 5 October 2018 (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 HwangDBS Select Balanced Fund to Hwang Select Balanced Fund dated 18 January 2012 and from Hwang Select Balanced Fund to Affin Hwang Select Balanced Fund dated 27 June 2014.

The Fund commenced operations on 28 July 2003 and will continue its operations until being terminated by the Trustee as provided under Clause 3.1 of the Deed.

The Fund may invest in the following permitted investments:

- (i) Securities of compliance listed in Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities Commissions
- (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) Units of shares in collective investment schemes and
- (ix) 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 investors an affordable access into a diversified investment portfolio containing a "balanced" mixture of equities and fixed income securities to achieve a balance of growth and income over medium to long term.

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

The financial statements were authorised for issue by the Manager on 16 November 2020.

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	20,548,107	-	20,548,107
Amount due from brokers		8,949,130	-	8,949,130
Dividend receivables		147,244	-	147,244
Amount due from Manager - creation of units		1,108,412	-	1,108,412
Quoted equities	8	-	124,796,891	124,796,891
Unquoted fixed income security	8	-	101,050,794	101,050,794
Total		<u>30,752,893</u>	<u>225,847,685</u>	<u>256,600,578</u>
<u>Financial liabilities</u>				
Amount due to brokers		2,893,364	-	2,893,364
Amount due to Manager - management fee		309,912	-	309,912
Amount due to Trustee		14,462	-	14,462
Auditor's remuneration		5,297	-	5,297
Tax Agent's Fee		5,672	-	5,672
Other payable and accruals		28,336	-	28,336
Total		<u>3,257,043</u>	<u>-</u>	<u>3,257,043</u>



## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	23,617,572	-	23,617,572
Amount due from brokers		1,739,812	-	1,739,812
Dividend receivables		625,015	-	625,015
Amount due from Manager				
- creation of units		235,544	-	235,544
Quoted equities	8	-	129,733,613	129,733,613
Exchange-traded fund	8	-	1,687,162	1,687,162
Unquoted fixed income security	8	-	103,908,006	103,908,006
Total		<u>26,217,943</u>	<u>235,328,781</u>	<u>261,546,724</u>
<u>Financial liabilities</u>				
Amount due to brokers		1,058,420	-	1,058,420
Amount due to Manager				
- management fee		323,180	-	323,180
Amount due to Trustee		15,082	-	15,082
Auditor's remuneration		4,512	-	4,512
Tax Agent's Fee		2,875	-	2,875
Other payable and accruals		23,428	-	23,428
Total		<u>1,427,497</u>	<u>-</u>	<u>1,427,497</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 BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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 follow.

	<u>2020</u> RM	<u>2019</u> RM
<b>Quoted investment</b>		
Quoted equities	124,796,891	129,733,613
Exchange traded fund	-	1,687,162
	<u>124,796,891</u>	<u>131,420,775</u>
<b>Unquoted investment</b>		
Unquoted fixed income securities*	<u>101,050,794</u>	<u>103,908,006</u>

\*Include interest receivable of RM1,185,459 (2019: RM1,356,846)

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

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2020</u>		
-7.5%	207,812,559	(16,849,667)
0%	224,662,226	-
+7.5%	<u>241,511,893</u>	<u>16,849,667</u>
<u>2019</u>		
-5%	222,273,338	(11,698,597)
0%	233,971,935	-
+5%	<u>245,670,532</u>	<u>11,698,597</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

##### Market risk (continued)

##### (b) Interest rate risk

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

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

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

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

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2020</u> RM	<u>2019</u> RM
+ 2% (2019: 1%)	(396,068)	(175,389)
- 2% (2019: 1%)	399,129	175,792

The Fund's exposure to interest rate risk associated with deposit with a licensed financial institution is not material as the carrying value of 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.

