

Affin Hwang

Select Opportunity Fund

Interim Report
31 January 2021

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 OPPORTUNITY FUND

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 January 2021

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FUND INFORMATION

Fund Name	Affin Hwang Select Opportunity Fund
Fund Type	Growth
Fund Category	Equity
Investment Objective	To achieve consistent capital appreciation over the medium to long-term by investing mainly in listed Malaysian companies with good growth prospects.
Benchmark	The benchmark to be used by the Manager in measuring the performance of the Funds will be the FTSE Bursa Malaysian Top 100 Index ("FBM 100")
Distribution Policy	The Fund endeavours to distribute income, if any, on an annual basis. However, the amount of income available for distributon may fluctuate from year to year.

BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 JANUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	3,047	8,071
5,001 to 10,000	2,316	17,092
10,001 to 50,000	4,419	97,416
50,001 to 500,000	1,110	122,261
500,001 and above	44	252,333
Total	10,936	497,173

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Jan 2021 (%)	As at 31 Jan 2020 (%)	As at 31 Jan 2019 (%)
Portfolio composition			
Quoted equities – local			
- Construction	5.36	0.57	-
- Consumer product & services	3.40	7.17	14.49
- Energy	-	0.95	-
- Financial services	6.45	21.91	16.85
- Healthcare	2.97	0.86	3.03
- Industrial product & services	5.82	8.12	6.64
- Telecommunication & media	10.81	6.52	2.75
- Transportation & logistics	-	5.84	1.38
- Plantation	3.42	3.07	-
- Preference share	3.76	4.94	2.27
- Properties	2.63	-	-
- REITs	-	2.74	4.36
- Technology	19.62	2.38	0.36
- Utilities	1.98	4.48	3.34
- Trading / services	-	-	-
- Warrants	1.01	-	-
Total quoted equities – local	67.23	69.55	55.47
Quoted equities – foreign			
- Consumer goods	3.66	-	1.51
- Consumer services	8.46	4.17	1.63
- Financials	1.05	6.82	11.97
- Industrials	-	1.37	1.07
- Oil & gas	-	-	2.21
- Preference shares	5.91	-	-
- Technology	9.82	11.13	2.32
- Utilities	-	-	1.68
Total quoted equities – foreign	28.90	23.49	22.39
Cash & cash equivalent	3.87	6.96	22.14
Total	100.00	100.00	100.00
Total NAV (RM'million)	558.857	874.535	1,023.929
NAV per Unit (RM)	1.1238	0.9446	0.9831
Unit in Circulation (million)	497.295	925.803	1,041.506
Highest NAV	1.1483	0.9920	1.0227
Lowest NAV	0.9178	0.9337	0.9749
Return of the Fund (%) ⁱⁱⁱ	16.70	-3.16	-2.96
- Capital Growth (%) ⁱ	16.70	-3.16	-2.96
- Income Distribution (%) ⁱⁱ	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) ¹	0.87	0.82	0.79
Portfolio Turnover Ratio (times) ²	0.78	0.63	0.41

¹The MER of the Fund was higher than previous period due to lower average net asset value of the Fund for the financial period.

²The increase in the Fund's PTR was due to lower average net asset value of the Fund for 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**

No income distribution or unit split was declared for the financial period ended 31 January 2021.

Performance of the Fund (1 August 2019 – 31 January 2020)

For the period 1 August 2020 to 31 January 2021, the Fund has registered a return of 16.70% as compared to the benchmark return of -1.33%. The Fund thus outperformed the benchmark by 18.03%. The Net Asset Value (NAV) per unit of the Fund as at 31 January 2021 was RM1.1238 while the NAV per unit on 31 July 2020 was RM 0.9630.

Since commencement, the Fund has outperformed the benchmark by 712.22% with return of 889.38% compared to the benchmark return of 177.16%. We believe the Fund has met its investment objective.

Table 1: Performance of the Fund

	6 Months (1/8/20 - 31/1/21)	1 Year (1/2/20 - 31/1/21)	3 Years (1/2/18 - 31/1/21)	5 Years (1/2/16 - 31/1/21)	Since Commencement (28/9/01 - 31/1/21)
Fund	16.70%	18.97%	4.61%	47.22%	889.38%
Benchmark	(1.33%)	3.75%	(14.99%)	(1.55%)	177.16%
Outperformance	18.03%	15.22%	19.60%	48.77%	712.22%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/20 - 31/1/21)	3 Years (1/2/18 - 31/1/21)	5 Years (1/2/16 - 31/1/21)	Since Commencement (28/9/01 - 31/1/21)
Fund	18.97%	1.51%	8.03%	12.57%
Benchmark	3.75%	(5.26%)	(0.31%)	5.41%
Outperformance	15.22%	6.77%	8.35%	7.16%

