

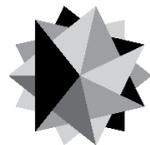
Affin Hwang

Select Asia (ex Japan)

Quantum Fund

Annual Report
28 February 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 ASIA (EX JAPAN) QUANTUM FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 28 February 2021

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FUND INFORMATION

Fund Name	Affin Hwang Select Asia (ex Japan) Quantum Fund
Fund Type	Growth
Fund Category	Equity
Investment Objective	The Fund seeks to achieve capital appreciation over the medium to long-term by investing in Asia ex Japan equities
Benchmark	The benchmark to be used by the Manager in measuring the performance of the Fund will be the MSCI AC Asia (ex Japan) Small Cap Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate

BREAKDOWN OF MYR CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1,409	3,199
5,001 to 10,000	746	5,181
10,001 to 50,000	939	19,408
50,001 to 500,000	155	14,711
500,001 and above	23	95,491
Total	3,272	137,990

* Note : Excluding Manager's stock

BREAKDOWN OF USD CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	1	30
50,001 to 500,000	3	520
500,001 and above	0	0
Total	4	550

* Note : Excluding Manager's stock

BREAKDOWN OF SGD CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	0	0
50,001 to 500,000	2	236
500,001 and above	1	1,702
Total	3	1,938

* Note : Excluding Manager's stock

BREAKDOWN OF AUD CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	0	0
50,001 to 500,000	3	282
500,001 and above	1	2,260
Total	4	2,542

* Note : Excluding Manager's stock

BREAKDOWN OF GBP CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	1	7
10,001 to 50,000	1	19
50,001 to 500,000	1	58
500,001 and above	1	923
Total	4	1,007

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 28 Feb 2021 (%)	As at 29 Feb 2020 (%)	As at 28 Feb 2019 (%)
Portfolio composition			
Quoted equities – local			
- Consumer Products & Services	5.69	7.35	6.53
- Financials	-	4.64	11.67
- Energy	-	3.15	-
- Industrial products & services	4.00	3.62	7.57
- REITs	-	-	3.38
- Health Care	-	-	3.80
- Technology	8.07	2.93	-
- Telecommunication & Media	-	-	3.00
- Transportation & Logistics	-	-	1.02
- Warrant	0.33	0.33	-
Total quoted equitie - local	18.09	22.02	36.97
Quoted equities – foreign			
- Consumer Goods	15.37	8.66	9.87
- Basic Materials	1.49	1.58	8.22
- Oil & Gas	3.19	-	8.20
- Technology	16.23	24.74	6.24
- REITs	1.36	-	-
- Financial services	6.26	23.05	17.72
- Consumer Services	4.93	6.39	1.12
- Utilities	-	-	-
- Industrial	0.95	-	4.09
- Healthcare	14.63	2.09	-
Total quoted equitie - foreign	64.41	66.51	55.46
Cash and cash equivalent	17.50	11.47	7.57
Total	100.00	100.00	100.00

Category	As at 28 Feb 2021 (%)					As at 29 Feb 2020 (%)					As at 28 Feb 2019 (%)				
	MYR Class	USD Class	SGD Class	AUD Class	GBP Class	MYR Class	USD Class	SGD Class	AUD Class	GBP Class	MYR Class	USD Class	SGD Class	AUD Class	GBP Class
Total NAV (million)	313.808	0.455	1.546	2.045	0.774	294.278	0.000	0.025	0.095	0.006	375.765	0.002	0.001	0.003	0.003
NAV per Unit (respective currencies)	2.2741	0.8220	0.7966	0.8035	0.7659	1.3854	0.4809	0.4906	0.5638	0.4854	1.3167	0.4736	0.4669	0.5083	0.4640
Unit in Circulation (million)	137.991	0.553	1.941	2.545	1.011	212.413	0.001	0.050	0.169	0.012	285.381	0.001	0.001	0.002	0.001
Highest NAV	2.5314	0.9178	0.8898	0.9050	0.8583	1.5138	0.5381	0.5424	0.6122	0.5391	1.5460	0.5021	0.5002	0.5150	0.5095
Lowest NAV	1.0404	0.3449	0.3660	0.4635	0.3892	1.2891	0.4503	0.4577	0.5054	0.4629	1.1920	0.4177	0.4190	0.4500	0.4294
Return of the Fund (%) ⁱⁱⁱ	64.15	70.93	62.37	42.52	57.79	5.22	1.54	5.08	10.92	4.61	-14.53	-5.28	-6.62	1.66	-7.20
- Capital Growth (%) ⁱ	64.15	70.93	62.37	42.52	57.79	5.22	1.54	5.08	10.92	4.61	-14.53	-5.28	-6.62	1.66	-7.20
- Income Distribution (%) ⁱⁱ	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management Expense Ratio (%) ¹			1.63					1.87					1.63		
Portfolio Turnover Ratio (times) ²			1.28					1.82					1.54		

Basis of calculation and assumption made in calculating the returns:-

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return = NAV per Unit end / NAV per Unit begin – 1
Income return = Income distribution per Unit / NAV per Unit ex-date
Total return = (1+Capital return) x (1+Income return) – 1

¹The MER of the Fund was lower due to lower expenses incurred for the Fund for the financial year.

²The Fund recorded a lower PTR due to lesser trading activities for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit splits were declared for the financial year ended 28 February 2021.

Performance Review

MYR Class

For the year 1 March 2020 to 28 February 2021, the Fund registered a 64.15% return compared to the benchmark return of 40.41%. The Fund thus outperformed the Benchmark by 23.74%. The Net Asset Value per unit ("NAV") of the Fund as at 28 February 2021 was MYR2.2741 while the NAV as at 29 February 2020 was MYR1.3854.

Since commencement, the Fund has registered a return of 504.71% compared to the benchmark return of 144.76%, outperforming by 359.95%. The fund's investment objective has been met.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	3 Years (1/3/18 - 28/2/21)	5 Years (1/3/16 - 28/2/21)	Since Commencement (6/5/04 - 28/2/21)
Fund	64.15%	47.61%	91.86%	504.71%
Benchmark	40.41%	13.32%	47.59%	144.76%
Outperformance	23.74%	34.29%	44.27%	359.95%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	3 Years (1/3/18 - 28/2/21)	5 Years (1/3/16 - 28/2/21)	Since Commencement (6/5/04 - 28/2/21)
Fund	64.15%	13.85%	13.91%	11.29%
Benchmark	40.41%	4.25%	8.09%	5.46%
Outperformance	23.74%	9.60%	5.82%	5.83%