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

##### Market risk (continued)

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

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Amount due from brokers</u> RM	<u>Dividend receivables</u> RM	<u>Total</u> RM
<u>2020</u>					
<u>Financial assets</u>					
Australian Dollar	-	31	-	-	31
Chinese Yuan	1,984,324	1,035,449	-	-	3,019,773
Hong Kong Dollar	47,016,768	50,388	7,656,227	52,776	54,776,159
Singapore Dollar	-	1,073,918	-	-	1,073,918
Taiwan Dollar	9,033,852	-	-	41,205	9,075,057
United States Dollar	7,057,029	4,798,501	-	-	11,855,530
	<u>65,091,973</u>	<u>6,958,287</u>	<u>7,656,227</u>	<u>93,981</u>	<u>79,800,468</u>

	<u>Quoted equities</u> RM	<u>Exchange- traded fund</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other asset*</u> RM	<u>Total</u> RM
<u>2019</u>					
<u>Financial assets</u>					
Australian Dollar	-	-	30	-	30
Chinese Yuen	6,126,100	-	1,485,838	-	7,611,938
Hong Kong Dollar	25,883,333	-	2,564,308	51,122	28,498,763
Indonesia Rupiah	4,353,329	-	-	-	4,353,329
Singapore Dollar	13,690,956	-	2,731,219	-	16,422,175
United States Dollar	14,818,712	1,687,162	3,722,715	1,739,812	21,968,401
	<u>64,872,430</u>	<u>1,687,162</u>	<u>10,504,110</u>	<u>1,790,934</u>	<u>78,854,636</u>

	<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>		
Singapore Dollar	56,902	56,902
	<u>56,902</u>	<u>56,902</u>

\*Other assets consist of dividend receivable and amount due from brokers

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

##### Market risk (continued)

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

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 10% (2019: 5%), with all other variables 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	+/- 3
Chinese Yuen	+/-10	+/-301,977
Hong Kong Dollar	+/-10	+/- 5,477,616
Singapore Dollar	+/-10	+/- 107,392
Taiwan Dollar	+/-10	+/- 907,506
United States Dollar	+/-10	+/- 1,185,553
<u>2019</u>		
Australian Dollar	+/-5	+/- 2
Chinese Yuen	+/-5	+/- 380,597
Hong Kong Dollar	+/-5	+/- 1,424,938
Indonesia Rupiah	+/-5	+/- 217,666
Singapore Dollar	+/-5	+/- 818,264
United States Dollar	+/-5	+/- 1,098,420

##### Credit risk

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

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

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

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

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

##### Credit risk (continued)

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

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Amount due from <u>brokers</u> RM	Dividend <u>receivables</u> RM	Total RM
<u>2020</u>					
Consumer services					
- AA1	7,306,383	-	-	-	7,306,383
- NR	-	-	2,183,983	-	2,183,983
Financials					
- AAA	6,080,303	20,548,107	-	-	26,628,410
- AA3	7,131,259	-	-	-	7,131,259
- A1	5,274,855	-	-	-	5,274,855
- A2	5,274,999	-	-	-	5,274,999
- NR	9,417,852	-	2,587,488	52,776	12,058,116
Government					
SOV	16,686,616	-	-	-	16,686,616
Health care					
-AA-	5,209,438	-	-	-	5,209,438
Industrials					
- A	4,840,041	-	-	-	4,840,041
- AA1	6,276,273	-	-	-	6,276,273
- AA-	3,651,075	-	-	-	3,651,075
Technology					
- NR	-	-	1,292,903	94,468	1,387,371
Telecommunications					
- AA+	5,743,969	-	-	-	5,743,969
Utilities					
- AAA	7,510,878	-	-	-	7,510,878
- AA1	3,351,520	-	-	-	3,351,520
- AA3	2,103,167	-	-	-	2,103,167
- AA-	5,192,166	-	-	-	5,192,166
Others					
- AAA	-	-	2,884,756	-	2,884,756
	<u>101,050,794</u>	<u>20,548,107</u>	<u>8,949,130</u>	<u>147,244</u>	<u>130,695,275</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2019</u>				
Consumer goods				
- A1	5,085,437	-	-	5,085,437
Consumer services				
- AAA	9,340,693	-	-	9,340,693
- NR	-	-	163,490	163,490
Financials				
- A1	10,493,292	-	-	10,493,292
- A2	5,346,069	-	-	5,346,069
- AA3	10,776,053	-	-	10,776,053
- AAA	-	23,617,572	-	23,617,572
- NR	19,332,925	-	2,028,687	21,361,612
Industrials				
- AA-	10,668,816	-	-	10,668,816
- AA1	5,985,223	-	-	5,985,223
- AA3	8,911,473	-	-	8,911,473
Telecommunications				
- AA+	5,589,147	-	-	5,589,147
Utilities				
- AA-	4,955,781	-	-	4,955,781
- AA1	3,262,295	-	-	3,262,295
- AA3	2,089,808	-	-	2,089,808
- AAA	2,070,994	-	-	2,070,994
- NR	-	-	172,650	172,650
Others				
- NR	-	-	235,544	235,544
	<u>103,908,006</u>	<u>23,617,572</u>	<u>2,600,371</u>	<u>130,125,949</u>