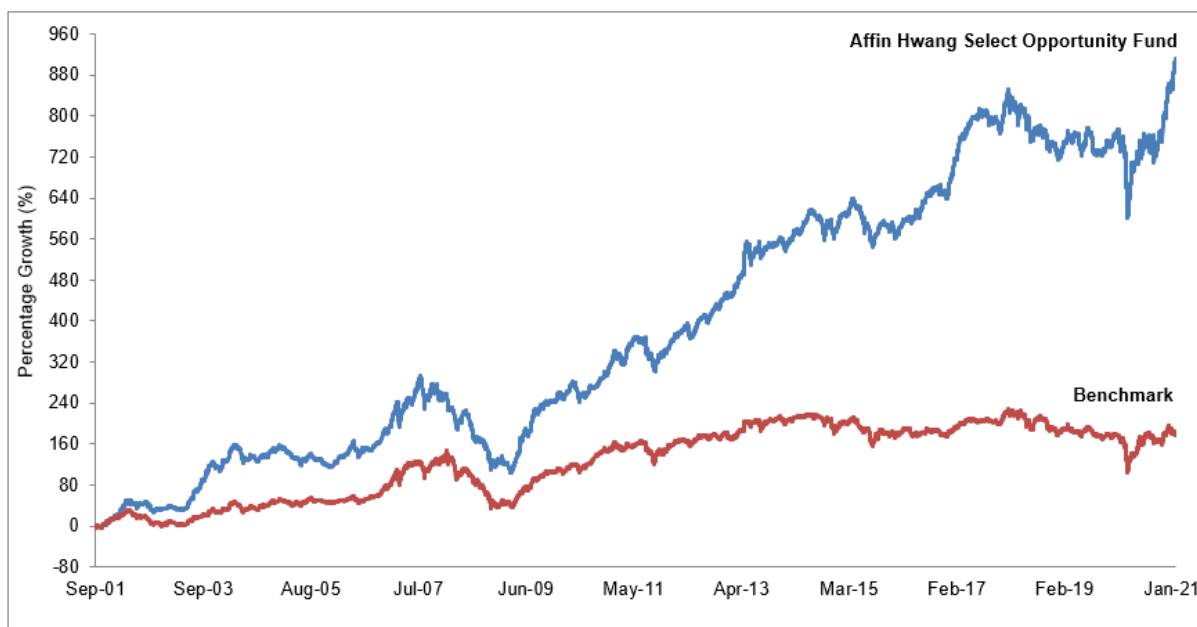
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (1/8/19 - 31/7/20)	FYE 2019 (1/8/18 - 31/7/19)	FYE 2018 (1/8/17 - 31/7/18)	FYE 2017 (1/8/16 - 31/7/17)	FYE 2016 (1/8/15 - 31/7/16)
Fund	(1.27%)	(1.74%)	(3.08%)	23.13%	7.13%
Benchmark	(1.40%)	(8.10%)	1.84%	8.08%	(2.47%)
Outperformance	0.13%	6.36%	(4.92%)	15.05%	9.60%

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: FTSE Bursa Malaysia Top 100 Index

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

Asset Allocation

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

As at 31 January 2021, the Fund's equities weighting stood at 96.13% while the balance was held in cash and cash equivalent. During the period under review, the Fund's allocation into local equities is slightly lower at 67.23%. The Manager had decreased its exposure mainly in the financial services sector. Meanwhile, within the domestic equity space, the Manager had added exposures into the consumer goods and services sector. Overall, cash level was decreased to a lower level of 3.87% over the same period.

Strategy Employed

Our Manager redeployed some of the cash into corrected and stable names, namely in the consumer, technology and telecommunication and media sector. However, with the volatility still remaining in markets, the Fund hold moderate cash and continue to stay vigilant towards market development. The Fund will remain focus on domestic-driven sectors.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. By the end of January however, we saw a divergence in equity performance as emerging markets ended the month higher compared to US markets which declined towards the end of the month.

At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in

a short squeeze and pushing their share prices to new highs. This led to market jitters resulting in the S&P 500 closing 0.63% lower. Asian markets fared better, as the MSCI Asia ex-Japan index was up 4.48% in the month, largely ignoring the US retail frenzy and focusing instead on the region's improving economic conditions and gradual recovery, stemming from better pandemic controls.

Tensions between China and the US remain icy as Biden settles into the White House to handle domestic affairs and China moved forward to impose sanctions on Mike Pompeo and 27 other former officials who worked for the Trump administration.

Commodities saw strong returns in the month, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed and livestock markets. With rallying commodity prices, talks about a commodity super cycle in 2021 have surfaced, stemming from increased Chinese demand and supportive stimulus boosting inflation expectations.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. The KLCI ended 2020 with a 2.4% gain, buoyed by the liquidity-driven rally that was seen throughout the year.

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

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's latest Consumer Price Index (CPI) came in at -1.4%. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut has decreased.

The primary market continues to see strong interest despite a strong supply outlook, with the auction of a 10-year MGS at a size of RM 4 billion that was 2.0x covered. Corporate issuances were slow in the month, up till the final week which saw Pengurusan Air SPB Berhad raise RM 8000 million across two Sukuk tranches of 7 and 15 years at 3.02% and 3.90% respectively. Both rated AAA. The corporate space is expected to pick up in the following months.