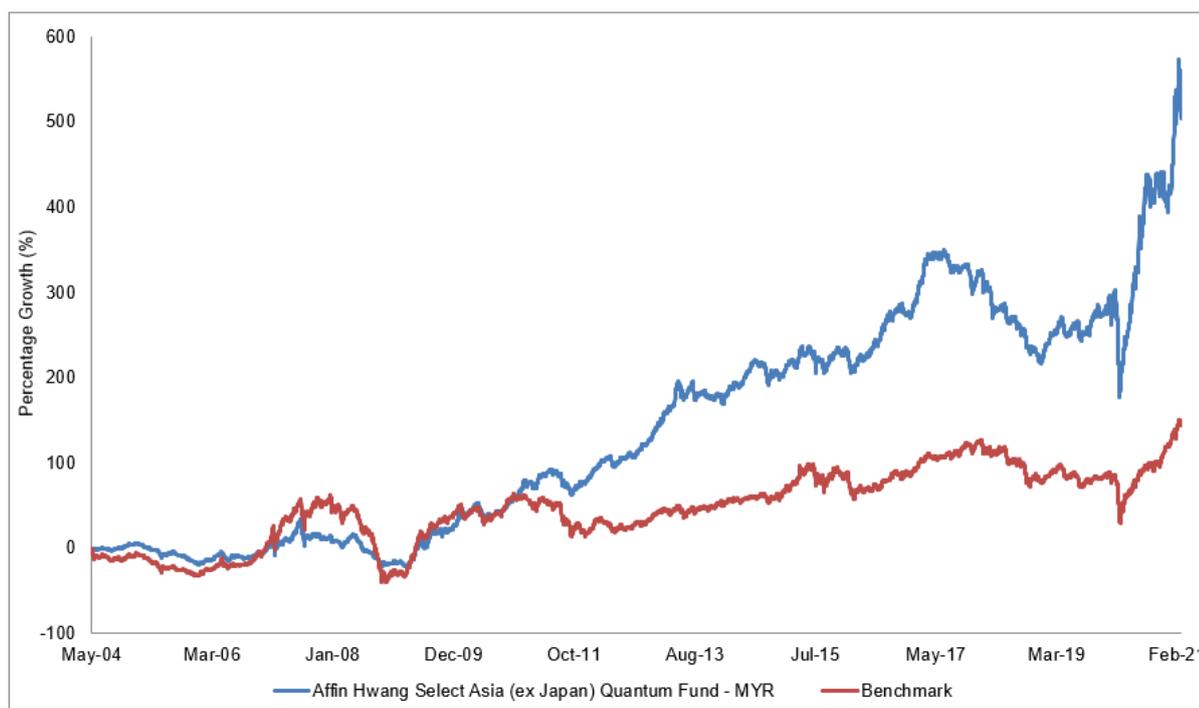
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (1/3/18 - 28/2/19)	FYE 2018 (1/3/17 - 28/2/18)	FYE 2017 (1/3/16 - 28/2/17)
Fund	64.15%	5.22%	(14.53%)	(0.10%)	30.11%
Benchmark	40.41%	(6.92%)	(13.29%)	6.17%	22.66%
Outperformance	23.74%	12.14%	(1.24%)	(6.27%)	7.45%

Source of Benchmark: Bloomberg

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



AUD Class

For the year 1 March 2020 to 28 February 2021, the Fund registered a 42.52% return compared to the benchmark return of 22.85%. The Fund thus outperformed the Benchmark by 19.67%. The Net Asset Value per unit (“NAV”) of the Fund as at 28 February 2021 was AUD0.8035 while the NAV as at 29 February 2020 was AUD0.5638.

Since commencement, the Fund has registered a return of 60.70% compared to the benchmark return of 16.48%, outperforming by 44.22%. The fund’s investment objective has been met.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	42.52%	60.70%
Benchmark	22.85%	16.48%
Outperformance	19.67%	44.22%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	42.52%	19.86%
Benchmark	22.85%	6.00%
Outperformance	19.67%	13.86%

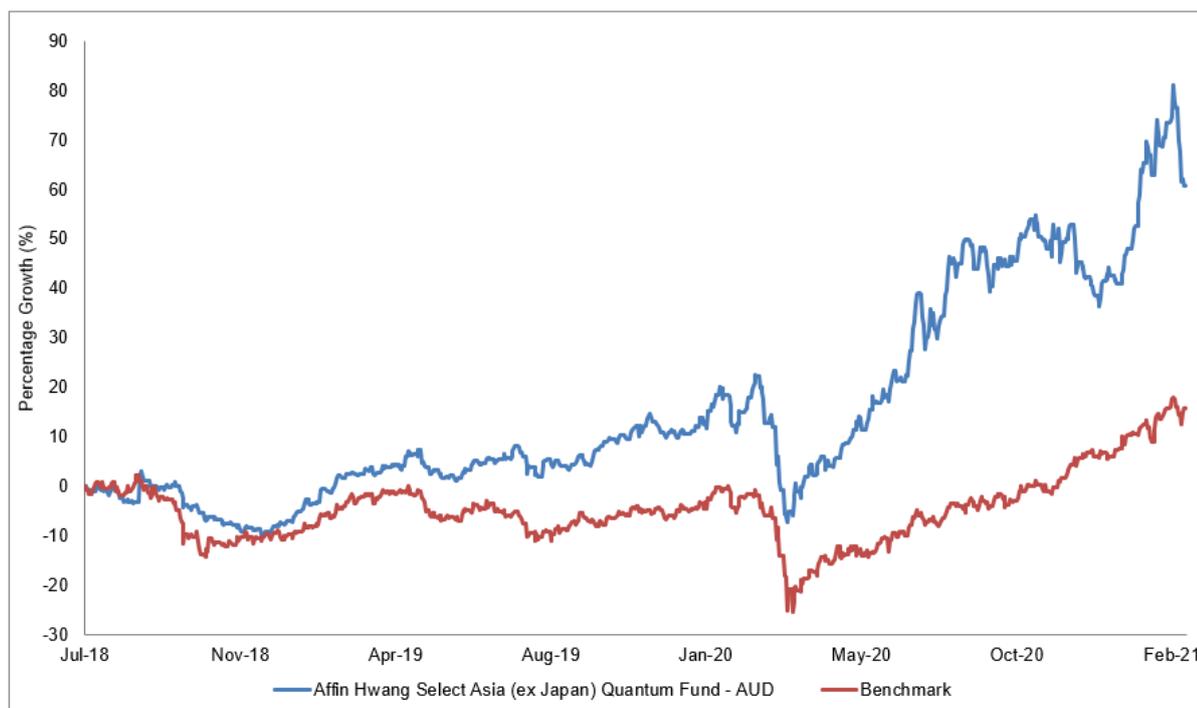
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (19/7/18 - 28/2/19)
Fund	42.52%	10.92%	1.66%
Benchmark	22.85%	(1.80%)	(3.44%)
Outperformance	19.67%	12.72%	5.10%

Source of Benchmark: Bloomberg

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



GBP Class

For the year 1 March 2020 to 28 February 2021, the Fund registered a 57.79% return compared to the benchmark return of 33.76%. The Fund thus outperformed the Benchmark by 24.03%. The Net Asset Value per unit (“NAV”) of the Fund as at 28 February 2021 was GBP0.7659 while the NAV as at 29 February 2020 was GBP0.4854.

Since commencement, the Fund has registered a return of 53.18% compared to the benchmark return of 13.86%, outperforming by 39.32%. The fund’s investment objective has been met.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	57.79%	53.18%
Benchmark	33.76%	13.86%
Outperformance	24.03%	39.32%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	57.79%	17.68%
Benchmark	33.76%	5.08%
Outperformance	24.03%	12.60%

