

Affin Hwang

Select Balanced Fund

Interim Report
30 September 2019

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG SELECT BALANCED FUND

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2019

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FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 SEPTEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	501	1,492
5,001 to 10,000	559	4,128
10,001 to 50,000	1,332	30,278
50,001 to 500,000	487	58,439
500,001 and above	35	309,842
Total	2,914	404,179

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Sep 2019 (%)	As at 30 Sep 2018 (%)	As at 30 Sep 2017 (%)
Portfolio composition			
Quoted equities – local			
- Construction	0.39	-	3.01
- Consumer products & services	2.72	4.07	-
- Energy	2.21	2.02	-
- Financial services	3.97	6.22	-
- Finance	-	-	4.65
- Industrial products	-	-	6.28
- Industrial products & services	5.92	6.56	-
- Properties	-	-	4.49
- REITs	-	-	0.19
- Technology	3.17	2.02	-
- Telecommunications & Media	3.55	1.15	-
- Trading / services	-	-	7.83
- Utilities	3.01	2.18	-
Total quoted equities – local	24.94	24.22	26.45
Quoted equities – foreign			
- Basic materials	-	-	0.12
- Consumer goods	3.30	2.50	-
- Consumer services	6.25	1.72	3.20
- Financials	8.00	6.53	9.33
- Industrial	2.30	1.21	4.13
- Oil & gas	-	4.37	1.75
- REITs	-	-	1.73
- Technology	4.48	2.49	2.64
- Telecommunications	0.61	-	2.60
- Utilities	-	0.65	-
Total quoted equities – foreign	24.94	19.47	25.50
Unquoted fixed income securities – local	39.95	42.16	39.07
Unquoted fixed income securities – foreign	-	-	1.97
Exchange traded fund	0.65	1.14	-
Cash & cash equivalent	9.52	13.01	7.01
Total	100.00	100.00	100.00
Total NAV (RM'million)	260.119	253.916	247.406
NAV per Unit (RM)	0.6432	0.6745	0.6586
Unit in Circulation (million)	404.384	376.431	375.665
Highest NAV	0.6633	0.6875	0.6616
Lowest NAV	0.6432	0.6633	0.6300
Return of the Fund (%) ⁱⁱⁱ	0.82	2.83	4.77
- Capital Growth (%) ⁱ	-0.71	1.32	3.96
- Income Distribution (%) ⁱⁱ	1.54	1.50	0.78
Gross Distribution per Unit (sen)	1.00	1.00	0.50
Net Distribution per Unit (sen)	1.00	1.00	0.50
Management Expense Ratio (%) ¹	0.82	0.81	0.85
Portfolio Turnover Ratio (times) ²	0.42	0.52	0.47

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

²The PTR of the Fund was lower than previous year due to lower average sum of total acquisition and disposal for the financial period.

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

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

An illustration of the above would be as follow:-

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

Capital Returnⁱ = (NAV per Unit @ 30/9/19 ÷ NAV per Unit @ 31/3/19* - 1) x 100
= (0.6432 ÷ 0.6478 - 1) x 100
= **-0.71%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex- date} + 1
= {0.0100 ÷ 0.6477 @ 19/06/19} + 1 = 1.0154

Total Income Returnⁱⁱ = {Income distribution per Unit ÷ NAV per Unit on ex-date} x 100
= {1.0154} - 1 x 100
= **1.54%**

Return of the Fundⁱⁱⁱ = {(1 + Capital Return) x (1 + Income Return)} - 1 x 100
= {(1 + (-0.71%)) x (1 + 1.54%)} - 1 x 100
= **0.82%**

*Source – HSBC Trustee

Table 1: Performance of the Fund

	6 Months (1/4/19 - 30/9/19)	1 Year (1/10/18 - 30/9/19)	3 Years (1/10/16 - 30/9/19)	5 Years (1/10/14 - 30/9/19)	Since Commencement (18/8/03 - 30/9/19)
Fund	0.82%	0.15%	12.87%	20.76%	277.29%
Benchmark	(0.83%)	(3.79%)	3.50%	2.26%	103.09%
Outperformance	1.65%	3.94%	9.37%	18.50%	174.20%

Source of Benchmark: Bursa Malaysia Berhad & Maybank

Table 2: Average Total Return

	1 Year (1/10/18 - 30/9/19)	3 Years (1/10/16 - 30/9/19)	5 Years (1/10/14 - 30/9/19)	Since Commencement (18/8/03 - 30/9/19)
Fund	0.15%	4.12%	3.84%	8.58%
Benchmark	(3.79%)	1.15%	0.45%	4.49%
Outperformance	3.94%	2.97%	3.39%	4.09%

Source of Benchmark: Bursa Malaysia Berhad & Maybank

Table 3: Annual Total Return

	FYE 2019 (01/4/18 - 31/3/19)	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/7/15 - 31/3/16)	FYE 2015 (01/7/14 - 30/6/15)
Fund	(1.15%)	7.75%	10.13%	0.34%	0.36%
Benchmark	(4.07%)	5.12%	3.31%	2.07%	(3.29%)
Outperformance / (Underperformance)	2.92%	2.63%	6.82%	(1.73%)	3.65%