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

#### Liquidity risk

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

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

##### Liquidity risk (continued)

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

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2020</u>			
Amount due to brokers	2,893,364	-	2,893,364
Amount due to Manager			
- management fee	309,912	-	309,912
Amount due to Trustee	14,462	-	14,462
Auditors' remuneration	-	5,297	5,297
Tax agent's fee	-	5,672	5,672
Other payable and accruals	-	28,336	28,336
	3,217,738	39,305	3,257,043
<u>2019</u>			
Amount due to brokers	1,058,420	-	1,058,420
Amount due to Manager			
- management fee	323,180	-	323,180
Amount due to Trustee	15,082	-	15,082
Auditors' remuneration	-	4,512	4,512
Tax agent's fee	-	2,875	2,875
Other payables and accruals	-	23,428	23,428
	1,396,682	30,815	1,427,497

##### Capital risk

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



## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATIONS

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

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

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

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

#### (i) Fair value hierarchy

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

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

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	124,796,891	-	-	124,796,891
- unquoted fixed income security	-	101,050,794	-	101,050,794
	<u>124,796,891</u>	<u>101,050,794</u>	<u>-</u>	<u>225,847,685</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	129,733,613	-	-	129,733,613
- exchange-traded fund	1,687,162	-	-	1,687,162
- unquoted fixed income security	-	103,908,006	-	103,908,006
	<u>131,420,775</u>	<u>103,908,006</u>	<u>-</u>	<u>235,328,781</u>

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

- (ii) The carrying values of cash and cash equivalents, amount due from brokers, amount due from Manager, and dividend receivables and all current liabilities are reasonable approximation of the fair values due 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 net asset value of the Fund calculated on a daily basis.

For the 6 months financial period ended 30 September 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum on the net asset value of the Fund calculated on a daily basis as stated in the Prospectus.

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

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

#### 5 TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the net asset value of the Fund, (excluding foreign custodian fees and charges).

For the 6 months financial period ended 30 September 2020, the Trustee's fee is recognised at a rate of 0.07% (2019: 0.07%) per annum on the net asset value of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the Prospectus.

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

#### 6 TAXATION

	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
Current taxation	-	-

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 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
Net profit before taxation	52,858,318	2,186,881
Tax at Malaysian statutory rate of 24% (2019: 24%)	12,685,996	524,851
Tax effects of:		
Investment income not subject to tax	(13,374,810)	(1,157,684)
Expenses not deductible for tax purposes	254,700	159,064
Restrictions on tax deductible expenses for Unit Trust Funds	434,114	473,769
Tax expense	-	-

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

#### 7 DISTRIBUTION

Distributions to unitholders are from the following sources:

	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
Previous financial year's realised income	3,380,280	4,017,530
Gross realised income	3,380,280	4,017,530
Less: Expenses	-	-
Net distribution amount	3,380,280	4,017,530
Gross/net distribution per unit (sen)	1.00	1.00
Ex- date	17.6.2020	19.6.2019

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

Included in distribution for the financial period is an amount of RM3,380,280 (2019: RM4,017,530) made from previous financial year's realised income.