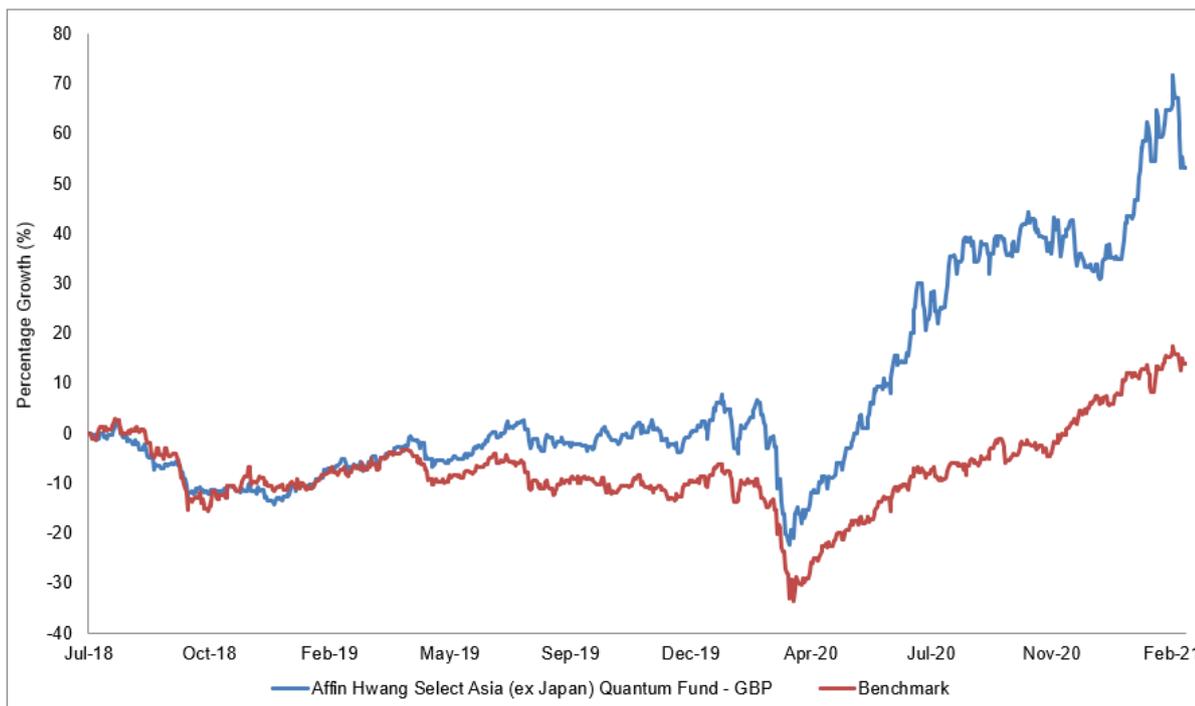
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (19/7/18 - 28/2/19)
Fund	57.79%	4.61%	(7.20%)
Benchmark	33.76%	(6.67%)	(8.79%)
Outperformance	24.03%	11.28%	1.59%

Source of Benchmark: Bloomberg

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



SGD Class

For the year 1 March 2020 to 28 February 2021, the Fund registered a 62.37% return compared to the benchmark return of 39.67%. The Fund thus outperformed the Benchmark by 22.70%. The Net Asset Value per unit (“NAV”) of the Fund as at 28 February 2021 was SGD0.7966 while the NAV as at 29 February 2020 was SGD0.4906.

Since commencement, the Fund has registered a return of 59.32% compared to the benchmark return of 18.68%, outperforming by 40.64%. The fund’s investment objective has been met.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	62.37%	59.32%
Benchmark	39.67%	18.68%
Outperformance	22.70%	40.64%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	62.37%	19.46%
Benchmark	39.67%	6.76%
Outperformance	22.70%	12.70%

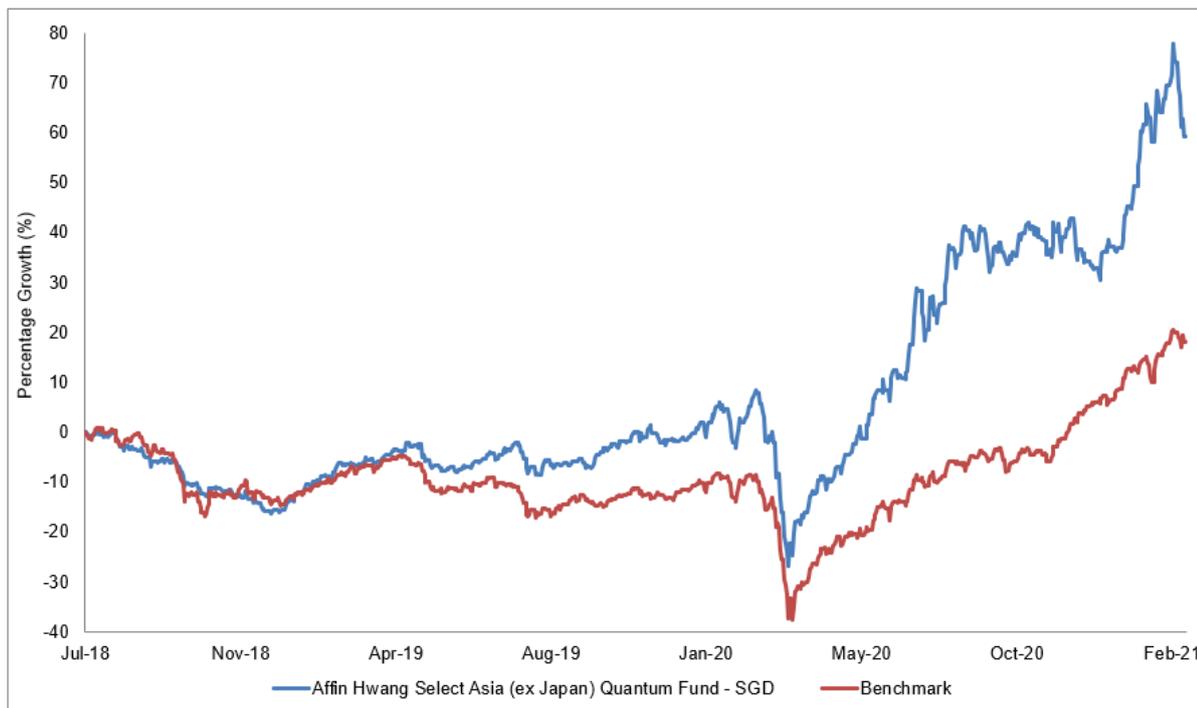
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (19/7/18 - 28/2/19)
Fund	62.37%	5.08%	(6.62%)
Benchmark	39.67%	(7.39%)	(8.25%)
Outperformance	22.70%	12.47%	1.63%

Source of Benchmark: Bloomberg

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



USD Class

For the year 1 March 2020 to 28 February 2021, the Fund registered a 70.93% return compared to the benchmark return of 46.17%. The Fund thus outperformed the Benchmark by 24.76%. The Net Asset Value per unit (“NAV”) of the Fund as at 28 February 2021 was USD0.8220 while the NAV as at 29 February 2020 was USD0.4809.

Since commencement, the Fund has registered a return of 64.40% compared to the benchmark return of 21.57%, outperforming by 42.83%. The fund’s investment objective has been met.

Table 1: Performance of the Fund

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	70.93%	64.40%
Benchmark	46.17%	21.57%
Outperformance	24.76%	42.83%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/3/20 - 28/2/21)	Since Commencement (19/7/18 - 28/2/21)
Fund	70.93%	20.90%
Benchmark	46.17%	7.74%
Outperformance	24.76%	13.16%