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. With most markets recovering the year's losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500

surpasses far beyond its historical P/E average of 15x -17x. It would not be far fetched to assume that correction will take place very soon.

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

Lack of communication between US and China will only prolong market instability. We expect dialogue to resume shortly but given Biden is taking a more assertive stance, markets will remain largely sensitive to any indication of deteriorating relations. Both countries will have to be pragmatic in their approach as cooler heads prevail.

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

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry.

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 OPPORTUNITY FUND

We have acted as Trustee of Affin Hwang Select Opportunity Fund ("the Fund") for the financial period ended 31 January 2021. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Senior Manager, Investment Compliance Monitoring

Kuala Lumpur
15 March 2021

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

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AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

	Note	6 months financial period ended 31.1.2021 RM	6 months financial period ended 31.1.2020 RM
INVESTMENT GAIN/(LOSS)			
Dividend income		6,903,663	11,945,999
Interest income from financial assets at amortised cost		99,250	982,763
Net (loss)/ gain on foreign currency exchange		(1,679,253)	422,517
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		381,600	(657,537)
Net gain/(loss) on financial assets at fair value through profit or loss	7	94,472,972	(32,390,913)
		<u>100,178,232</u>	<u>(19,697,171)</u>
EXPENSES			
Management fee	4	(4,636,728)	(6,981,101)
Trustee fee	5	(216,381)	(327,559)
Auditors' remuneration		(4,971)	(3,781)
Tax agent's fee		(1,915)	(1,915)
Transaction cost		(2,467,062)	(2,808,948)
Other expenses		(479,191)	(246,167)
		<u>(7,806,248)</u>	<u>10,369,471</u>
NET PROFIT/(LOSS) BEFORE TAXATION		92,371,984	(30,066,642)
Taxation	6	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>92,371,984</u>	<u>(30,066,642)</u>
Net loss after taxation is made up of the following:			
Realised amount		12,921,516	(1,042,446)
Unrealised amount		79,450,468	(29,024,196)
		<u>92,371,984</u>	<u>(30,066,642)</u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Financial assets at fair value through profit or loss	7	537,233,939	813,736,014
Cash and cash equivalents	8	20,485,973	26,653,331
Dividend receivables		2,912,260	2,447,945
Amount due from Manager - creation of units		-	215,468
Amounts due from brokers		6,891,774	34,373,624
TOTAL ASSETS		<u>567,523,946</u>	<u>877,426,382</u>
LIABILITIES			
Amount due to Manager - management fee		730,414	1,161,904
- cancellation of units		1,580,061	-
Amount due to Trustee		34,086	54,222
Amount due to brokers		6,298,309	1,658,761
Auditor's remuneration		4,971	3,426
Tax agent's fee		9,625	9,325
Other payables and accruals		9,739	3,624
TOTAL LIABILITIES		<u>8,667,205</u>	<u>2,891,262</u>
NET ASSET VALUE OF THE FUND		<u>558,856,741</u>	<u>874,535,120</u>
EQUITY			
Unitholders' capital		434,741,017	848,928,294
Retained earnings		124,115,724	25,606,826
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>558,856,741</u>	<u>874,535,120</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>497,295,000</u>	<u>925,803,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1238</u>	<u>0.9446</u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 August 2020	651,417,009	31,743,740	683,160,749
Total comprehensive income for the financial period	-	92,371,984	92,371,984
Movement in unitholders' capital:			
Cancellation of units	(216,675,992)	-	(216,675,992)
Balance as at 31 January 2021	<u>434,741,017</u>	<u>124,115,724</u>	<u>558,856,741</u>
Balance as at 1 August 2019	930,214,867	55,673,468	985,888,335
Total comprehensive loss for the financial period	-	(30,066,642)	(30,066,642)
Movement in unitholders' capital:			
Creation of units	8,672,997	-	8,672,997
Cancellation of units	(89,959,570)	-	(89,959,570)
Balance as at 31 January 2020	<u>848,928,294</u>	<u>25,606,826</u>	<u>874,535,120</u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

	Note	6 months financial period ended 31.1.2021 RM	6 months financial period ended 31.1.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		599,367,936	614,203,795
Purchase of investments		(406,524,473)	(554,953,905)
Dividends received		4,066,073	9,489,739
Interest received		99,250	982,763
Management fee paid		(4,808,178)	(7,097,810)
Trustee fee paid		(224,382)	(361,342)
Payment for other fees and expenses		(2,955,752)	(254,012)
Realised gain/(loss) on forward foreign currency contracts		381,600	(485,909)
Net loss on realised foreign currency exchange		(2,816,047)	(206,811)
Net cash generated from operating activities		<u>186,586,027</u>	<u>61,344,845</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		-	8,786,953
Payments for cancellation of units		(216,245,440)	(92,329,136)
Net cash used in financing activities		<u>(216,245,440)</u>	<u>(83,542,183)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(29,659,413)	(22,197,338)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(1,538,962)	758,271
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>51,684,348</u>	<u>48,092,398</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8	<u><u>20,485,973</u></u>	<u><u>26,653,331</u></u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues 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 K.