Source of Benchmark: Bursa Malaysia Berhad & Maybank

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

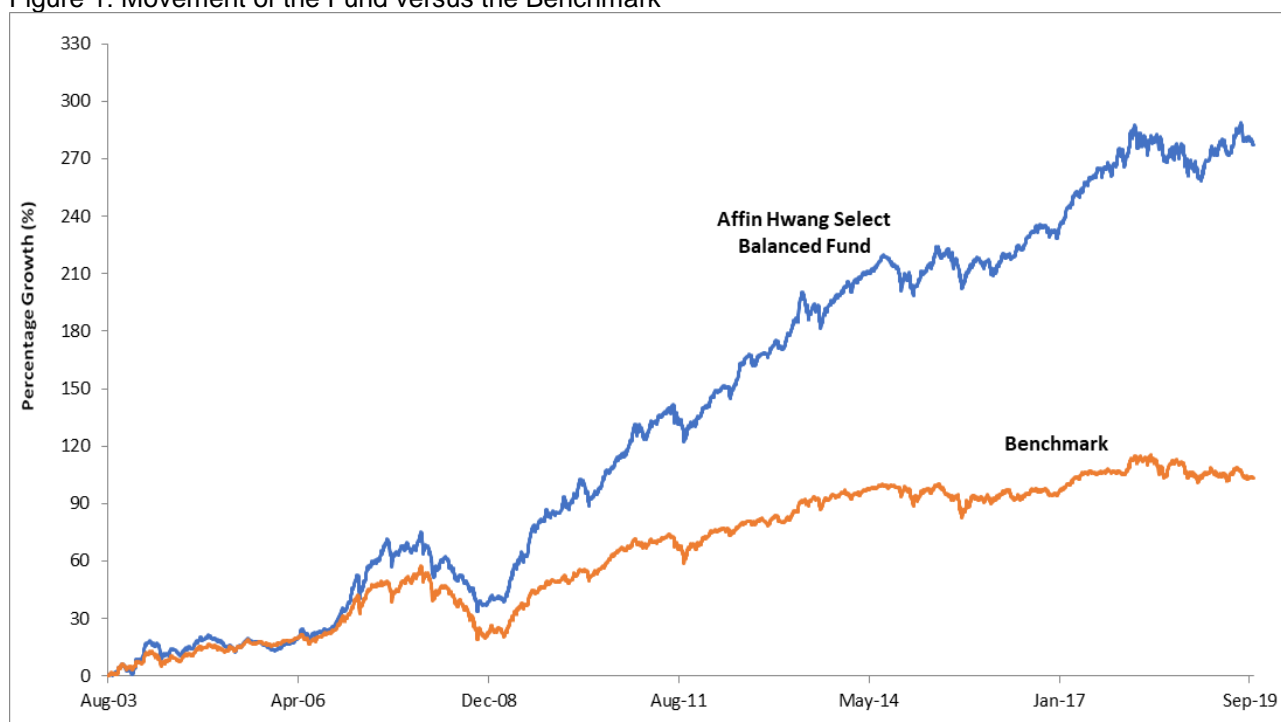
MANAGER'S REPORT

Performance Review

For the period 1 April 2019 to 30 September 2019, the Fund registered a return of 0.82%. The Fund outperformed the Benchmark by 1.65 percentage points compared to the Benchmark return of -0.83% for the same period. (See Table 1 for performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively). The Net Asset Value (NAV) per unit of the Fund as at 30 September 2019 was RM0.6432 while the NAV per unit as at 31 March 2019 was RM0.6478. The Fund has declared a total gross income distribution of RM0.010 per unit for the period.

Since commencement, the Fund has outperformed the benchmark by 174.20 percentage points with returns of 277.29 % compared to the benchmark return of 103.09%. The Fund has declared a total gross income distribution of RM0.5895 per unit to date. As such, the objective of the Fund which is to provide investors with a mixture of income and capital growth is being met.

Figure 1: Movement of the Fund versus the Benchmark



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

Benchmark: FTSE Bursa Malaysian Top 100 Index (FBM 100) performance (for equity investment) and current Maybank 12-month Fixed Deposit Rate

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0100 per Unit for investors of the Affin Hwang Select Balanced Fund over the period under review.

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
18 Jun 2019	19 Jun 2019	0.6538	0.0100	0.6477

No unit split were declared for the financial period ended 30 September 2019.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Figure 2.

Figure 2: Asset allocation of the Fund

	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>	<u>30 Sep 2017</u>
	(%)	(%)	(%)
Quoted equities – local	24.94	24.22	26.45
Quoted equities – foreign	24.94	19.47	25.50
Unquoted fixed income securities – local	39.95	42.16	39.07
Unquoted fixed income securities – foreign	-	-	1.97
Exchange traded fund	0.65	1.14	-
Cash & cash equivalent	9.52	13.01	7.01
Total	100.00	100.00	100.00

As at 30 September 2019, the asset allocation of the Fund stood at 49.88% in equities, 39.95% in fixed income securities, 0.65% in exchange traded fund (ETF) while the balance was held in cash and cash equivalent. During the period under review, the Manger did not make significant changes within the domestic portfolio in terms of sector allocation. On the other hand, except for stripping off oil and gas sector, the Manager added exposure to most of the sectors within the foreign portfolio. The Manager also decreased some allocation into the foreign ETF over the same period.

Strategies Employed

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

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tariffs. As the sell-down accelerated, we took a view that the correction was overdone and a recession was not imminent, where we then redeployed into the market with a focus on quality.

Market Review

“Sell in May and go away” has again proven to be a recurring theme this year after deteriorating trade relations between US and China wreaked further havoc across global financial markets in May. Trump raised the tariff on some US\$200 billion worth of Chinese imports to 25.0% from 10.0% earlier that month in an extreme bid to speed up trade negotiations. While the tariff hike was initially downplayed, things took a swift turn on when Trump banned Huawei with a national security order; thus prompting US companies to sever all business ties with the Chinese smartphone and telecommunications giant.

For the first time in more than a decade, the US Federal Reserve (“Fed”) reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. However, the Fed delivered another widely expected 25bps rate cut at its policy meeting in September which would bring down its benchmark overnight lending rate to a target range of 1.75% to 2.0%.