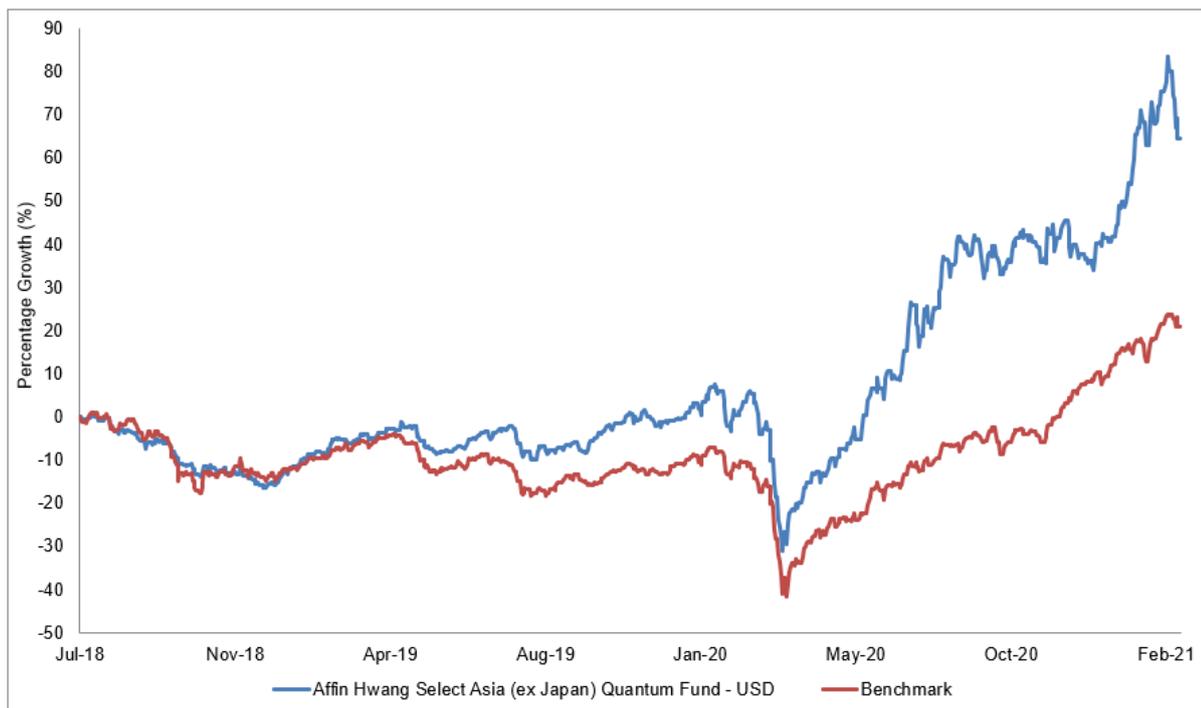
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/3/20 - 28/2/21)	FYE 2020 (1/3/19 - 29/2/20)	FYE 2019 (19/7/18 - 28/2/19)
Fund	70.93%	1.54%	(5.28%)
Benchmark	46.17%	(10.22%)	(7.36%)
Outperformance	24.76%	11.76%	2.08%

Source of Benchmark: Bloomberg

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



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

Benchmark: MSCI AC Asia (ex Japan) Small Cap 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 year under review, please refer to Fund Performance Data.

As at 28 February 2021, the Fund's investment level dropped to 82.50%, with 18.09% in domestic equities and 64.41% in foreign equities. During the year under review, the Manager had stripped off its local equities exposure towards the Financials and energy sectors, while reduced foreign exposures through some sectors like technology and financials. Cash level on the other hand, stood higher at 17.50%.

Strategy Employed

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 event of global pandemic.

Market Review

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

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and “stay at home” trades, which are now facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month. The Fed lightly addressed some of these concerns but mainly assured that current easy monetary policy will remain, with primary focus on the labor market.

The S&P500 closed 2.76% higher in the month, whilst Asian markets came in marginally lower, with the MSCI Asia ex Japan index gaining 1.25%. It was also a time for earnings announcements. 58.0% of companies in the MSCI Asia ex Japan index reporting their results in the month. Of these, 48.0% saw earnings beat and 12.0% missing estimates. In the US, 79.0% of the companies in the S&P500 saw earnings beat.

President Biden held his first official call with President Xi Jinping. While Biden may have brought up controversial topics such as economic competition and human rights issues, the call should merely be viewed as a formality rather than tangible progress between China and the US and both sides continue to tread on thin ice. The US House of Representatives also passed a US\$1.9 trillion coronavirus relief package.

Commodities saw strong returns in the January, 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. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 10.67% in the month.

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 Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. 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. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February, the local equity market’s performance was muted relative to regional peers, gaining by 0.82% in the month. It was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. AmBank announced a settlement cost of RM2.83 billion for its role and involvement in the 1MDB scandal that took place prior. This accounts for up to 30.0% of its market capitalisation. Petronas announced its first annual loss of RM 21 billion in 2020, its weak earnings dragged by weak product prices and margins, in line with last year’s decline in crude oil prices.

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 is minimal.

Yields trended higher in tandem with US treasury movement in the month of February. The 10-year MGS closed at 3.08%. The corporate space also saw yields edge higher, particularly in the longer-dated names of the IG credit space. The primary market was greeted by the auction of a new 7-year GII of RM 3.5 billion. The trend here follows from January’s auction of the 10-year MGS, with strong bidding interest as the 7-year GII posted a bid-to-cover ratio of 2.2x, supported by onshore interbank players. The yield closed at 2.8%.

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. We have already started to see the rotation from growth to value take place in the start of 2021.

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. There has been some correction in the recent few weeks and we may see this correction extend for a further couple more months.

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.

Following President Biden's call to China, we still expect little improvement between China and the US's already contentious relationship. We see at least a few months of reprieve for the global economy as the two leading nations focus on economic recovery. It will not be long before they step back into the boxing ring to tackle the long list of conflicting issues they face, ranging from trade issues, social rights and environmental impacts.

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. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

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

We have acted as Trustee of Affin Hwang Select Asia (ex Japan) Quantum Fund ("the Fund") for the financial year ended 28 February 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 April 2021

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

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AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
INVESTMENT INCOME			
Dividend income		3,649,829	8,828,801
Interest income from financial assets at amortised cost		47,331	334,016
Net gain/(loss) on foreign currency exchange		1,917,700	(364,246)
Net gain on financial assets at fair value through profit or loss	7	142,997,126	19,268,542
		<u>148,611,986</u>	<u>28,067,113</u>
EXPENSES			
Management fee	4	(4,170,711)	(4,940,064)
Trustee fee	5	(195,995)	(232,568)
Auditors' remuneration		(8,000)	(8,000)
Tax agent's fee		(3,800)	(76,701)
Transaction costs		(2,771,356)	(3,351,592)
Other expenses		(429,718)	(958,693)
		<u>(7,579,580)</u>	<u>(9,567,618)</u>
NET PROFIT BEFORE TAXATION		141,032,406	18,499,495
Taxation	6	-	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>141,032,406</u>	<u>18,499,495</u>
Increase in net asset attributable to unitholders comprise the following:			
Realised amount		90,562,926	3,329,534
Unrealised amount		50,469,480	15,169,961
		<u>141,032,406</u>	<u>18,499,495</u>

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	8	37,834,516	17,952,174
Dividends receivable		132,970	121,977
Amount due from brokers		18,574,830	21,386,941
Amount due from Manager - creation of units		5,479,104	-
Financial assets at fair value through profit or loss	7	273,269,199	260,845,155
TOTAL ASSETS		<u>335,290,619</u>	<u>300,306,247</u>
LIABILITIES			
Amount due to brokers		3,407,801	4,837,696
Amount due to Manager - management fee		389,287	375,272
- cancellation of units		223,918	406,196
Amount due to Trustee		18,167	17,513
Auditors' remuneration		8,000	8,000
Tax agent's fee		3,250	3,800
Other payables and accruals		16,889	9,497
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>4,067,312</u>	<u>5,657,974</u>
NET ASSET VALUE OF THE FUND		<u>331,223,307</u>	<u>294,648,273</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>331,223,307</u>	<u>294,648,273</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- MYR class		313,808,215	294,278,073
- AUD class		6,486,971	262,462
- GBP class		4,371,191	31,607
- SGD class		4,717,153	74,105
- USD class		1,839,777	2,026
		<u>331,223,307</u>	<u>294,648,273</u>
NUMBER OF UNITS IN CIRCULATION			
- MYR class	9(a)	137,991,000	212,413,000
- AUD class	9(b)	2,545,000	169,000
- GBP class	9(c)	1,011,000	12,000
- SGD class	9(d)	1,941,000	50,000
- USD class	9(e)	553,000	1,000
		<u>144,041,000</u>	<u>212,645,000</u>
NET ASSET VALUE PER UNIT (RM)			
- MYR class		2.2741	1.3854
- AUD class		2.5489	1.5530
- GBP class		4.3236	2.6339
- SGD class		2.4303	1.4821
- USD class		3.3269	2.0260
		<u>2.2741</u>	<u>1.3854</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR class		RM2.2741	RM1.3854
- AUD class		AUD0.8035	AUD0.5638
- GBP class		GBP0.7659	GBP0.4854
- SGD class		SGD0.7966	SGD0.4906
- USD class		USD0.8220	USD0.4809
		<u>RM2.2741</u>	<u>RM1.3854</u>