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

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

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

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

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

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

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

B INCOME RECOGNITION

Interest income

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

Interest income (continued)

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

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.

Realised gains and losses on sale of investments

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

C TRANSACTION COSTS

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

D TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial 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 recognized, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FOREIGN CURRENCY TRANSLATIONS

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest, 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 are measured at fair value through profit or loss

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from brokers and dividend receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, 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 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

Qualitative criteria:

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

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Write-off

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

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

H CASH AND CASH EQUIVALENTS

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

I 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 G for accounting policy on recognition and measurement.

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

J UNITHOLDERS' CAPITAL

The unit holders' 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 unit holder exercises the right to put the unit back to the Fund.

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

L 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 OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Opportunity Fund (the “Fund”) pursuant to the execution of a Deed dated 13 August 2001, First Supplemental Deed dated 18 June 2007, Second Supplemental Deed dated 15 October 2008, Third Supplemental Deed dated 18 January 2012, Fourth Supplemental Deed dated 27 June 2014, Fifth Supplemental Deed dated 28 April 2017 and Sixth Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”). The Fund has changed its name from HwangDBS Select Opportunity Fund to Hwang Select Opportunity Fund as amended by the Third Supplemental Deed dated 18 January 2012 and from Hwang Select Opportunity Fund to Affin Hwang Select Opportunity Fund as amended by Fourth Supplemental Deed dated 27 June 2014.

The Fund commenced operations on 7 September 2001 and will continue its operations until terminated by the Trustee as provided under Clause 13.1 of the Deed.

The Fund may invest in any of the following investments:

- a) Securities of companies listed on Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities Commissions;
- b) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities;
- c) Debentures;
- d) Money market instruments;
- e) Deposits;
- f) Derivatives, for the purpose of hedging only;
- g) Warrants;
- h) Structured products;
- i) Units or shares in collective investment schemes and;
- j) k) Any other form of investments 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 achieve consistent capital appreciation over the medium to long term through investing mainly in listed Malaysian companies with good growth prospects.

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 15 March 2021.

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	<u>At amortised cost</u> RM	<u>At fair value through profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	20,485,973	-	20,485,973
Dividend receivables		2,912,260	-	2,912,260
Amount due from brokers		6,891,774	-	6,891,774
Quoted equities	7	-	537,233,939	537,233,939
Total		<u>30,290,007</u>	<u>537,233,939</u>	<u>567,523,946</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		730,414	-	730,414
- cancellation of units		1,580,061	-	1,580,061
Amount due to Trustee		34,086	-	34,086
Amount due to brokers		6,298,309	-	6,298,309
Auditor's remuneration		4,971	-	4,971
Tax agent's fee		9,625	-	9,625
Other payables and accruals		9,739	-	9,739
Total		<u>8,667,205</u>	<u>-</u>	<u>8,667,205</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	<u>At amortised cost RM</u>	<u>At fair value through profit or loss RM</u>	<u>Total RM</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	26,653,331	-	26,653,331
Dividend receivables		2,447,945	-	2,447,945
Amount due from Manager - creation of units		215,468	-	215,468
Amount due from brokers		34,373,624	-	34,373,624
Quoted equities	7	-	813,736,014	813,736,014
Total		<u>63,690,368</u>	<u>813,736,014</u>	<u>877,426,382</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		1,161,904	-	1,161,904
Amount due to Trustee		54,222	-	54,222
Amount due to brokers		1,658,761	-	1,658,761
Auditor's remuneration		3,426	-	3,426
Tax agent's fee		9,325	-	9,325
Other payables and accruals		3,624	-	3,624
Total		<u>2,891,262</u>	<u>-</u>	<u>2,891,262</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.

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.

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2021</u> RM	<u>2020</u> RM
Quoted investments		
Quoted equities	537,233,939	813,736,014

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 10% (2020: 5%) and decreased by 10% (2020: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2021</u>		
-10%	483,510,545	(53,723,394)
0%	537,233,939	-
+10%	590,957,333	53,723,394
<u>2020</u>		
-5%	773,049,213	(40,686,801)
0%	813,736,014	-
+5%	854,422,815	40,686,801

(b) Interest rate risk

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

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in 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 a foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

	Quoted equities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Chinese Yuan	7,002,458	1,206,117	-	8,208,575
Hong Kong Dollar	78,455,077	4,894	1,640,697	80,100,668
Korean Won	45,865,890	-	777,085	46,642,975
Singapore Dollar	-	177,864	-	177,864
United States Dollar	30,191,077	18,100,038	-	48,291,115
	<u>161,514,502</u>	<u>19,488,913</u>	<u>2,417,782</u>	<u>183,421,197</u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (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:
(continued)

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Chinese Yuan	-	1,631	-	1,631
Hong Kong Dollar	94,970,781	10,879,159	4,746,936	110,296,192
Korean Won	35,807,915	-	119,399	35,927,314
Singapore Dollar	27,218,286	26	19,604,798	46,823,110
United States Dollar	37,711,341	15,498,173	-	53,209,514
Taiwan Dollar	9,747,311	-	-	9,747,311
	<u>205,455,634</u>	<u>26,378,989</u>	<u>24,170,449</u>	<u>256,005,072</u>
			<u>Amount due to broker</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Hong Kong Dollar			300,684	300,684