Asian markets retreated in August as trade tensions flared up again after a surprise tariff announcement from US President Donald Trump. The Hong Kong Hang Seng index fell 7.4%, whilst the broader MSCI Asia ex-Japan index closed 4.6% lower as the prolonged trade row takes another turn for the worse.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

On a side note, BNM cut the Overnight Policy Rate by 25 bps to 3.00% on 7 May – likely a pre-emptive measure against a weakening external environment as well as slowing domestic growth. The announcement was largely priced in by investors, which saw the MGS market rallied strongly in the few weeks prior to the announcement, though the buying subsequently eased up amid the addition of risks on the global trade front.

Investment Outlook

The global economy is poised to continue to grow at an even keel albeit at a slower pace. We do not see major economic imbalances that would lead to a recession in the immediate term. That said, as we head into a late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective.

Whilst the partial trade deal helped provide a lift in sentiment, the temporary trade truce could be easily upended as seen before. Structural issues and more challenging areas in negotiations such as intellectual property and technology transfer has not been addressed yet. The last mile negotiations in the trade talks would be the most critical to look out for. The overall macro environment remains weak as global economies are still showing weak data.

Going forward, we believe there is limited room for further monetary policy easing given already low interest rates. Central banks are more inclined to “save some bullets” for future, i.e. in the event whereby a recession materialises, as well as adopting a “wait-and-see” approach to assess impact post recent rate cuts. Therefore, expectations are that global interest rates are close to bottoming out in the near term. Having said that, we do not foresee central banks reverting to an interest rate hike cycle anytime soon. The biggest risks (both upside and downside) to my view would be ongoing trade negotiations and US inflation.

The Budget 2020 placed a lot more emphasis on job creation and shifted away from the outright disbursement of large cash handouts and subsidies as seen in prior budgets before. In terms of impact, the budget was market-neutral with no immediate catalysts that could drive Bursa higher for now.

However, the absence of any pump-priming measures or announcement of mega infrastructure projects came as a disappointment to the construction sector. The consumer sector could benefit incrementally over time as the trickle-down effects of job creation, allocation for subsidies and social subsidies to address high cost of living and low income levels spur consumption.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

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

We have acted as Trustee of Affin Hwang Select Balanced Fund ("the Fund") for the financial period ended 30 September 2019. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
15 November 2019

AFFIN HWANG SELECT BALANCED FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Note	6 months financial period ended 30.9.2019 RM	6 months financial period ended 30.9.2018 RM
INVESTMENT INCOME			
Dividend income		2,316,836	3,218,202
Interest income from financial assets at amortised cost		131,085	272,136
Interest income from financial assets at fair value through profit or loss		2,880,131	3,028,855
Net gain on foreign currency exchange		45,907	356,220
Net loss on forward foreign currency contracts at fair value through profit or loss		-	(248,013)
Net loss on financial assets at fair value through profit or loss	8	(550,274)	(4,755,380)
		<u>4,823,685</u>	<u>1,872,020</u>
EXPENSES			
Management fee	4	(1,963,026)	(2,028,066)
Trustee fee	5	(92,541)	(96,364)
Auditors' remuneration		(4,513)	(4,500)
Tax agent's fee		(1,905)	(6,872)
Transaction cost		(484,983)	(790,660)
Other expenses		(89,836)	(85,502)
		<u>(2,636,804)</u>	<u>(3,011,964)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		2,186,881	(1,139,944)
TAXATION	6	-	(123,340)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>2,186,881</u>	<u>(1,263,284)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		2,813,847	299,907
Unrealised amount		(626,966)	(1,563,191)
		<u>2,186,881</u>	<u>(1,263,284)</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 BALANCED FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
Cash and cash equivalents	9	23,617,572	34,489,399
Amount due from Manager			
- creation of units		235,544	210,273
Amount due from brokers		1,739,812	5,850,984
Dividends receivables		625,015	912,012
Financial assets at fair value through profit or loss	8	235,328,781	243,950,593
Tax recoverable		-	20,580
TOTAL ASSETS		<u>261,546,724</u>	<u>285,433,841</u>
LIABILITIES			
Amount due to Manager			
- management fee		323,180	341,775
Amount due to Trustee		15,082	15,950
Amount due to brokers		1,058,420	6,418,830
Auditors' remuneration		4,512	4,500
Tax agent's fee		2,875	6,206
Other payables and accruals		23,428	27,347
TOTAL LIABILITIES		<u>1,427,497</u>	<u>6,814,608</u>
NET ASSET VALUE OF THE FUND		<u>260,119,227</u>	<u>278,619,233</u>
EQUITY			
Unitholders' capital		242,346,988	248,668,161
Retained earnings		17,772,239	29,951,072
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>260,119,227</u>	<u>278,619,233</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>404,384,000</u>	<u>414,076,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6432</u>	<u>0.6729</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 BALANCED FUND

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2019	246,396,856	19,602,888	265,999,744
Total comprehensive income for the financial period	-	2,186,881	2,186,881
Distribution (Note 7)	-	(4,017,530)	(4,017,530)
Movement in Unitholders' capital:			
Creation of units arising from application	14,395,519	-	14,395,519
Creation of units arising from distribution	3,935,574	-	3,935,574
Cancellation of units	(22,380,961)	-	(22,380,961)
Balance as at 30 September 2019	<u>242,346,988</u>	<u>17,772,239</u>	<u>260,119,227</u>
Balance as at 1 April 2018	241,491,388	35,254,016	276,745,404
Total comprehensive loss for the financial period	-	(1,263,284)	(1,263,284)
Distribution (Note 7)	-	(4,039,660)	(4,039,660)
Movement in Unitholders' capital:			
Creation of units arising from application	22,884,420	-	22,884,420
Creation of units arising from distribution	4,121,231	-	4,121,231
Cancellation of units	(19,828,878)	-	(19,828,878)
Balance as at 30 September 2018	<u>248,668,161</u>	<u>29,951,072</u>	<u>278,619,233</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 BALANCED FUND