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	<u>2021</u> RM	<u>2020</u> RM
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	294,648,273	375,773,709
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	123,518,408	10,014,635
- MYR class	98,654,746	9,661,418
- AUD class	9,981,385	249,740
- GBP class	6,413,021	28,590
- SGD class	5,872,920	74,887
- USD class	2,596,336	-
Cancellation of units	(227,975,780)	(109,639,566)
- MYR class	(217,352,862)	(109,639,566)
- AUD class	(5,249,059)	-
- GBP class	(2,568,333)	-
- SGD class	(1,985,091)	-
- USD class	(820,435)	-
Net increase in net assets attributable to unitholders during the financial year	141,032,406	18,499,495
- MYR class	138,228,170	18,491,308
- AUD class	1,492,223	9,770
- GBP class	494,904	506
- SGD class	755,225	(2,190)
- USD class	61,884	101
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>331,223,307</u></u>	<u><u>294,648,273</u></u>

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		465,631,345	651,945,379
Purchase of investments		(341,967,263)	(558,797,268)
Dividends received		3,638,836	9,289,945
Interest received		47,331	334,016
Management fee paid		(4,156,696)	(4,991,518)
Trustee fee paid		(195,341)	(234,968)
Payment for other fees and expenses		(3,206,032)	(4,388,293)
Net realised (loss)/gain on foreign currency exchange		(64,606)	2,231,901
		<hr/>	<hr/>
Net cash generated from operating activities		119,727,574	95,389,194
		<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from creation of units		126,330,520	10,877,557
Payments for cancellation of units		(228,158,058)	(109,759,168)
		<hr/>	<hr/>
Net cash used in financing activities		(101,827,538)	(98,881,611)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		17,900,036	(3,492,417)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		1,982,306	243,137
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		17,952,174	21,201,454
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	37,834,516	17,952,174
		<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend income

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

Interest income

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

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

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, and brokers. 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 profit earned during the financial year.

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

Withholding taxes on investment income from 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 and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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 year-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.

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

The Fund classifies cash and cash equivalents, amount due from Manager, dividends receivable and amount due from brokers 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.

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

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

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

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

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

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

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

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.

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

G 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 and lifetime expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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 change in value.

I CREATION AND CANCELLATION OF UNITS

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

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

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

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 G for accounting policy on recognition and measurement.

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

K INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Hwang-DBS Select Small Caps Fund (The “Fund”) pursuant to the execution of a Deed dated 22 March 2004 as modified by First Supplemental Deed dated 29 December 2005, Fourth Supplemental Deed dated 15 October 2008 and Eight Supplemental Deed dated 28 April 2017. The Fund has changed its name from Hwang-DBS Select Small Caps Fund to Hwang DBS Select Small Caps Fund as amended by Second Supplemental Deed dated 18 June 2007, from Hwang DBS Select Small Caps Fund to HwangDBS Asia Quantum Fund as amended by the Third Supplemental Deed dated 7 December 2007, from HwangDBS Asia Quantum Fund to Hwang Asia Quantum Fund as amended by the Fifth Supplemental Deed dated 18 January 2012, from Hwang Asia Quantum Fund to Hwang Select Asia (Ex Japan) Quantum Fund as amended by the Sixth Supplemental Deed dated 10 December 2012 and from Hwang Select Asia (ex Japan) Quantum Fund to Affin Hwang Select Asia (ex Japan) Quantum Fund as amended by the Seventh Supplemental Deed dated 27 June 2014 (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 commenced operations on 6 May 2004 and will continue its operations until being terminated by the Trustee as provided under Clause 3.2 of the Deed.

The Fund has introduced five classes of unit (MYR, AUD, GBP, SGD, USD) in accordance with a unitholders’ resolution passed on 8 December 2017.

The Fund may invest in any of the following investments:

- (i) Securities of companies listed on Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities 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) Structured products;
- (ix) Units or shares in collective investment schemes; and
- (x) Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund

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

The main objective of the Fund is to achieve capital appreciation over the medium to long-term by investing in Asia ex Japan equities.

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

The financial statements were authorised for issued by the Manager on 15 April 2021.

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total RM</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	37,834,516	-	37,834,516
Dividends receivable		132,970	-	132,970
Amount due from brokers		18,574,830	-	18,574,830
Amount due from Manager				
- creation of units		5,479,104	-	5,479,104
Quoted equities	7	-	273,269,199	273,269,199
Total		<u>62,021,420</u>	<u>273,269,199</u>	<u>335,290,619</u>
<u>Financial liabilities</u>				
Amount due to brokers		3,407,801	-	3,407,801
Amount due to Manager				
- management fee		389,287	-	389,287
- cancellation of units		223,918	-	223,918
Amount due to Trustee		18,167	-	18,167
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,250	-	3,250
Other payables and accruals		16,889	-	16,889
Total		<u>4,067,312</u>	<u>-</u>	<u>4,067,312</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	17,952,174	-	17,952,174
Dividends receivable		121,977	-	121,977
Amount due from brokers		21,386,941	-	21,386,941
Quoted equities	7	-	260,845,155	260,845,155
Total		<u>39,461,092</u>	<u>260,845,155</u>	<u>300,306,247</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to brokers		4,837,696	-	4,837,696
Amount due to Manager				
- management fee		375,272	-	375,272
- cancellation of units		406,196	-	406,196
Amount due to Trustee		17,513	-	17,513
Auditors' remuneration		8,000	-	8,000
Tax agent's fee		3,800	-	3,800
Other payables and accruals		9,497	-	9,497
Total		<u>5,657,974</u>	<u>-</u>	<u>5,657,974</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.