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (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 taxation and net asset value to foreign exchange movement. The analysis is based on the assumption that the foreign exchange rate changes by 10% (2020: 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 increase/(decrease) in the net assets attributable to unitholders by approximately 10% (2020: 5%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in price %	Impact on profit after tax/ NAV RM
<u>2021</u>		
Chinese Yuan	+/- 10	+/- 820,858
Hong Kong Dollar	+/- 10	+/- 8,010,067
Korean Won	+/- 10	+/- 4,664,298
Singapore Dollar	+/- 10	+/- 17,786
United States Dollar	+/- 10	+/- 4,829,112
<u>2020</u>		
Chinese Yuan	+/- 5	+/- 82
Hong Kong Dollar	+/- 5	+/- 5,514,810
Korean Won	+/- 5	+/- 1,796,366
Singapore Dollar	+/- 5	+/- 2,341,156
United States Dollar	+/- 5	+/- 2,660,476
Taiwan Dollar	+/- 5	+/- 487,366

Credit risk

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

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

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u>			
Financials			
- AAA	20,485,973	-	20,485,973
- NR	-	2,124,577	2,124,577
Healthcare			
- NR	-	5,251,077	5,251,077
Technology			
- NR	-	777,085	777,085
Preference Shares			
- NR	-	1,083,295	1,083,295
Property			
- NR	-	568,000	568,000
	<u>20,485,973</u>	<u>9,804,034</u>	<u>30,290,007</u>
<u>2020</u>			
Consumers Products & Services			
- NR	-	165,924	165,924
Energy			
- NR	-	916,681	916,681
Financials			
- AAA	26,653,331	-	26,653,331
- NR	-	21,960,326	21,960,326
Plantations			
- NR	-	3,985,337	3,985,337
Preference Shares			
- NR	-	1,214,037	1,214,037
Technology			
- NR	-	119,399	119,399
Tecommunications & Media			
- NR	-	3,412,928	3,412,928
Other			
- NR	-	5,262,405	5,262,405
	<u>26,653,331</u>	<u>37,037,037</u>	<u>63,690,368</u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Liquidity risk

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

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

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>2021</u>			
Amount due to Manager			
- management fee	730,414	-	730,414
- creation of units	1,580,061	-	1,580,061
Amount due to Trustee	34,086	-	34,086
Amount due to brokers	6,298,309	-	6,298,309
Auditors' remuneration	-	4,971	4,971
Tax agent's fee	-	9,625	9,625
Other payables and accruals	-	9,739	9,739
	<u>8,642,870</u>	<u>24,335</u>	<u>8,667,205</u>
<u>2020</u>			
Amount due to Manager			
- management fee	1,161,904	-	1,161,904
Amount due to Trustee	54,222	-	54,222
Amount due to brokers	1,658,761	-	1,658,761
Auditors' remuneration	-	3,426	3,426
Tax agent's fee	-	9,325	9,325
Other payables and accruals	-	3,624	3,624
	<u>2,874,887</u>	<u>16,375</u>	<u>2,891,262</u>

Capital risk

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION

Financial instruments comprises 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 financial period end date.

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

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

(i) Fair value hierarchy

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

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

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

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

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>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	-	537,233,939	-	537,233,939

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<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	-	813,736,014	-	813,736,014

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 3.00% per annum on the NAV of the Fund calculated on daily basis.

For the 6 months financial period ended 31 January 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum on the NAV of the Fund calculated on 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 OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.3% per annum on the NAV of the Fund.

For the 6 months financial period ended 31 January 2021, the Trustee fee is recognised at a rate of 0.07% (2020: 0.07%) per annum on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum, inclusive of local custodian fee but exclusive of foreign sub-custodian fee calculated on 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 31.1.2021 RM	6 months financial period ended 31.1.2020 RM
Current taxation	-	-

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

	6 months financial period ended 31.1.2021 RM	6 months financial period ended 31.1.2020 RM
Net profit/(loss) before taxation	92,371,984	(30,066,642)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	22,169,276	(7,215,994)
Tax effects of:		
Investment income not subject to tax /(Investment loss not brought to tax)	(24,042,776)	4,727,321
Expenses not deductible for tax purposes	759,012	810,843
Restrictions on tax deductible expenses for Unit Trust Funds	1,114,488	1,677,830
Tax expense	-	-

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss		
- quoted equities – local	375,719,437	608,280,380
- quoted equities – foreign	161,514,502	205,455,634
	<u>537,233,939</u>	<u>813,736,014</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	13,483,542	(2,780,074)
- unrealised gain/(loss) on change in fair value	80,989,430	(29,610,839)
	<u>94,472,972</u>	<u>(32,390,913)</u>