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

	2020 RM	2019 RM
Designated of fair value through profit or loss at inception		
- quoted equities – local	59,704,918	64,861,183
- quoted equities – foreign	65,091,973	64,872,430
- exchange-traded fund – foreign	-	1,687,162
- unquoted fixed income securities – local	101,050,794	103,908,006
	225,847,685	235,328,781
Net gain/(loss) on assets at fair value through profit or loss		
- realised gain on sales of investments	30,076,927	62,127
- unrealised gain/(loss) on changes in fair value	21,952,548	(612,401)
	52,029,475	(550,274)

# AFFIN HWANG SELECT BALANCED FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(a) Quoted equities - local

(i) Quoted equities - local as at 30 September 2020 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
Gamuda Bhd	512,100	1,771,227	1,787,229	0.71
WCT Holdings Bhd	6,400,665	3,270,699	2,528,263	1.00
	<u>6,912,765</u>	<u>5,041,926</u>	<u>4,315,492</u>	<u>1.71</u>
<u>Consumer Products &amp; Services</u>				
Genting Malaysia Bhd	3,809,800	11,383,147	7,924,384	3.13
Guan Chong Bhd	2,360,300	6,706,647	7,694,578	3.04
	<u>6,170,100</u>	<u>18,089,794</u>	<u>15,618,962</u>	<u>6.17</u>
<u>Health care</u>				
Hartalega Holdings Bhd	545,200	9,298,410	8,832,240	3.49
Top Glove Corp Bhd	613,800	3,276,375	5,094,540	2.01
	<u>1,159,000</u>	<u>12,574,785</u>	<u>13,926,780</u>	<u>5.50</u>
<u>Technology</u>				
Frontken Corp Bhd	1,864,800	6,376,224	6,713,280	2.65
Greotech Technology Bhd	1,244,900	8,091,850	8,452,871	3.33
Inari Amertron Bhd	3,664,300	6,412,326	8,317,961	3.28
	<u>6,774,000</u>	<u>20,880,400</u>	<u>23,484,112</u>	<u>9.26</u>
<u>Transportation &amp; Logistics</u>				
Malaysia Airports Holdings Bhd	497,800	2,904,054	2,359,572	0.93
Total quoted equities - local	<u>21,513,665</u>	<u>59,490,959</u>	<u>59,704,918</u>	<u>23.57</u>
Accumulated unrealised gain on quoted equities – local		<u>213,959</u>		
Total quoted equities - local		<u>59,704,918</u>		

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities - local as at 30 September 2019 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
Gamuda Bhd	280,300	998,372	1,025,898	0.39
<u>Consumer Products &amp; Services</u>				
Genting Malaysia Bhd	2,335,900	7,679,935	7,077,777	2.72
<u>Energy</u>				
Dialog Group Bhd	1,694,300	3,836,031	5,760,620	2.21
<u>Financial Services</u>				
CIMB Group Holdings Bhd	1,057,012	5,932,389	5,316,770	2.04
Malayan Banking Bhd	588,900	5,620,225	5,011,539	1.93
	1,645,912	11,552,614	10,328,309	3.97
<u>Industrial Products &amp; Services</u>				
Petronas Chemicals Group Bhd	407,600	3,120,178	3,057,000	1.18
Scientex Bhd	661,800	5,394,913	5,916,492	2.28
Sunway Bhd	3,795,479	5,672,397	6,387,791	2.46
	4,864,879	14,187,488	15,361,283	5.92
<u>Technology</u>				
My EG Services Bhd	5,889,500	9,134,039	8,245,300	3.17
<u>Telecommunication &amp; Media</u>				
Axiata Group Bhd	1,197,100	5,496,197	5,147,530	1.98
Digi.Com Bhd	864,200	4,297,606	4,087,666	1.57
	2,061,300	9,793,803	9,235,196	3.55
<u>Utilities</u>				
Tenaga Nasional Bhd	575,500	8,180,016	7,826,800	3.01