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Note	6 months financial period ended <u>30.9.2019</u> RM	6 months financial period ended <u>30.9.2018</u> RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		119,245,772	145,631,414
Purchase of investments		(106,261,188)	(138,594,427)
Dividends received		2,197,036	2,500,548
Interest received		3,216,827	3,149,311
Management fee paid		(1,979,145)	(2,042,484)
Trustee fee paid		(93,293)	(97,036)
Payment for other fees and expenses		(586,971)	(921,681)
Realised loss on forward foreign currency contracts		-	(248,013)
Net realised gain/(loss) on foreign currency exchange		1,108,586	(125,278)
		<u>16,847,624</u>	<u>9,252,354</u>
Net cash generated from operating activities		16,847,624	9,252,354
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from creation of units		14,605,877	23,253,984
Payments for cancellation of units		(22,380,961)	(19,828,878)
Payment for distribution		(81,956)	(81,571)
		<u>(7,857,040)</u>	<u>3,343,535</u>
Net cash (used in)/generated from financing activities		(7,857,040)	3,343,535
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,990,584	12,595,889
EFFECTS OF FOREIGN CURRENCY EXCHANGE		59,777	427,798
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>14,567,211</u>	<u>21,465,712</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	<u><u>23,617,572</u></u>	<u><u>34,489,399</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 BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

- (a) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Dividend Income

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Interest income

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

Realised gains and losses on sale of investments

For quoted equities and exchange trade funds (“ETF”), realised gain and losses on sale of investment is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

C TRANSACTION COSTS

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

D DIVIDEND DISTRIBUTION

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

E TAXATION

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

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATION

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

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

(ii) Recognition and measurement

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

Deposits with a licensed financial institution are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposit.

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Write-off

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

I CASH AND CASH EQUIVALENTS

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

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.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

K UNITHOLDERS' CAPITAL

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

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

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

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

L SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic asset allocation committee of the Manager that makes strategic decisions.

M CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Balanced Fund (the "Fund") pursuant to the execution of a Deed dated 1 July 2003 as modified by First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 15 October 2008, Fourth Supplemental Deed dated 18 January 2012, Fifth Supplemental Deed dated 27 June 2014, Sixth Supplemental deed dated 28 April 2017 and Seventh Supplemental Deed dated 5 October 2018 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager"), HSBC (Malaysia) Trustee Berhad (the "Trustee") and the registered unitholders of the Fund. The Fund has changed its name from HwangDBS Select Balanced Fund to Hwang Select Balanced Fund dated 18 January 2012 and from Hwang Select Balanced Fund to Affin Hwang Select Balanced Fund dated 27 June 2014.

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

The Fund may invest in the following permitted investments:

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

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

The main objective of the Fund is to provide investors an affordable access into a diversified investment portfolio containing a "balanced" mixture of equities and fixed income securities to achieve a balance of growth and income over medium to long term.

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

The financial statements were authorised for issue by the Manager on 15 November 2019.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised <u>cost</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2019</u>				
Quoted equities	8	-	129,733,613	129,733,613
Exchange-traded fund	8	-	1,687,162	1,687,162
Unquoted fixed income security	8	-	103,908,006	103,908,006
Cash and cash equivalents	9	23,617,572	-	23,617,572
Dividend receivables		625,015	-	625,015
Amount due from Manager				
- creation of units		235,544	-	235,544
Amount due from brokers		1,739,812	-	1,739,812
Total		<u>26,217,943</u>	<u>235,328,781</u>	<u>261,546,724</u>
	<u>Note</u>	Loans and <u>receivables</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2018</u>				
Quoted equities	8	-	121,669,941	121,669,941
Exchange-traded fund	8	-	3,179,508	3,179,508
Unquoted fixed income security	8	-	119,101,144	119,101,144
Cash and cash equivalents	9	34,489,399	-	34,489,399
Dividend receivables		912,012	-	912,012
Amount due from Manager				
- creation of units		210,273	-	210,273
Amount due from brokers		5,850,984	-	5,850,984
Total		<u>41,462,668</u>	<u>243,950,593</u>	<u>285,413,261</u>

All current liabilities are financial liabilities which are carried at amortised cost.

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk

(a) Price risk

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

The Fund's overall exposure to price risk was as follow.

	<u>2019</u> RM	<u>2018</u> RM
Quoted investment		
Quoted equities	129,733,613	124,849,449
Exchange traded fund	1,687,162	3,179,508
	<u>131,420,775</u>	<u>128,028,957</u>
Unquoted investment		
Unquoted fixed income securities*	<u>103,908,006</u>	<u>119,101,144</u>

*Include interest receivable of RM1,356,846 (2018: RM1,628,011)

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

<u>% Change in price</u>	Impact on <u>Market value</u> RM	profit after <u>tax/NAV</u> RM
<u>2019</u>		
-5%	222,273,338	(11,698,597)
0%	233,971,935	-
+5%	<u>245,670,532</u>	<u>11,698,597</u>
<u>2018</u>		
-5%	233,226,985	(12,275,105)
0%	245,502,090	-
+5%	<u>257,777,195</u>	<u>12,275,105</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

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

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2019</u>	<u>2018</u>
	RM	RM
+1%	(175,389)	(229,254)
- 1%	175,792	230,100

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

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

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

	<u>Quoted equities</u> RM	<u>Exchange- traded fund</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other asset*</u> RM	<u>Other payable**</u> RM	<u>Total</u> RM
<u>2019</u>						
Australian Dollar	-	-	30	-	-	30
Chinese Yuen	6,126,100	-	1,485,838	-	-	7,611,938
Hong Kong Dollar	25,883,333	-	2,564,308	51,122	-	28,498,763
Indonesia Rupiah	4,353,329	-	-	-	-	4,353,329
Singapore Dollar	13,690,956	-	2,731,219	-	(56,902)	16,365,273
United States Dollar	14,818,712	1,687,162	3,722,715	1,739,812	-	21,968,401
	<u>64,872,430</u>	<u>1,687,162</u>	<u>10,504,110</u>	<u>1,790,934</u>	<u>(56,902)</u>	<u>78,797,734</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