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

	<u>2021</u> RM	<u>2020</u> RM
Quoted investment		
Quoted equities	<u>273,269,199</u>	<u>260,845,155</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2021</u>		
-10%	245,942,279	(27,326,920)
0%	273,269,199	-
+10%	300,596,119	27,326,920
	<u><u> </u></u>	<u><u> </u></u>
<u>2020</u>		
-10%	234,760,639	(26,084,516)
0%	260,845,155	-
+10%	286,929,671	26,084,516
	<u><u> </u></u>	<u><u> </u></u>

(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 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 deposit with licensed financial institutions is not material as the deposits are 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 movements 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 ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES 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>Dividends receivable</u> RM	<u>Amount due from brokers</u> RM	<u>Amount due from Manager</u> RM	<u>Total</u> RM
<u>2021</u>						
<u>Financial assets</u>						
Australian Dollar	-	230,067	-	-	117,912	347,979
Hong Kong Dollar	159,485,943	16,483,489	-	10,097,641	-	186,067,073
Philippine Peso	4,368,327	-	-	-	-	4,368,327
Pound Sterling	-	870,285	-	-	679,605	1,549,890
Singapore Dollar	8,091,254	2,582,143	-	4,290,359	252,664	15,216,420
Taiwan Dollar	36,909,956	-	-	4,156,594	-	41,066,550
United States Dollar	4,501,059	6,246,194	132,970	30,236	-	10,910,459
	<u>213,356,539</u>	<u>26,412,178</u>	<u>132,970</u>	<u>18,574,830</u>	<u>1,050,181</u>	<u>259,526,698</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES 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>Amount due to brokers</u> RM	<u>Amount due to Manager</u> RM	<u>Other payable and accruals</u> RM	<u>Net assets attributable to unitholders</u> RM	<u>Total</u> RM
<u>2021</u> (continued)					
<u>Financial liabilities</u>					
Australian Dollar	-	223,918	-	6,486,971	6,710,889
Euro	-	-	229	-	229
Hong Kong Dollar	3,407,801	-	-	-	3,407,801
Pound Sterling	-	-	-	4,371,191	4,371,191
Singapore Dollar	-	-	-	4,717,153	4,717,153
United States Dollar	-	-	-	1,839,777	1,839,777
	<u>3,407,801</u>	<u>223,918</u>	<u>229</u>	<u>17,415,092</u>	<u>21,047,040</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES 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>Dividends receivable</u> RM	<u>Amount due from brokers</u> RM	<u>Total</u> RM
<u>2020</u>					
<u>Financial assets</u>					
Australian Dollar	12,595,574	165,599	-	-	12,761,173
Pound Sterling	-	2	-	-	2
Hong Kong Dollar	101,207,228	744,179	-	8,639,457	110,590,864
Philippine Peso	11,058,914	-	-	-	11,058,914
Singapore Dollar	31,505,083	444,120	-	3,083,927	35,033,130
Taiwan Dollar	31,364,176	-	-	4,837,696	36,201,872
United States Dollar	8,227,611	16,216,837	76,734	4,871,104	29,392,286
	<u>195,958,586</u>	<u>17,570,737</u>	<u>76,734</u>	<u>21,432,184</u>	<u>235,038,241</u>
		<u>Amount due to brokers</u> RM	<u>Other payables and accruals</u> RM	<u>Net assets attributable to unitholders</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>					
Australian Dollar		-	-	262,462	262,462
Euro		-	216	-	216
Pound Sterling		-	-	31,607	31,607
Singapore Dollar		-	-	74,105	74,105
Taiwan Dollar		4,837,696	-	-	4,837,696
United States Dollar		-	-	2,026	2,026
		<u>4,837,696</u>	<u>216</u>	<u>370,200</u>	<u>5,208,112</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change <u>in rate</u> %	Impact on profit after <u>tax/NAV</u> RM
<u>2021</u>		
Australian Dollar	+/- 14.12	-/+ 898,443
Euro	+/- 9.08	-/+ 21
Hong Kong Dollar	+/- 7.13	+/- 21,663,390
Philippine Peso	+/- 7.09	+/- 311,462
Pound Sterling	+/- 11.86	-/+ 200,030
Singapore Dollar	+/- 5.33	+/- 559,611
Taiwan Dollar	+/- 7.24	+/- 2,973,218
United States Dollar	+/- 7.15	+/- 648,554
<u>2020</u>		
Australian Dollar	+/- 6.71	+/- 838,664
Euro	+/- 5.83	+/- 13
Pound Sterling	+/- 9.26	+/- 2,927
Hong Kong Dollar	+/- 3.96	+/- 4,379,398
Philippine Peso	+/- 7.08	+/- 782,971
Singapore Dollar	+/- 3.23	+/- 1,129,177
Taiwan Dollar	+/- 3.89	+/- 1,408,253
United States Dollar	+/- 4.03	+/- 1,184,427

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Credit risk

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

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

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

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

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

	<u>Cash and cash equivalents</u> RM	<u>Amount due from Manager</u> RM	<u>Amount due from brokers</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2021</u>					
Consumer Goods					
- NR	-	-	4,290,359	-	4,290,359
Financial Services					
- AAA	37,834,516	-	-	-	37,834,516
- NR	-	-	10,127,877	-	10,127,877
REIT					
- NR	-	-	-	132,970	132,970
Technology					
- NR	-	-	4,156,594	-	4,156,594
Other					
- NR	-	5,479,104	-	-	5,479,104
	<u>37,834,516</u>	<u>5,479,104</u>	<u>18,574,830</u>	<u>132,970</u>	<u>62,021,420</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Credit risk (continued)

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

	<u>Cash and cash equivalents</u> RM	<u>Amount due from brokers</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2020</u>				
Consumer Goods				
- NR	-	3,090,885	-	3,090,885
Consumer Services				
- NR	-	745,772	-	745,772
Financial Services				
- AAA	17,952,174	-	-	17,952,174
- NR	-	5,586,939	121,977	5,708,916
Industrials				
- NR	-	9,670,433	-	9,670,433
Technology				
- NR	-	2,292,912	-	2,292,912
	<u>17,952,174</u>	<u>21,386,941</u>	<u>121,977</u>	<u>39,461,092</u>

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellation of units by unitholder. 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 ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Liquidity risk

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.

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	389,287	-	389,287
- cancellation of units	223,918	-	223,918
Amount due to Trustee	18,167	-	18,167
Amount due to brokers	3,407,801	-	3,407,801
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,250	3,250
Other payables and accruals	-	16,889	16,889
Net assets attributable to unitholders*	331,223,307	-	331,223,307
	<u>335,262,480</u>	<u>28,139</u>	<u>335,290,619</u>
<u>2020</u>			
Amount due to brokers	4,837,696	-	4,837,696
Amount due to Manager			
- management fee	375,272	-	375,272
- cancellation of units	406,196	-	406,196
Amount due to Trustee	17,513	-	17,513
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	3,800	3,800
Other payables and accruals	-	9,497	9,497
Net assets attributable to unitholders*	294,648,273	-	294,648,273
	<u>300,284,950</u>	<u>21,297</u>	<u>300,306,247</u>

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the 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).

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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	273,269,199	-	-	273,269,199
	<u>273,269,199</u>	<u> </u>	<u> </u>	<u>273,269,199</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	260,845,155	-	-	260,845,155
	<u>260,845,155</u>	<u> </u>	<u> </u>	<u>260,845,155</u>

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

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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 a daily basis.

For the financial year ended 28 February 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 a daily basis as stated in the Fund's Prospectus.

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

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 financial year ended 28 February 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, on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

6 TAXATION

	<u>2021</u> RM	<u>2020</u> 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:

	<u>2021</u> RM	<u>2020</u> RM
Net profit before taxation	141,032,406	18,499,495
Tax at Malaysian statutory rate of 24% (2020: 24%)	33,847,777	4,439,879
Tax effects of:		
Investment income not subject to tax	(35,666,876)	(6,736,107)
Expenses not deductible for tax purposes	813,808	1,106,293
Restriction on tax deductible expenses for Unit Trust Funds	1,005,291	1,189,935
Tax expense	-	-

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	59,912,660	64,886,569
- quoted equities - foreign	213,356,539	195,958,586
	<u>273,269,199</u>	<u>260,845,155</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	94,509,952	4,341,718
- unrealised gain on changes in fair value	48,487,174	14,926,824
	<u>142,997,126</u>	<u>19,268,542</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(a) Quoted equities - local