# AFFIN HWANG SELECT BALANCED FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities - local as at 30 September 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Total quoted equities - local	19,347,591	65,362,298	64,861,183	24.94
Accumulated unrealised loss on quoted equities – local		(501,115)		
Total quoted equities - local		64,861,183		

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 30 September 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Goods</u>				
Joyoung Co Ltd	79,999	2,008,598	1,984,324	0.78
<u>Consumer Services</u>				
Yum China Holdings Inc	25,000	5,508,440	5,321,785	2.10
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	163,000	2,525,422	3,168,272	1.25
Shenzhou Intl Group Holdings	38,700	2,052,427	2,707,998	1.07
Zhongsheng Group Holdings Ltd	145,500	3,860,006	3,772,127	1.49
	347,200	8,437,855	9,648,397	3.81
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	74,392	5,903,855	10,985,428	4.34
Sands China Ltd	237,600	4,126,240	3,802,923	1.50
	311,992	10,030,095	14,788,351	5.84

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities - foreign as at 30 September 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>Financials</u>				
AIA Group Ltd	47,600	1,952,830	1,937,205	0.76
Ping An Insurance Group Co China	122,000	5,181,033	5,200,604	2.05
	<u>169,600</u>	<u>7,133,863</u>	<u>7,137,809</u>	<u>2.81</u>
<u>Technology</u>				
Tencent Holdings Ltd	<u>36,900</u>	<u>6,548,501</u>	<u>10,120,426</u>	<u>3.99</u>
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing	<u>146,000</u>	<u>6,418,450</u>	<u>9,033,852</u>	<u>3.57</u>
<u>United States</u>				
<u>Technology</u>				
Facebook Inc	4,748	3,679,260	5,162,604	2.04
Microsoft Corporation	2,170	1,501,022	1,894,425	0.75
	<u>6,918</u>	<u>5,180,282</u>	<u>7,057,029</u>	<u>2.79</u>
Total quoted equities - foreign	<u>1,123,609</u>	<u>51,266,084</u>	<u>65,091,973</u>	<u>25.69</u>
Accumulated unrealised gain on quoted equities – foreign		<u>13,825,889</u>		
Total quoted equities - foreign		<u>65,091,973</u>		



## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 September 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Goods</u>				
Jiangsu Yanghe Brewery Joint	29,906	1,854,226	1,822,416	0.70
Midea Group Co Ltd	41,500	1,261,844	1,242,701	0.48
	<u>71,406</u>	<u>3,116,070</u>	<u>3,065,117</u>	<u>1.18</u>
<u>Industrials</u>				
Hangzhou Hikvision Digi Tech	161,769	3,146,286	3,060,983	1.18
	<u>161,769</u>	<u>3,146,286</u>	<u>3,060,983</u>	<u>1.18</u>
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
Shenzhou Intl Group Holdings	101,200	5,543,028	5,512,162	2.12
	<u>101,200</u>	<u>5,543,028</u>	<u>5,512,162</u>	<u>2.12</u>
<u>Consumer Services</u>				
China Education Group Holdings	558,000	3,454,464	3,432,637	1.32
Galaxy Entertainment Group Ltd	95,000	2,681,968	2,470,551	0.95
	<u>653,000</u>	<u>6,136,432</u>	<u>5,903,188</u>	<u>2.27</u>
<u>Financials</u>				
HSBC Holdings PLC	123,000	3,958,808	3,963,909	1.52
Ping An Insurance Group Co China	69,000	2,578,978	3,314,298	1.27
	<u>192,000</u>	<u>6,537,786</u>	<u>7,278,207</u>	<u>2.79</u>
<u>Technology</u>				
Tencent Holdings Ltd	40,800	7,240,619	7,189,776	2.76
	<u>40,800</u>	<u>7,240,619</u>	<u>7,189,776</u>	<u>2.76</u>
<u>Indonesia</u>				
<u>Financials</u>				
Bank Central Asia Tbk PT	308,900	2,660,393	2,763,381	1.06
	<u>308,900</u>	<u>2,660,393</u>	<u>2,763,381</u>	<u>1.06</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 September 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Indonesia</u> (continued)				
<u>Telecommunication</u>				
Telekomunikasi Indonesia	1,250,500	1,307,531	1,589,948	0.61
<u>Singapore</u>				
<u>Financials</u>				
ESR-REIT	1,306,624	2,049,296	2,078,444	0.80
Frasers Centrepoint Trust	390,645	2,672,792	3,231,270	1.24
Prime US REIT	732,400	2,647,333	2,851,559	1.10
United Overseas Bank Ltd	33,600	2,767,208	2,612,307	1.01
	2,463,269	10,136,629	10,773,580	4.15
<u>Industrials</u>				
Singapore Tech Engineering Ltd	251,400	2,674,551	2,917,376	1.12
<u>United States</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	11,424	6,731,061	7,998,038	3.08
Tractor Supply Co	6,157	2,692,366	2,330,691	0.90
	17,581	9,423,427	10,328,729	3.98
<u>Technology</u>				
Alphabet Inc - Class C	286	1,303,243	1,458,958	0.56
Facebook Inc	1,755	1,326,334	1,308,408	0.50
Microsoft Corporation	2,960	1,294,520	1,722,617	0.66
	5,001	3,924,097	4,489,983	1.72
Total quoted equities - foreign	5,516,826	61,846,849	64,872,430	24.94
Accumulated unrealised gain on quoted equities – foreign		3,025,581		
Total quoted equities - foreign		64,872,430		