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

	<u>Quoted equities</u> RM	<u>Unquoted fixed income securities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Other payable**</u> RM	<u>Total</u> RM
<u>2018</u>						
Australian Dollar	-	-	31	-	-	31
Chinese Yuen	886,494	-	5,098,081	-	-	5,984,575
Hong Kong Dollar	32,868,840	3,179,508	10,445,145	3,327,608	(2,768,550)	47,051,551
Korean Won	2,883,259	-	-	-	-	2,883,259
Singapore Dollar	13,662,386	-	42,902	2,748,474	-	16,453,762
United States Dollar	3,899,474	-	8,922,534	-	-	12,822,008
	<u>54,200,453</u>	<u>3,179,508</u>	<u>24,508,693</u>	<u>6,076,082</u>	<u>(2,768,550)</u>	<u>85,196,186</u>

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

**Other payables consist of amount due to brokers

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	Change in <u>rate</u> %	Impact on profit after tax/ <u>NAV</u> RM
<u>2019</u>		
Australian Dollar	+/-5	+/- 2
Chinese Yuen	+/-5	+/- 380,597
Hong Kong Dollar	+/-5	+/- 1,424,938
Indonesia Rupiah	+/-5	+/- 217,666
Singapore Dollar	+/-5	+/- 818,264
United States Dollar	+/-5	+/- 1,098,420
<u>2018</u>		
Australian Dollar	+/-5	+/-2
Chinese Yuen	+/-5	+/-299,229
Hong Kong Dollar	+/-5	+/-2,629,433
Korean Won	+/-5	+/-144,163
Singapore Dollar	+/-5	+/-822,688
United States Dollar	+/-5	+/-641,100

(d) 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.

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk (continued)

(d) Credit risk (continued)

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

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

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Market risk (continued)

(d) Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2018</u>				
Consumer goods				
- A1	4,995,887	-	-	4,995,887
Consumer services				
- AAA	9,061,082	-	-	9,061,082
Financials				
- A1	10,330,331	-	124,005	10,454,336
- AAA	5,007,128	34,489,399	-	39,496,527
- AA1	1,514,996	-	221,792	1,736,788
- AA2	5,487,808	-	-	5,487,808
- AA3	10,778,988	-	41,160	10,820,148
- AA-	5,074,015	-	-	5,074,015
- NR	19,154,251	-	131,527	19,285,778
Industrials				
- AA-	4,601,510	-	-	4,601,510
- AA1	5,558,773	-	-	5,558,773
- AA3	9,661,814	-	-	9,661,814
- NR	5,644,014	-	-	5,644,014
Telecommunications				
- AA+	5,273,825	-	-	5,273,825
Utilities				
- AA1	3,104,705	-	-	3,104,705
- AA	5,096,349	-	-	5,096,349
- AA3	2,050,960	-	-	2,050,960
- NR	6,704,708	-	119,112	6,823,820
Technology				
- NR	-	-	49,318	49,318
	<u>119,101,144</u>	<u>34,489,399</u>	<u>686,914</u>	<u>154,277,457</u>

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2019</u>			
Amount due to Manager			
- management fee	323,180	-	323,180
Amount due to Trustee	15,082	-	15,082
Amount due to brokers	1,058,420	-	1,058,420
Auditors' remuneration	-	4,512	4,512
Tax agent's fee	-	2,875	2,875
Other payables and accruals	-	23,428	23,428
	<u>1,396,682</u>	<u>30,815</u>	<u>1,427,497</u>
<u>2018</u>			
Amount due to Manager			
- management fee	341,775	-	341,775
Amount due to Trustee	15,950	-	15,950
Amount due to brokers	6,418,830	-	6,418,830
Auditors' remuneration	-	6,206	6,206
Tax agent's fee	-	27,347	27,347
Other payables and accruals	-	4,500	4,500
	<u>6,776,555</u>	<u>38,053</u>	<u>6,814,608</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATIONS

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

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	129,733,613	-	-	129,733,613
- exchange-traded fund	1,687,162	-	-	1,687,162
- unquoted fixed income security	-	103,908,006	-	103,908,006
	<u>131,420,775</u>	<u>103,908,006</u>	<u>-</u>	<u>235,328,781</u>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- quoted equities	121,669,941	-	-	121,669,941
- exchange-traded fund	3,179,508	-	-	3,179,508
- unquoted fixed income security	-	119,101,144	-	119,101,144
	<u>124,849,449</u>	<u>119,101,144</u>	<u>-</u>	<u>243,950,593</u>

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

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

	<u>2019</u> RM	<u>2018</u> RM
Gross management fee	1,983,029	2,064,945
Management fee rebate - interest income earned on collection accounts	<u>(20,003)</u>	<u>(36,879)</u>
Net management fee	<u>1,963,026</u>	<u>2,028,066</u>

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

For the 6 months financial period ended 30 September 2019, the management fee is recognised at a rate of 1.50% (2018: 1.50%) per annum on the net asset value of the Fund calculated on a daily basis as stated in the prospectus.

The interest income earned by the Manager from the Fund's trust collection account maintained by the Manager is netted off against the gross management fee charged by the Manager.

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

5 TRUSTEE'S FEE

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

For the 6 months financial period ended 30 September 2019, the Trustee's fee is recognised at a rate of 0.07% (2018: 0.07%) per annum on the net asset value of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the prospectus.