(a) Quoted equities - local

(i) Quoted equities - local as at 31 January 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Construction</u>				
Jaks Resources Bhd	44,409,400	17,897,363	29,976,345	5.36
<u>Consumer Product & Services</u>				
British American Tobacco M Bhd	1,448,600	16,058,285	18,976,660	3.40
<u>Financial Services</u>				
Malayan Banking Bhd	1,449,348	12,557,881	11,319,408	2.03
RHB Bank Bhd	4,838,800	25,131,381	24,677,880	4.42
	<u>6,288,148</u>	<u>37,689,262</u>	<u>35,997,288</u>	<u>6.45</u>
<u>Healthcare</u>				
Hartalega Holdings Bhd	725,200	9,469,748	9,326,072	1.67
IHH Healthcare Bhd	1,425,300	8,262,584	7,240,524	1.30
	<u>2,150,500</u>	<u>17,732,332</u>	<u>16,566,596</u>	<u>2.97</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities - local (continued)

(i) Quoted equities - local as at 31 January 2021 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Industrial Products & Services</u>				
Sunway Bhd	10,667,440	16,552,814	16,001,160	2.86
Supercomnet Technologies Bhd	9,305,900	18,146,505	16,564,502	2.96
	<u>19,973,340</u>	<u>34,699,319</u>	<u>32,565,662</u>	<u>5.82</u>
<u>Plantations</u>				
Kuala Lumpur Kepong Bhd	822,700	19,591,869	19,103,094	3.42
<u>Property</u>				
Eco World Development Grp Bhd	30,000,000	15,508,227	14,700,000	2.63
<u>Preference Shares</u>				
Allianz Malaysia Bhd -PA	1,556,458	6,898,365	21,012,183	3.76
<u>Technology</u>				
Datasonic Group Bhd	15,337,200	8,617,559	7,361,856	1.32
Frontken Corp Bhd	4,076,200	14,163,393	18,995,092	3.40
Greotech Technology Bhd	5,900,800	19,000,679	33,162,496	5.93
Inari Amertron Bhd	7,538,200	13,762,888	25,479,116	4.56
My EG Services Bhd	12,916,310	17,620,806	24,670,152	4.41
	<u>45,768,710</u>	<u>73,165,325</u>	<u>109,668,712</u>	<u>19.62</u>
<u>Telecommunications & Media</u>				
Telekom Malaysia Bhd	5,737,900	26,742,320	36,320,907	6.50
TIME dotCom Bhd	1,767,500	16,326,681	24,108,700	4.31
	<u>7,505,400</u>	<u>43,069,001</u>	<u>60,429,607</u>	<u>10.81</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities - local (continued)

(i) Quoted equities - local as at 31 January 2021 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Warrants</u>				
Jaks Resources Bhd - Warrant	14,350,000	-	5,668,250	1.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Utilities</u>				
Tenaga Nasional Bhd	1,145,600	14,545,950	11,055,040	1.98
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total quoted equities – local	<u>175,418,856</u>	296,855,298	<u>375,719,437</u>	<u>67.23</u>
Accumulated unrealised gain on quoted equities – local		<u>78,864,139</u>		
Total quoted equities – local		<u>375,719,437</u>		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 January 2020 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
Widad Group Bhd	10,000,000	4,700,000	5,000,000	0.57
<u>Consumer Product & Services</u>				
Fraser & Neave Holdings Bhd	502,800	15,254,303	16,522,008	1.89
British American Tobacco M Bhd	800,000	9,628,317	9,168,000	1.05
Mynews Holdings Bhd	12,470,200	8,812,419	10,849,074	1.24
Petronas Dagangan Bhd	573,300	14,682,751	12,704,328	1.45
Aeon Company (M) Bhd	9,866,700	20,980,438	13,418,712	1.54
	24,213,000	69,358,228	62,662,122	7.17
<u>Energy</u>				
Perdana Petroleum Bhd	38,738,900	6,364,199	8,338,810	0.95
<u>Financial Services</u>				
CIMB Group Holdings Bhd	8,800,378	52,223,257	43,209,856	4.94
Hong Leong Financial Group Bhd	2,075,300	38,296,127	33,495,342	3.83
Malayan Banking Bhd	8,581,843	77,890,193	72,344,936	8.27
Allianz Malaysia Bhd	1,053,900	11,405,643	15,134,004	1.73
Bursa Malaysia Bhd	3,168,800	22,284,971	17,555,152	2.01
Hong Leong Bank Bhd	617,500	10,073,074	9,855,300	1.13
	24,297,721	212,173,265	191,594,590	21.91
<u>Healthcare</u>				
IHH Healthcare Bhd	1,324,800	7,683,194	7,551,360	0.86
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	1,300,000	9,211,540	8,047,000	0.92
Sunway Bhd	21,732,040	33,634,200	38,900,352	4.45
ATA IMS Bhd	14,158,000	22,392,034	24,068,600	2.75
	37,190,040	65,237,774	71,015,952	8.12

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 January 2020 are as follows (continued):