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

(c) Exchange-traded fund - foreign

(i) There is no exchange-traded fund - foreign as at 30 September 2020.

(ii) Exchange-traded fund - foreign as at 30 September 2019 are as follows:

	Nominal <u>value</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Exchange-Traded Fund</u>				
VanEck Vectors Gold Miners ETF	15,088	1,485,780	1,687,162	0.65
Total exchange traded fund – foreign	15,088	1,485,780	1,687,162	0.65
Accumulated unrealised gain on exchange traded fund - foreign		201,382		
Total exchange traded fund - foreign		1,687,162		

(d) Unquoted fixed income securities - local

(i) Unquoted fixed income securities - local as at 30 September 2020 are as follows:

	Nominal <u>value</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Bonds</u>				
6.40% MEX II Sdn Bhd 28.04.2034 (A)	5,000,000	5,601,007	4,840,041	1.91
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,076,653	9,417,852	3.72
4.86% Genting Capital Bhd 08.06.2027 (AA1)	2,000,000	2,030,343	2,178,678	0.86
4.00% Pengurusan Air SPV Bhd 30.10.2034 (AAA)	5,000,000	5,084,252	5,389,484	2.13
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,262,768	5,571,325	2.20
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,062,245	3,351,520	1.32
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,022,277	2,103,167	0.83
5.90% TRIpIc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,526,192	6,276,273	2.48
4.78% GENM Capital Bhd 31.03.2022 (AA1)	5,000,000	5,000,655	5,127,705	2.02

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

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

(i) Unquoted fixed income securities - local as at 30 September 2020 are as follows:  
(continued)

	Nominal <u>value</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Bonds (continued)</u>				
4.30% Danum Capital Bhd 13.02.2026 (AAA)	1,000,000	1,033,146	1,084,845	0.43
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,089,553	5,274,855	2.08
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,156,323	5,743,969	2.27
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,995,903	2,121,394	0.84
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	512,858	534,572	0.21
5.04% Southern Power Generation SB 28.04.2028 (AA-)	4,500,000	4,595,674	5,192,166	2.05
5.73% IJM Land Berhad Call: 19.03.2027 (A2)	5,000,000	5,007,853	5,274,999	2.08
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,018,791	5,209,438	2.06
3.42% Danum Capital Bhd 21.02.2035 (AAA)	5,000,000	5,019,083	4,995,458	1.97
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,593	1,559,934	0.61
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,066,938	3,116,503	1.23
4.13% GII 09.07.2029 (SOV)	9,000,000	10,004,029	10,074,845	3.98
3.885% MGS 15.08.2029 (SOV)	6,000,000	6,702,542	6,611,771	2.61
Total unquoted fixed income securities – local	<u>93,500,000</u>	<u>97,369,678</u>	<u>101,050,794</u>	<u>39.89</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>3,681,116</u>		
Total unquoted fixed income securities – local		<u>101,050,794</u>		