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

6 TAXATION

	6 months financial period ended <u>30.9.2019</u> RM	6 months financial period ended <u>30.9.2018</u> RM
Current taxation:		
- local	-	4
- foreign	-	123,336
	<hr/>	<hr/>
	-	123,340
	<hr/> <hr/>	<hr/> <hr/>

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

	6 months financial period ended <u>30.9.2019</u> RM	6 months financial period ended <u>30.9.2018</u> RM
Net profit/(loss) before taxation	2,186,881	(1,139,944)
	<hr/>	<hr/>
Tax at Malaysian statutory rate of 24% (2018: 24%)	524,851	(273,587)
Tax effects of:		
Investment income not subject to tax	(1,157,684)	(449,284)
Expenses not deductible for tax purposes	159,064	234,645
Restrictions on tax deductible expenses for Unit Trust Funds	473,769	488,226
Local income subject to difference tax rate	-	4
Foreign income subject to foreign tax rate	-	123,336
	<hr/>	<hr/>
Tax expense	-	123,340
	<hr/> <hr/>	<hr/> <hr/>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

7 DISTRIBUTION

Distributions to unitholders are from the following sources:

	6 months financial period ended 30.9.2019 RM	6 months financial period ended 30.9.2018 RM
Previous financial year's realised income	4,017,530	4,039,660
Gross realised income	4,017,530	4,039,660
Less: Expenses	-	-
Net distribution amount	<u>4,017,530</u>	<u>4,039,660</u>
Gross/net distribution per unit (sen)	<u>1.00</u>	<u>1.00</u>
Ex- date	<u>19.6.2019</u>	<u>13.6.2018</u>

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

Included in distribution for the financial period is an amount of RM4,017,530 (2018: RM4,039,660) made from previous financial year's realised income.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Designated of fair value through profit or loss at inception		
- quoted equities – local	64,861,183	67,469,488
- quoted equities – foreign	64,872,430	54,200,453
- exchange-traded fund – foreign	1,687,162	3,179,508
- unquoted fixed income security – local	103,908,006	119,101,144
	<u>235,328,781</u>	<u>243,950,593</u>
Net loss on assets at fair value through profit or loss		
- realised gain/(loss) on sales of investments	62,127	(2,764,391)
- unrealised loss on changes in fair value	(612,401)	(1,990,989)
	<u>(550,274)</u>	<u>(4,755,380)</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Quoted equities - local

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Quoted equities – local (continued)

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	575,500	8,180,016	7,826,800	3.01
Total quoted equities - local	<u>19,347,591</u>	<u>65,362,298</u>	<u>64,861,183</u>	<u>24.94</u>
Accumulated unrealised loss on quoted equities – local		<u>(501,115)</u>		
Total quoted equities - local		<u>64,861,183</u>		

(ii) Quoted equities - local as at 30 September 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	888,300	7,437,147	8,314,488	2.98
Scientex Bhd	486,200	3,903,081	4,278,560	1.54
Sunway Bhd	3,757,900	5,672,397	5,674,429	2.04
	<u>5,132,400</u>	<u>17,012,625</u>	<u>18,267,477</u>	<u>6.56</u>
<u>Consumer Products & Services</u>				
Fraser & Neave Holdings	155,000	4,038,429	5,840,400	2.10
Petronas Dagangan Bhd	209,300	5,361,072	5,487,846	1.97
	<u>364,300</u>	<u>9,399,501</u>	<u>11,328,246</u>	<u>4.07</u>
<u>Telecommunications & Media</u>				
Astro Malaysia Holdings	2,180,300	3,683,684	3,205,041	1.15

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities - local as at 30 September 2018 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Financial Services</u>				
CIMB Group Holdings	953,888	5,426,996	5,713,789	2.05
Malayan Banking Bhd	887,166	8,522,687	8,676,483	3.11
RHB Bank Bhd	548,800	2,782,416	2,941,568	1.06
	<u>2,389,854</u>	<u>16,732,099</u>	<u>17,331,840</u>	<u>6.22</u>
<u>Energy</u>				
Dialog Group Bhd	1,620,400	3,054,488	5,638,992	2.02
<u>Utilities</u>				
Tenaga Nasional Bhd	393,500	5,766,154	6,075,640	2.18
<u>Technology</u>				
Inari Amerton	2,465,900	5,711,972	5,622,252	2.02
Total quoted equities - local	<u>14,546,654</u>	61,360,523	<u>67,469,488</u>	<u>24.22</u>
Accumulated unrealised gain on quoted equities – local		6,108,965		
Total quoted equities - local		<u>67,469,488</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(b) Quoted equities – foreign

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Goods</u>				
Jiangsu Yanghe Brewery Joint	29,906	1,854,226	1,822,416	0.70
Midea Group Co Ltd	41,500	1,261,844	1,242,701	0.48
	<u>71,406</u>	<u>3,116,070</u>	<u>3,065,117</u>	<u>1.18</u>
<u>Industrials</u>				
Hangzhou Hikvision Digi Tech	161,769	3,146,286	3,060,983	1.18
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
Shenzhou Intl Group Holdings	101,200	5,543,028	5,512,162	2.12
<u>Consumer Services</u>				
China Education Group Holdings	558,000	3,454,464	3,432,637	1.32
Galaxy Entertainment Group Ltd	95,000	2,681,968	2,470,551	0.95
	<u>653,000</u>	<u>6,136,432</u>	<u>5,903,188</u>	<u>2.27</u>
<u>Financials</u>				
HSBC Holdings PLC	123,000	3,958,808	3,963,909	1.52
Ping An Insurance Group Co China	69,000	2,578,978	3,314,298	1.27
	<u>192,000</u>	<u>6,537,786</u>	<u>7,278,207</u>	<u>2.79</u>
<u>Technology</u>				
Tencent Holdings Ltd	40,800	7,240,619	7,189,776	2.76
<u>Indonesia</u>				
<u>Financials</u>				
Bank Central Asia Tbk PT	308,900	2,660,393	2,763,381	1.06
<u>Telecommunication</u>				
Telekomunikasi Indonesia	1,250,500	1,307,531	1,589,948	0.61