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Plantations</u>				
Kuala Lumpur Kepong Bhd	700,800	14,893,115	15,964,224	1.83
Sime Darby Plantation Bhd	2,138,300	10,922,045	10,841,181	1.24
	<u>2,839,100</u>	<u>25,815,160</u>	<u>26,805,405</u>	<u>3.07</u>
<u>Technology</u>				
Inari Amertron Bhd	11,899,300	21,296,797	20,823,775	2.38
<u>Telecommunications & Media</u>				
TIME dotCom Bhd	2,967,000	26,659,622	27,504,090	3.14
Astro Malaysia Holdings Bhd	14,348,000	22,274,620	17,074,120	1.95
Axiata Group Bhd	1,291,000	5,909,699	5,499,660	0.63
Digi.Com Bhd	1,647,200	8,253,716	6,967,656	0.80
	<u>20,253,200</u>	<u>63,097,657</u>	<u>57,045,526</u>	<u>6.52</u>
<u>Transportation & Logistics</u>				
MISC Bhd	4,901,500	35,644,722	37,692,535	4.31
Malaysia Airports Holdings Bhd	1,988,600	16,293,759	13,403,164	1.53
	<u>6,890,100</u>	<u>51,938,481</u>	<u>51,095,699</u>	<u>5.84</u>
<u>REITs</u>				
YTL Hospitality REIT	7,301,600	7,751,971	9,711,128	1.11
Sunway REIT	7,880,500	13,012,139	14,263,705	1.63
	<u>15,182,100</u>	<u>20,764,110</u>	<u>23,974,833</u>	<u>2.74</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	3,143,400	44,470,351	39,166,764	4.48

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 January 2020 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Preference Shares</u>				
Allianz Malaysia Bhd -PA	1,556,458	6,898,365	21,198,958	2.42
Perdana Petroleum Bhd - RCPS	24,766,900	15,203,958	19,249,767	2.20
SP Setia Bhd Group - RCPS-i B	3,382,600	2,976,688	2,756,819	0.32
	<u>29,705,958</u>	<u>25,079,011</u>	<u>43,205,544</u>	<u>4.94</u>
Total quoted equities – local	<u>225,677,619</u>	<u>617,978,227</u>	<u>608,280,380</u>	<u>69.55</u>
Accumulated unrealised loss on quoted equities – local		<u>(9,697,847)</u>		
Total quoted equities – local		<u>608,280,380</u>		

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 31 January 2021 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 Services</u>				
China Intl Travel Service Corp Ltd	<u>37,981</u>	<u>4,903,511</u>	<u>7,002,458</u>	<u>1.25</u>
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Feihe Ltd	592,000	6,295,406	7,138,830	1.28
Haier Smart Home Co Ltd	367,200	6,054,330	6,139,911	1.10
	<u>959,200</u>	<u>12,349,736</u>	<u>13,278,741</u>	<u>2.38</u>
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	147,800	14,581,514	18,985,492	3.40
JD.com Inc	51,000	7,265,249	9,181,175	1.64
	<u>198,800</u>	<u>21,846,763</u>	<u>28,166,667</u>	<u>5.04</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities - foreign as at 31 January 2021 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>				
China Overseas Prop Hldgs Ltd	2,345,000	5,835,196	5,863,250	1.05
<u>Technology</u>				
Tencent Holdings Ltd	79,700	13,877,984	28,292,970	5.06
Xiaomi Corp	187,600	2,858,988	2,853,449	0.51
	267,300	16,736,972	31,146,419	5.57
<u>Korea</u>				
<u>Technology</u>				
SK Hynix Inc	29,179	8,576,696	12,851,015	2.30
<u>Preference Shares</u>				
Samsung Electronics Co Ltd - Pref Shares	125,108	21,976,083	33,014,875	5.91
<u>United States</u>				
<u>Consumer Goods</u>				
LI Auto Inc	55,000	6,475,700	7,153,069	1.28
<u>Consumer Services</u>				
Amazon.com Inc	936	7,879,912	12,119,200	2.17
<u>Technology</u>				
Baidu Inc	11,508	9,414,685	10,918,808	1.95
Total quoted equities – foreign	4,030,012	115,995,254	161,514,502	28.90
Accumulated unrealised gain on quoted equities –foreign		45,519,248		
Total quoted equities – foreign		161,514,502		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(b) Quoted equities – foreign

(ii) Quoted equities - foreign as at 31 January 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	104,000	8,488,967	10,996,028	1.26
<u>Financials</u>				
Ping An Insurance Grp Co China	587,500	25,648,932	27,493,896	3.14
AIA Group Ltd	222,000	9,871,468	9,106,640	1.04
CIFI Holdings Group Co Ltd	2,741,000	8,942,942	7,838,142	0.90
	3,550,500	44,463,342	44,438,678	5.08
<u>Technology</u>				
Tencent Holdings Ltd	200,900	34,982,271	39,536,075	4.52
<u>Korea</u>				
<u>Technology</u>				
SK Hynix Inc	47,691	14,220,408	15,325,956	1.75
Samsung Electronics Co Ltd	125,458	19,130,329	20,481,959	2.34
	173,149	33,350,737	35,807,915	4.09
<u>Singapore</u>				
<u>Industrials</u>				
Singapore Tech Engineering Ltd	973,000	10,363,641	11,979,469	1.37
<u>Financials</u>				
CapitaLand Retail China Trust	3,274,000	14,494,889	15,238,817	1.74