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

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

(ii) Unquoted fixed income securities - local as at 30 September 2019 are as follows:

	Nominal <u>value</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Bonds</u>				
4.88% Besraya Malaysia Sdn Bhd 28.07.2022 (AA3)	5,000,000	5,055,734	5,143,484	1.98
5.36% Besraya Malaysia Sdn Bhd 28.07.2028 (AA3)	3,500,000	3,601,824	3,767,989	1.45
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,334,037	5,590,497	2.15
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,161,628	5,589,147	2.15
5.80% CIMB Group Holdings Bhd Call: 25.05.2021 (A1)	5,000,000	5,153,219	5,240,654	2.01
6.35% CIMB Group Holdings Bhd Call: 03.04.2020 (AA3)	3,500,000	3,625,382	3,650,819	1.40
6.5% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,076,932	9,296,262	3.57
4.78% GENM Capital Bhd 31.03.2022 (AAA)	5,000,000	5,000,655	5,144,805	1.98
4.86% Genting Capital Bhd 08.06.2027 (AAA)	2,000,000	2,030,092	2,162,032	0.83
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,088,838	5,252,638	2.02
5.73% IJM Land Berhad Call: 19.03.2027 (A2)	5,000,000	5,009,419	5,346,069	2.06
6.80% Mah Sing Group Bhd Call: 31.03.2020 (NR)	10,000,000	10,001,863	10,036,663	3.86
6.40% MEX II Sdn Bhd 28.04.2034 (AA-)	5,000,000	5,623,724	5,988,091	2.30
4.8% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	2,000,000	2,022,356	2,033,856	0.78
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,792	1,534,737	0.59
5.04% Southern Power Generation Sdn Bhd 28.04.2028 (AA-)	4,500,000	4,595,691	4,955,781	1.91
4.50% Tan Chong Motor Holdings Bhd 22.11.2019 (A1)	5,000,000	5,067,958	5,085,437	1.96
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,031,004	2,089,808	0.80
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,986,764	2,070,994	0.80
5.9% TRIpIc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,543,284	5,985,223	2.30

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

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

(ii) Unquoted fixed income securities - local as at 30 September 2019 are as follows:  
(continued)

	Nominal <u>value</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Bonds</u> (continued)				
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,068,310	3,105,463	1.19
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	1,500,000	1,539,880	1,575,262	0.61
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,062,675	3,262,295	1.25
	<hr/>	<hr/>	<hr/>	<hr/>
Total unquoted fixed income securities – local	97,500,000	100,182,061	103,908,006	39.95
	<hr/>		<hr/>	<hr/>
Accumulated unrealised gain on unquoted fixed income securities – local		3,725,945		
		<hr/>		
Total unquoted fixed income securities – local		103,908,006		
		<hr/>		

#### 9 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	7,327,468	11,090,294
Deposits with a licensed financial institution	13,220,639	12,527,278
	<hr/>	<hr/>
	20,548,107	23,617,572
	<hr/>	<hr/>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with a licensed financial institution	1.75	3.01
	<hr/>	<hr/>

Deposits with licensed financial institutions have an average maturity of 1 day (2019: 1 day).