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 September 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	298,000	3,945,711	4,095,593	1.47
<u>Financials</u>				
China Construction Bank Corp	770,000	2,907,013	2,779,960	1.00
Ping An Insurance Grp Co China	105,000	3,924,531	4,409,713	1.58
	875,000	6,831,544	7,189,673	2.58
<u>Industrials</u>				
China Resources Cement Holding	698,000	2,856,584	3,361,251	1.21
<u>Oil & Gas</u>				
PetroChina Company Ltd	2,836,000	8,654,870	9,489,364	3.41
<u>Technology</u>				
Chinasoft International Ltd	916,000	2,939,288	2,522,670	0.91
Tencent Holdings Ltd	25,800	4,463,898	4,407,763	1.58
	941,800	7,403,186	6,930,433	2.49
<u>Utilities</u>				
CK Infrastructure Holdings Ltd	55,000	1,806,010	1,802,526	0.65
<u>China</u>				
<u>Consumer Services</u>				
China Xinhua Education Group	693,000	1,128,460	886,464	0.32

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 30 September 2018 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Republic of Korea</u>				
<u>Consumer Goods</u>				
Samsung Electronics Co Ltd	20,455	2,915,635	2,883,259	1.03
<u>Singapore</u>				
<u>Financials</u>				
Ascendas Real Estate	510,500	3,906,867	4,060,336	1.46
DBS Group Holdings Ltd	52,900	3,924,272	4,170,683	1.50
United Overseas Bank Ltd	33,600	2,767,208	2,745,587	0.99
	<u>597,000</u>	<u>10,598,347</u>	<u>10,976,606</u>	<u>3.95</u>
<u>Oil and Gas</u>				
Keppel Corporation Ltd	127,600	2,975,446	2,685,700	0.96
<u>United States</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	5,722	2,756,065	3,899,474	1.40
Total quoted equities - foreign	<u>7,147,577</u>	<u>51,871,858</u>	<u>54,200,453</u>	<u>19.47</u>
Accumulated unrealised gain on quoted equities – foreign		<u>920,678</u>		
Total quoted equities - foreign		<u>54,200,453</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(c) Exchange-traded fund - foreign

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

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

(ii) Exchange-traded fund - foreign as at 30 September 2018 are as follows:

	Nominal <u>value</u> RM	Adjusted <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Exchange-Traded Fund</u>				
CSOP Hang Seng Index ETP	1,074,100	2,982,002	3,179,508	1.14
Total exchange traded fund – foreign	<u>1,074,100</u>	<u>2,982,002</u>	<u>3,179,508</u>	<u>1.14</u>
Accumulated unrealised gain on exchange traded fund - foreign		<u>197,506</u>		
Total exchange traded fund - foreign		<u>3,179,508</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(d) Unquoted fixed income securities - local

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

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

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

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

(ii) Unquoted fixed income securities - local as at 30 September 2018 are as follows:

	Nominal <u>value</u> RM	Adjusted <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Bonds</u>				
5.80% CIMB Group Holdings Bhd Call: 25.05.2021	5,000,000	5,082,174	5,103,000	1.83
4.90% Malayan Banking Bhd Call: 29.01.2019 (AA1)	1,500,000	1,500,932	1,502,310	0.54
5.36% Besraya Malaysia Sdn Bhd 28.07.2028 (AA3)	3,500,000	3,575,021	3,566,640	1.28
7.50% Public Finance Berhad Call: 05.06.2019 (AA2)	5,250,000	5,349,904	5,360,513	1.92
6.35% CIMB Group Holdings Bhd Call: 03.04.2020 (AA3)	3,500,000	3,547,490	3,577,735	1.28
6.80% Mah Sing Group Bhd Call: 31.03.2020 (NR)	10,000,000	10,000,000	10,033,300	3.60
4.50% Tan Chong Motor Holdings Bhd 22.11.2019 (A1)	5,000,000	4,907,602	4,915,750	1.76
4.78% GENM Capital Bhd 31.03.2022 (AAA)	5,000,000	5,000,000	5,016,900	1.80
6.5% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,000,000	9,038,430	3.24
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022	5,000,000	5,000,000	5,036,000	1.81
6.40% MEX II Sdn Bhd 28.04.2034	5,000,000	5,509,352	5,509,000	1.98
5.90% TRIpIc Medical Sdn Bhd 23.10.2035	5,000,000	5,429,393	5,428,650	1.95
4.48% Ara Bintang Bhd 17.03.2021 (AAA)	5,000,000	5002934	4,999,150	1.79
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,000	1,505,070	0.54
4.86% Genting Capital Bhd 08.06.2027 (AAA)	2,000,000	2,000,000	1,987,000	0.71
5.04% Southern Power Generation SB 28.04.2028	4,500,000	4,500,000	4,611,465	1.66
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022	2,000,000	2,035,296	2,047,220	0.73
4.055% TNB Northern Energy Bhd 29.11.2023	2,000,000	1,950,271	1,970,000	0.71
4.8% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	2,000,000	2,000,000	2,002,500	0.72
5.1% BEWG M Sdn Bhd 17.07.2020 (AA)	5,000,000	5,000,000	5,044,650	1.81

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

- (c) Unquoted fixed income securities – local (continued)
(ii) Unquoted fixed income securities - local as at 30 September 2018 are as follows:
(continued)