(i) Quoted equities - local as at 28 February 2021 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage <u>of NAV</u> %
<u>Consumer Products & Services</u>				
Guan Chong Bhd	7,110,200	9,788,097	18,842,030	5.69
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Industrial Products & Services</u>				
Supercomnet Technologies Bhd	7,279,200	14,156,301	13,248,144	4.00
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Technology</u>				
Greatch Technology Bhd	4,391,700	6,754,718	26,745,453	8.07
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Warrant</u>				
Guan Chong Bhd	944,766	-	1,077,033	0.33
	<hr/>	<hr/>	<hr/>	<hr/>
Total quoted equities - local	<u>19,725,866</u>	30,699,116	<u>59,912,660</u>	<u>18.09</u>
Accumulated unrealised gain on quoted equities - local		<u>29,213,544</u>		
Total quoted equities - local		<u>59,912,660</u>		

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities - local as at 29 February 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products & Services</u>				
Guan Chong Bhd	8,628,800	11,878,644	21,658,288	7.35
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Energy</u>				
KNM Group Bhd	43,178,000	14,330,323	9,283,270	3.15
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Financial Services</u>				
Allianz Malaysia Bhd	902,050	9,133,014	13,693,119	4.64
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Industrial Products & Services</u>				
ATA IMS Bhd	7,061,200	11,291,322	10,662,412	3.62
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Technology</u>				
JHM Consolidation Bhd	1,977,700	3,164,320	2,412,794	0.82
Pentamaster Corporation Bhd	1,365,500	5,962,183	6,213,025	2.11
	<hr/>	<hr/>	<hr/>	<hr/>
	3,343,200	9,126,503	8,625,819	2.93
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Warrant</u>				
Guan Chong Bhd	944,766	-	963,661	0.33
	<hr/>	<hr/>	<hr/>	<hr/>
Total quoted equities - local	<u>64,058,016</u>	<u>55,759,806</u>	<u>64,886,569</u>	<u>22.02</u>
Accumulated unrealised gain on quoted equities - local		<u>9,126,763</u>		
Total quoted equities - local		<u><u>64,886,569</u></u>		

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Quoted equities - foreign

(i) Quoted equities - foreign as at 28 February 2021 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage <u>of NAV</u> %
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
CMGE Technology Group Ltd	15,224,000	26,315,746	24,546,599	7.41
Pacific Textiles Holdings Ltd	2,337,000	6,740,689	6,011,872	1.82
Stella International Holdings	1,024,000	4,660,689	4,921,117	1.48
Nexteer Automotive Group Ltd	776,000	3,014,554	4,154,446	1.25
Xin Point Holdings Ltd	2,506,000	7,079,364	6,930,443	2.09
	<u>21,867,000</u>	<u>47,811,042</u>	<u>46,564,477</u>	<u>14.05</u>
<u>Consumer Services</u>				
Joy Spreader Intrct Tech Ltd	189,000	313,919	333,336	0.10
Netjoy Holdings Ltd	3,819,700	14,088,804	16,004,749	4.83
	<u>4,008,700</u>	<u>14,402,723</u>	<u>16,338,085</u>	<u>4.93</u>
<u>Financial Services</u>				
KWG Living Group Holdings Ltd	2,241,000	8,087,071	10,804,829	3.26
A-Living Smart City Svc Co Ltd	585,000	4,913,211	9,920,723	3.00
	<u>2,826,000</u>	<u>13,000,282</u>	<u>20,725,552</u>	<u>6.26</u>
<u>Health Care</u>				
Hygeia Healthcare Holdings Co	244,000	3,358,522	7,180,803	2.17
Kangji Medical Holdings Ltd	1,004,500	8,066,109	5,692,248	1.72
Suzhou Basecare Medical Corp	850,000	12,132,655	11,997,487	3.62
CStone Pharmaceuticals	1,020,000	5,003,071	5,333,005	1.61
	<u>3,118,500</u>	<u>28,560,357</u>	<u>30,203,543</u>	<u>9.12</u>
<u>Oil & Gas</u>				
IRICO Group New Energy Co Ltd	11,188,000	11,206,617	10,566,596	3.19

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Quoted equities - foreign (continued)

(i) Quoted equities - foreign as at 28 February 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage of NAV %
<u>HONG KONG (CONTINUED)</u>				
<u>Technology</u>				
Pentamaster International Ltd	11,521,000	7,722,374	11,482,266	3.47
SUNeVision Holdings Ltd	130,000	485,411	531,819	0.16
Weimob Inc	1,965,300	7,079,135	23,073,605	6.97
	<u>13,616,300</u>	<u>15,286,920</u>	<u>35,087,690</u>	<u>10.60</u>
<u>PHILIPPINES</u>				
<u>Consumer Goods</u>				
Axelum Resources Corp	15,654,000	5,311,538	4,368,327	1.32
<u>SINGAPORE</u>				
<u>Basic Materials</u>				
Jiutian Chemical Group Ltd	18,415,100	6,231,110	4,944,233	1.49
<u>REITs</u>				
Manulife US REIT	1,697,800	5,193,962	4,501,059	1.36
<u>Industrials</u>				
Nanofilm Technologies Intl PL	222,300	1,769,764	3,147,021	0.95
<u>TAIWAN</u>				
<u>Health Care</u>				
Universal Vision Biotechnology	521,000	5,054,317	18,269,282	5.51
<u>Technology</u>				
Andes Technology Corporation	195,000	11,491,201	14,001,273	4.23
Test Research Inc	549,000	4,076,564	4,639,401	1.40
	<u>744,000</u>	<u>15,567,765</u>	<u>18,640,674</u>	<u>5.63</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Quoted equities - foreign (continued)

(i) Quoted equities - foreign as at 28 February 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage <u>of NAV</u> %
Total quoted equities - foreign	93,878,700	169,396,397	213,356,539	64.41
Accumulated unrealised gain on quoted equities - foreign		43,960,142		
Total quoted equities - foreign		213,356,539		

(ii) Quoted equities - foreign as at 29 February 2020 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage <u>of NAV</u> %
<u>AUSTRALIA</u>				
<u>Basic materials</u>				
Ramelius Resources Ltd	1,485,654	4,964,425	4,664,977	1.58
<u>Technology</u>				
Megaport Ltd	290,833	8,856,984	7,930,597	2.69
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
CMGE Technology Group Ltd	9,258,000	16,393,071	16,669,316	5.66
JNBY Design Ltd	542,000	3,387,819	2,455,838	0.83
	9,800,000	19,780,890	19,125,154	6.49
<u>Consumer Services</u>				
Zhejiang New Century Hotel Mgt	1,427,000	12,140,887	11,049,010	3.75

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 29 February 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage <u>of NAV</u> %
<u>HONG KONG (CONTINUED)</u>				
<u>Financial Services</u>				
A-Living Services Co Ltd	902,250	7,577,683	17,001,453	5.77
Aoyuan Healthy Life Grp Co Ltd	2,025,000	5,547,249	9,109,714	3.09
Powerlong Commercial Mgmt Hld	825,000	4,159,361	4,657,049	1.58
Sichuan Languang Justbon Svcs	492,200	10,785,301	12,455,003	4.23
	<u>4,244,450</u>	<u>28,069,594</u>	<u>43,223,219</u>	<u>14.67</u>
<u>Technology</u>				
Pentamaster International Ltd	17,621,000	11,811,124	16,292,324	5.53
Weimob Inc	4,447,000	10,909,206	11,517,521	3.91
	<u>22,068,000</u>	<u>22,720,330</u>	<u>27,809,845</u>	<u>9.44</u>
<u>PHILIPPINES</u>				
<u>Consumer Goods</u>				
Axelum Resources Corp	29,176,000	9,899,670	6,386,335	2.17
<u>Consumer Services</u>				
Max's Group Inc	6,465,000	7,280,602	4,672,579	1.59
<u>SINGAPORE</u>				
<u>Consumer Services</u>				
Unusual Ltd	5,441,700	4,866,181	3,107,350	1.05