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

#### 10 NUMBER OF UNIT IN CIRCULATION

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	355,119,000	410,598,000
Creation of units arising from application	25,063,000	22,049,000
Creation of units arising from distribution	4,738,767	6,042,644
Cancellations of units	(45,583,767)	(34,305,644)
	<u>339,337,000</u>	<u>404,384,000</u>

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transactions with the top 10 brokers and dealers for the financial period ended 30 September 2020 is as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Hwang Investment Bank Bhd #	86,755,152	26.13	207,156	28.75
Macquarie Bank Ltd Hong Kong	24,101,511	7.26	44,209	6.14
Kenanga Investment Bank Bhd	23,074,735	6.95	57,687	8.01
Public Investment Bank Bhd	16,272,161	4.90	40,680	5.64
CLSA Ltd	15,864,237	4.78	28,543	3.96
CIMB Investment Bank Berhad	12,347,412	3.72	30,335	4.21
China International Capital Corp				
Hong Kong Securities Ltd	10,791,719	3.25	22,614	3.14
DBS Securities (S) Pte Ltd	10,776,649	3.24	26,942	3.74
RHB Investment Bank Bhd	10,277,388	3.10	17,384	2.41
Citibank Bhd	9,946,000	3.00	-	-
Others	111,825,239	33.67	245,021	34.00
	<u>332,032,203</u>	<u>100.00</u>	<u>720,571</u>	<u>100.00</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

- (ii) Details of transactions with the top 10 brokers and dealers for the financial period ended 30 September 2019 is as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Investment Bank Bhd #	75,119,289	16.85	129,936	14.01
CLSA Ltd	42,112,346	9.45	70,998	7.66
Macquarie Bank Ltd Hong Kong	29,238,282	6.56	60,644	6.54
JP Morgan Secs (Asia Pac) Ltd Hong Kong	27,971,180	6.27	67,663	7.30
Citigroup Global Mkts Ltd London	27,840,020	6.24	61,700	6.66
CCB International Securities Ltd	19,751,498	4.43	49,379	5.33
UOB Kay Hian Pte Ltd	19,370,128	4.34	48,425	5.22
Instinet Pacific Ltd	18,166,933	4.08	38,965	4.20
CIMB Investment Bank Bhd	15,369,787	3.45	38,424	4.14
China International Capital Corp Hong Kong Securities Ltd	14,788,289	3.32	31,544	3.40
Others	156,104,094	35.01	329,498	35.54
	<u>445,831,846</u>	<u>100.00</u>	<u>927,176</u>	<u>100.00</u>

# Included in transactions with brokers and dealers are trades conducted on normal terms in the stockbroking industry with Affin Hwang Investment Bank Bhd, companies related to the Manager amounting to RM86,755,152 (2019: RM75,119,289). The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.



## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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>Relationships</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

	<u>2020</u>		<u>2019</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	<u>103,336</u>	<u>77,151</u>	<u>204,825</u>	<u>131,743</u>
<u>Parties related to Manager:</u>				
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>61,727,562</u>	<u>46,085,798</u>	<u>51,821,436</u>	<u>33,331,548</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

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

	6 months financial period ended 30.9.2020 %	6 months financial period ended 30.9.2019 %
MER	0.81	0.82

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebate
B	=	Trustee's fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sale and services tax on transaction costs and withholding tax
F	=	Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM240,620,067 (2019: RM263,787,748).

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

	6 months financial period ended 30.9.2020 %	6 months financial period ended 30.9.2019 %
PTR (times)	0.64	0.42

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM166,602,150 (2019: RM105,424,591 )  
total disposal for the financial period = RM140,870,674 (2019: RM116,891,192 )

## **AFFIN HWANG SELECT BALANCED FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

#### **15 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 BALANCED 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 my opinion as the Manager, the financial statements set out on pages 1 to 39 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 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  
16 November 2020

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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

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

### **PENANG**

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

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

### **PERAK**

Affin Hwang Asset Management Berhad  
1, Persiaran Greentown 6  
Greentown Business Centre  
30450 Ipoh Perak

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

### **MELAKA**

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

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

### **JOHOR**

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

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

### **SABAH**

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

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

## **DIRECTORY OF SALES OFFICE (CONTINUED)**

### **SARAWAK**

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

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

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

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

[www.affinhwangam.com](http://www.affinhwangam.com)

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)