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 31 January 2020 are as follows (continued):

	<u>Quantity</u> RM	<u>Aggregate</u> <u>cost</u> RM	<u>Fair</u> <u>value</u> %	<u>Percentage</u> <u>of NAV</u>
<u>Taiwan</u>				
<u>Technology</u>				
ASE Technology Holding Co Ltd	965,000	10,106,892	9,747,311	1.12
<u>United States</u>				
<u>Technology</u>				
Microsoft Corporation	17,606	10,189,696	12,273,167	1.40
<u>Consumer Services</u>				
Trip.com Group Ltd	30,834	4,698,301	4,058,388	0.46
Alibaba Group Holding Ltd	25,264	16,972,096	21,379,786	2.45
	56,098	21,670,397	25,438,174	2.91
Total quoted equities – foreign	9,314,253	188,110,832	205,455,634	23.49
Accumulated unrealised gain on quoted equities –foreign		17,344,802		
Total quoted equities – foreign		205,455,634		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	19,565,841	26,405,243
Deposit with a licensed financial institution	920,132	248,088
	<u>20,485,973</u>	<u>26,653,331</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>2.75</u>

Deposits with a licensed financial institution have an average maturity of 2 days (2020: 3 days).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At beginning of the financial period	709,418,000	1,010,770,000
Creation of units	-	9,036,000
Cancellation of units	(212,123,000)	(94,003,000)
At the end of the financial period	<u>497,295,000</u>	<u>925,803,000</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

10 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the financial period ended 31 January 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	157,947,185	16.40	392,888	18.64
HLG Securities Sdn Bhd	60,073,276	6.24	150,183	7.12
CLSA Securities (M) Sdn Bhd	58,686,660	6.09	121,086	5.74
Credit Suisse Securities (M) Sdn Bhd	56,327,322	5.85	140,818	6.68
UOB Kay Hian Securities (M) Sdn Bhd	52,745,928	5.47	131,865	6.26
Public Investment Bank Bhd	36,017,178	3.74	90,043	4.27
UBS Securities (M) Sdn Bhd	35,986,176	3.74	89,965	4.27
Robert W.Baird & Co.Inc. NY	34,248,512	3.56	3,163	0.15
Maybank Investment Bank Bhd	32,286,929	3.35	78,560	3.73
China International Co HK Sec Ltd	30,099,810	3.12	9,698	0.46
Others	408,844,231	42.44	899,818	42.68
	<u>963,263,207</u>	<u>100.00</u>	<u>2,108,087</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers for the financial period ended 31 January 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	229,676,632	20.27	574,192	24.11
CLSA Security Malaysia Sdn Bhd	109,583,623	9.67	124,955	5.25
Macquarie Bank Ltd HK	90,360,436	7.97	142,429	5.98
Robert W.Baird & Co.Incorporation	83,364,641	7.36	10,588	0.44
JP Morgan Securities (Asia Pacific) Ltd HK	66,516,412	5.87	381,776	16.03
Citigroup Global Markets Ltd	63,344,424	5.59	142,864	6.00
UOB Kay Hian Securities (M) Sdn Bhd	52,014,378	4.59	120,636	5.07
CCB International Securities Ltd	39,120,776	3.45	75,274	3.16
CLSA Singapore Pte Ltd	33,491,587	2.96	83,729	3.52
Macquarie Securities Ltd	33,350,736	2.94	35,680	1.50
Others	332,328,460	29.33	689,224.00	28.94
	<u>1,133,152,105</u>	<u>100.00</u>	<u>2,381,347</u>	<u>100.00</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

10 TRANSACTIONS WITH BROKERS (CONTINUED)

#Included in transactions with broker are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM157,947,185 (2020: RM229,676,632). The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

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

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager

The units held by the Manager and party related to the Manager as at the end of the financial period are as follows;

	<u>2021</u>		<u>2020</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The unit are held legally for booking purpose)	<u>122,684</u>	<u>137,872</u>	<u>301,489</u>	<u>284,787</u>
<u>Director of the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>406,383</u>	<u>383,869</u>
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>1,713,657</u>	<u>1,925,808</u>	<u>623,454</u>	<u>588,915</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended 31.1.2021 %	6 months financial period ended 31.1.2020 %
MER	0.87	0.82

MER is derived from the following calculation:

MER	=	$\frac{(A + B + C + D + E) \times 100}{F}$
A	=	Management fee
B	=	Trustee's fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sales and services tax on transaction costs
F	=	Average net asset value of Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM612,919,066 (2020: RM928,700,207).

13 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended 31.1.2021	6 months financial period ended 31.1.2020
PTR (times)	0.78	0.63

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 = RM387,488,348 (2020: RM541,233,998)
total disposal for the financial period = RM570,330,561 (2020: RM633,439,339)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2021 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2021 in accordance with 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
15 March 2021

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