	Nominal <u>value</u> RM	Adjusted <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Bonds</u>				
4.64% Besraya Malaysia Sdn Bhd 26.07.2019	1,000,000	999,936	1,001,620	0.36
4.60% UEM Sunrise Bhd 13.12.2018 (AA-)	5,000,000	5,000,000	5,004,700	1.80
4.84% UniTapah Sdn Bhd 12.12.2017 (AA2)	3,000,000	3,043,759	3,049,939	1.20
4.90% Malayan Banking Bhd Call: 29.01.2019 (AA1)	1,500,000	1,516,455	1,517,990	0.60
5.36% Besraya Malaysia Sdn Bhd 28.07.2028 (AA3)	3,500,000	3,614,194	3,688,073	1.45
7.50% Public Finance Bhd Call: 05.06.2019 (AA2)	5,250,000	5,620,046	5,622,785	2.21
6.35% CIMB Group Holdings Bhd Call: 03.04.2020 (AA3)	3,500,000	3,685,973	3,747,594	1.48
6.80% Mah Sing Group Bhd Call: 31.03.2020 (NR)	10,000,000	10,003,726	10,143,226	4.00
4.88% Besraya Malaysia Sdn Bhd 28.07.2022	5,000,000	5,017,245	5,011,050	1.80
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,004,116	3,000,660	1.08
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5308194	5,494,000	1.97
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	1,500,000	1,506,913	1,501,140	0.54
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,055,461	5,162,650	1.85
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,000,000	3,042,030	1.09
Total unquoted fixed income securities – local	<u>115,250,000</u>	<u>116,782,234</u>	<u>117,473,133</u>	<u>42.16</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>690,899</u>		
Total unquoted fixed income securities – local		<u>117,473,133</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	11,090,294	24,989,500
Deposits with a licensed financial institution	12,527,278	9,499,899
	<u>23,617,572</u>	<u>34,489,399</u>

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

	<u>2019</u> %	<u>2018</u> %
Deposits with a licensed financial institution	<u>3.01</u>	<u>3.35</u>

Deposits with licensed financial institutions have an average maturity of 1 day (2018: 1 day).

10 NUMBER OF UNIT IN CIRCULATION

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial period	410,598,000	403,297,000
Created of units arising from application	22,049,000	35,071,380
Created of units arising from distribution	6,042,644	4,875,810
Cancellations of units	<u>(34,305,644)</u>	<u>(29,168,190)</u>
At the end of the financial period	<u>404,384,000</u>	<u>414,076,000</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS

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

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

(ii) Details of transactions with the top 10 brokers and dealers for the financial period ended 30 September 2018 is as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CLSA Ltd	27,592,424	9.67	57,920	9.67
Citigroup Global Mkts Ltd London	25,198,127	8.83	56,416	9.42
JP Morgan Secs (Asia Pac) Ltd Hong Kong	24,949,272	8.75	61,619	10.29
Affin Hwang Investment Bank Bhd#	21,981,804	7.70	49,517	8.27
Macquarie Bank Ltd Hong Kong	18,053,973	6.33	45,135	7.54
UOB Kay Hian Pte Ltd	16,005,861	5.61	40,015	6.68
CCB International Securities Ltd	12,872,870	4.51	32,182	5.37
Instinet Pacific Ltd	11,437,456	4.01	22,141	3.70
HSBC Nom (Tempatan) Sdn Bhd	8,200,000	2.87	-	-
CIMB Investment Bank Bhd	7,618,374	2.67	19,046	3.18
Others	111,383,041	39.05	214,810	35.88
	<u>285,293,202</u>	<u>100.00</u>	<u>598,801</u>	<u>100.00</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

Included in transactions with brokers and dealers are trades conducted on normal terms in the stockbroking industry with Affin Hwang Investment Bank Bhd, companies related to the Manager amounting to RM75,119,289 (2018: RM21,981,804). The Manager is of the opinion that all transactions with the related company have been entered into at agreed terms between the related parties.

Included in the transactions with brokers and dealers are cross trades conducted between the Fund and other funds; and private mandates managed by the Manager amounting to:

<u>Name of brokers/dealers</u>	<u>2019</u> RM	<u>2018</u> RM
Affin Hwang Investment Bank Bhd	-	6,020,433

The cross trades conducted between the Funds and a private mandate managed by the Manager are as follows:

	<u>2019</u> RM	<u>2018</u> RM
Private mandates managed by the Manager	-	6,020,433

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

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

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

	2019		2018	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	204,825	131,743	84,732	57,016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Parties related to Manager:</u>				
AXA Affin Life Insurance Berhad (The units are held beneficially)	51,821,436	33,331,548	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended <u>30.9.2019</u> %	6 months financial period ended <u>30.9.2018</u> %
MER	0.82	0.81
	<u> </u>	<u> </u>

MER is derived from the following calculation:

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

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM263,787,748 (2018: RM274,642,703).

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>30.9.2019</u>	6 months financial period ended <u>30.9.2018</u>
PTR (times)	<u>0.42</u>	<u>0.52</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM105,424,591 (2018: RM136,232,238)

total disposal for the financial period = RM116,891,192 (2018: RM151,904,924)

15 SEGMENT INFORMATION

The strategic asset allocation committee of the Investment Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by this committee that are used to make strategic decisions.

The Manager considers the business as two sub-portfolios, which are managed by separate specialist teams at the Investment Manager. These sub-portfolios consist of an equity portfolio, which focuses on equity securities; the second sub-portfolio consisting of debt and cash instruments.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of interest, dividends and gains on the appreciation in the value of investments and are derived from quoted equities and unquoted fixed income securities from Malaysia, Hong Kong, Singapore, Indonesia, Korea and United States.

There were no changes in the reportable segments during the financial period.

The internal reporting provided to the committee for the fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

AFFIN HWANG SELECT BALANCED FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 11 to 52 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2019 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2019 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,

AFFIN HWANG ASSET MANAGEMENT BERHAD

TENG CHEE WAI

EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur

15 November 2019

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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

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

SELANGOR

Affin Hwang Asset Management Berhad
A-7-G Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor

Tel: 03-7620 1290
Fax: 03-7620 1298

PENANG

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

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

PERAK

Affin Hwang Asset Management Berhad
13A Persiaran Greentown 7
Greentown Business Centre
30450 Ipoh Perak

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

MELAKA

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

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

JOHOR

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

Tel : 07 – 2278999
Fax : 07 – 2238998

SABAH

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

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

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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

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

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

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

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)