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

(b) Quoted equities - foreign (continued)

(ii) Quoted equities - foreign as at 29 February 2020 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	<u>Fair value</u> RM	Percentage <u>of NAV</u> %
<u>SINGAPORE</u>				
<u>Financial Services</u>				
CapitaLand Retail China Trust	1,609,524	6,879,646	6,807,997	2.31
ESR-REIT	1,912,224	3,115,719	3,033,136	1.03
Frasers Commercial Trust	1,347,611	5,900,619	6,636,605	2.25
Manulife US REIT	2,023,261	6,823,129	8,227,611	2.79
	<u>6,892,620</u>	<u>22,719,113</u>	<u>24,705,349</u>	<u>8.38</u>
<u>Technology</u>				
AEM Holdings Ltd	1,861,000	7,708,189	11,919,995	4.05
<u>TAIWAN</u>				
<u>Technology</u>				
Accton Technology Corp	437,000	9,516,187	9,924,336	3.37
King Yuan Electronics Co Ltd	2,000,000	9,685,871	9,097,950	3.09
Test Research Inc	877,000	6,512,106	6,200,399	2.10
	<u>3,314,000</u>	<u>25,714,164</u>	<u>25,222,685</u>	<u>8.56</u>
<u>Health Care</u>				
Universal Vision Biotechnology	552,000	5,677,808	6,141,491	2.09
Total quoted equities - foreign	<u>93,018,257</u>	<u>180,398,837</u>	<u>195,958,586</u>	<u>66.51</u>
Accumulated unrealised gain on quoted equities - foreign		<u>15,559,749</u>		
Total quoted equities - foreign		<u>195,958,586</u>		

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	26,441,029	17,592,120
Deposits with a licensed financial institution	11,393,487	360,054
	<u>37,834,516</u>	<u>17,952,174</u>

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

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

Deposit with a licensed financial institution has an average maturity of 1 day (2020: 2 days).

9 NUMBER OF UNITS IN CIRCULATION

(a) MYR class units in circulation

	<u>2021</u> No. of Units	<u>2020</u> No. of Units
At beginning of the financial year	212,413,000	285,381,000
Creation of units arising from application during the financial year	49,320,000	6,990,000
Cancellation during the financial year	(123,742,000)	(79,958,000)
At the end of the financial year	<u>137,991,000</u>	<u>212,413,000</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(b)	AUD class units in circulation	<u>2021</u>	<u>2020</u>
		No. of units	No. of units
	At the beginning of the financial year	169,000	2,000
	Creation of units arising from applications during the financial year	4,591,000	167,000
	Cancellation during the financial year	(2,215,000)	-
	At the end of the financial year	<u>2,545,000</u>	<u>169,000</u>
(c)	GBP class units in circulation	<u>2021</u>	<u>2020</u>
		No. of units	No. of units
	At the beginning of the financial year	12,000	1,000
	Creation of units arising from applications during the financial year	1,628,000	11,000
	Cancellation during the financial year	(629,000)	-
	At the end of the financial year	<u>1,011,000</u>	<u>12,000</u>
(d)	SGD class units in circulation	<u>2021</u>	<u>2020</u>
		No. of units	No. of units
	At the beginning of the financial year	50,000	1,000
	Creation of units arising from applications during the financial year	2,829,000	49,000
	Cancellation during the financial year	(938,000)	-
	At the end of the financial year	<u>1,941,000</u>	<u>50,000</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(e) USD class units in circulation	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	1,000	1,000
Creation of units arising from applications during the financial year	841,000	-
Cancellation during the financial year	(289,000)	-
At the end of the financial year	<u>553,000</u>	<u>1,000</u>

10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the financial year ended 28 February 2021 is 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> %
DBS Securities (S) Pte Ltd	82,252,752	10.25	300,255	14.52
Macquarie Bank Ltd Hong Kong	63,468,796	7.91	97,703	4.73
CLSA Ltd	58,593,572	7.31	216,897	10.49
Sanford C. Bernstein and Co LLC	53,281,507	6.64	90,684	4.39
CIMB-GK Securities Pte Ltd	49,833,193	6.21	82,989	4.01
Citigroup Global Mkts Ltd	44,665,451	5.57	89,331	4.32
JP Morgan Securities (Asia Pacific) Ltd	42,560,746	5.31	111,925	5.41
Grand Cathay Securities (HK) Ltd	33,765,847	4.21	84,415	4.08
Morgan Stanley and Co. International Plc	31,671,900	3.95	63,344	3.06
UOB Kay Hian Pte Ltd	29,679,592	3.70	63,777	3.08
Others #	312,323,914	38.94	866,349	41.91
	<u>802,097,270</u>	<u>100.00</u>	<u>2,067,669</u>	<u>100.00</u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

10 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers for the financial year ended 29 February 2020 is as follows:

<u>Name of brokers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
CLSA Ltd	206,721,569	17.15	171,146	6.95
Macquarie Bank Ltd HK	163,800,108	13.59	184,737	7.50
Affin Investment Bank Bhd #	67,798,398	5.62	169,496	6.88
RBS Morgans Ltd	64,842,213	5.38	162,106	6.58
CIMB-GK Securities Pte Ltd	46,881,742	3.89	68,441	2.78
Masterlink Secs Co Ltd Taipei	44,911,624	3.73	112,279	4.56
CLSA Sec Malaysia Sdn Bhd	43,056,431	3.57	47,427	1.93
DBS Securities (S) Pte Ltd	42,606,481	3.54	114,663	4.66
China INTL Capital Corp HK Sec Ltd	39,755,234	3.30	202,823	8.24
CLSA Singapore Pte Ltd	37,664,042	3.13	34,936	1.42
	<u>447,072,256</u>	<u>37.10</u>	<u>1,194,130</u>	<u>48.50</u>
	<u>1,205,110,098</u>	<u>100.00</u>	<u>2,462,184</u>	<u>100.00</u>

Included in transactions with brokers are trades conducted with Affin Hwang Investment Bank Bhd the holding company of the Manager accounting RM27,292,307 (2020: RM67,798,398). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

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

	<u>2021</u>		<u>2020</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)				
- MYR class	2,553	5,806	3,084	4,273
- AUD class	2,956	7,535	2,448	3,802
- GBP class	3,915	16,927	1,259	3,316
- SGD class	3,062	7,442	2,540	3,765
- USD class	3,322	11,052	1,000	2,026
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	1.63	1.87

MER is derived from the following calculation:

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

- A = Management fee, excluding management fee rebates
- B = Trustee fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses, excluding sales and services tax on transaction costs and withholding tax
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM280,023,835 (2020: RM331,585,019).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2021</u>	<u>2020</u>
PTR (times)	1.28	1.82

PTR is derived from the following calculation:

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

Where: total acquisition for the financial year = RM340,537,368 (2020: RM553,101,199)
total disposal for the financial year = RM376,600,498 (2020: RM654,873,664)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 40 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 28 February 2021 and of its financial performance, net assets attributable to unitholders and cash flows for the financial year ended 28 February 2021 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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 April 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Asia (ex Japan) Quantum Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 28 February 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 40.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors’ report thereon

The Manager of the Fund is responsible for the other information. The other information comprises the Manager's report, but does not include the financial statements of the Fund and our auditors’ report thereon.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (a) for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG SELECT ASIA (EX JAPAN) QUANTUM FUND
(CONTINUED)

OTHER MATTERS

This report is made solely to the unitholders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
15 April 2021

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