

Affin Hwang Select Cash Fund

Annual Report
30 November 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 CASH FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 30 November 2019

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FUND INFORMATION

Fund Name	Affin Hwang Select Cash Fund
Fund Type	Income
Fund Category	Money Market
Investment Objective	The Fund aims to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation
Benchmark	The performance benchmark of the Fund is the Maybank Overnight Repo Rate
Distribution Policy	The Fund endeavours to distribute income on a monthly basis

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 NOVEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	30	50
5,001 to 10,000	9	66
10,001 to 50,000	27	695
50,001 to 500,000	53	10,977
500,001 and above	164	2,092,698
Total	283	2,104,486

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Nov 2019 (%)	As at 30 Nov 2018 (%)	As at 30 Nov 2017 (%)
Portfolio composition			
Unquoted fixed income securities – local			
- Bonds	25.11	33.55	29.76
- Commercial papers	6.68	4.34	5.76
Total unquoted fixed income securities – local	31.79	37.89	35.52
Cash & cash equivalent	68.21	62.11	64.48
Total	100.00	100.00	100.00
Total NAV (RM'million)	2,218.471	1,424.666	1,560.732
NAV per Unit (RM)	1.0542	1.0485	1.0433
Unit in Circulation (million)	2,104.488	1,358.710	1,495.990
Highest NAV	1.0553	1.0495	1.0489
Lowest NAV	1.0485	1.0430	1.0425
Return of the Fund (%) ⁱⁱⁱ	3.61	3.61	3.53
- Capital Growth (%) ⁱ	0.54	0.50	-0.41
- Income Distribution (%) ⁱⁱ	3.05	3.10	3.96
Gross Distribution per Unit (sen)	3.16	3.19	4.06
Net Distribution per Unit (sen)	3.16	3.19	4.06
Management Expense Ratio (%) ¹	0.53	0.54	0.52
Portfolio Turnover Ratio (times) ²	0.94	0.53	0.84

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 @ 30/11/19 ÷ NAV per Unit @ 30/11/18* – 1} x 100
= (1.0542 ÷ 1.0485 – 1) x 100
= **0.54%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex-date} + 1
= {0.0013 ÷ 1.0485 @ 12/12/18} + 1 = 1.0012
= {0.0013 ÷ 1.0487 @ 26/12/18} + 1 = 1.0012
= {0.0013 ÷ 1.0488 @ 09/01/19} + 1 = 1.0012
= {0.0013 ÷ 1.0490 @ 23/01/19} + 1 = 1.0012
= {0.0013 ÷ 1.0499 @ 13/02/19} + 1 = 1.0012
= {0.0013 ÷ 1.0501 @ 27/02/19} + 1 = 1.0012
= {0.0012 ÷ 1.0503 @ 13/03/19} + 1 = 1.0011
= {0.0012 ÷ 1.0506 @ 27/03/19} + 1 = 1.0011
= {0.0013 ÷ 1.0508 @ 10/04/19} + 1 = 1.0012
= {0.0013 ÷ 1.0510 @ 24/04/19} + 1 = 1.0012
= {0.0013 ÷ 1.0512 @ 08/05/19} + 1 = 1.0012
= {0.0013 ÷ 1.0515 @ 23/05/19} + 1 = 1.0012

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

² The PTR of the Fund was higher than previous year due to higher average sum of acquisition and disposals for the financial year.

$$\begin{aligned}
&= \{0.0013 \div 1.0523 @ 12/06/19\} + 1 = 1.0012 \\
&= \{0.0013 \div 1.0524 @ 26/06/19\} + 1 = 1.0012 \\
&= \{0.0013 \div 1.0527 @ 10/07/19\} + 1 = 1.0012 \\
&= \{0.0013 \div 1.0530 @ 24/07/19\} + 1 = 1.0012 \\
&= \{0.0013 \div 1.0538 @ 14/08/19\} + 1 = 1.0012 \\
&= \{0.0013 \div 1.0539 @ 28/08/19\} + 1 = 1.0012 \\
&= \{0.0014 \div 1.0539 @ 11/09/19\} + 1 = 1.0013 \\
&= \{0.0014 \div 1.0538 @ 25/09/19\} + 1 = 1.0013 \\
&= \{0.0014 \div 1.0537 @ 09/10/19\} + 1 = 1.0013 \\
&= \{0.0014 \div 1.0535 @ 23/10/19\} + 1 = 1.0013 \\
&= \{0.0014 \div 1.0540 @ 13/11/19\} + 1 = 1.0013 \\
&= \{0.0014 \div 1.0539 @ 27/11/19\} + 1 = 1.0013
\end{aligned}$$

Total Income Returnⁱⁱ

$$\begin{aligned}
&= \{[\text{Income Return @ ex-date} \times \text{Income Return @ ex-date}] - 1\} \times 100 \\
&= \{[1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0011 \times 1.0011 \\
&\quad \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \times 1.0012 \\
&\quad \times 1.0012 \times 1.0012 \times 1.0013 \times 1.0013 \times 1.0013 \times 1.0013 \times 1.0013 \times 1.0013] \\
&\quad - 1\} \times 100 \\
&= \underline{\underline{3.05\%}}
\end{aligned}$$

Return of the Fundⁱⁱⁱ

$$\begin{aligned}
&= \{(1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1\} \times 100 \\
&= \{(1 + 0.54\%) \times (1 + 3.05\%) - 1\} \times 100 \\
&= \underline{\underline{3.61\%}}
\end{aligned}$$

* Source – HSBC Trustee

Table 1: Performance of the Fund

	1 Year (1/12/18 - 30/11/19)	3 Years (1/12/16 - 30/11/19)	5 Years (1/12/14 - 30/11/19)	Since Commencement (6/4/05 - 30/11/19)
Fund	3.61%	11.14%	19.23%	59.56%
Benchmark	1.73%	5.45%	9.61%	30.67%
Outperformance	1.88%	5.69%	9.62%	28.89%

Source of Benchmark: Maybank

Table 2: Average Total Return

	1 Year (1/12/18 - 30/11/19)	3 Years (1/12/16 - 30/11/19)	5 Years (1/12/14 - 30/11/19)	Since Commencement (6/4/05 - 30/11/19)
Fund	3.61%	3.58%	3.58%	3.24%
Benchmark	1.73%	1.78%	1.85%	1.84%
Outperformance / (Underperformance)	1.88%	1.80%	1.73%	1.40%

Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2019 (01/12/18 - 30/11/19)	FYE 2018 (01/12/17 - 30/11/18)	FYE 2017 (01/12/16 - 30/11/17)	FYE 2016 (01/12/15 - 30/11/16)	FYE 2015 (01/12/14 - 30/11/15)
Fund	3.61%	3.61%	3.53%	3.60%	3.54%
Benchmark	1.73%	1.87%	1.75%	1.91%	2.00%
Outperformance / (Underperformance)	1.88%	1.74%	1.78%	1.69%	1.54%

Source of Benchmark: 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

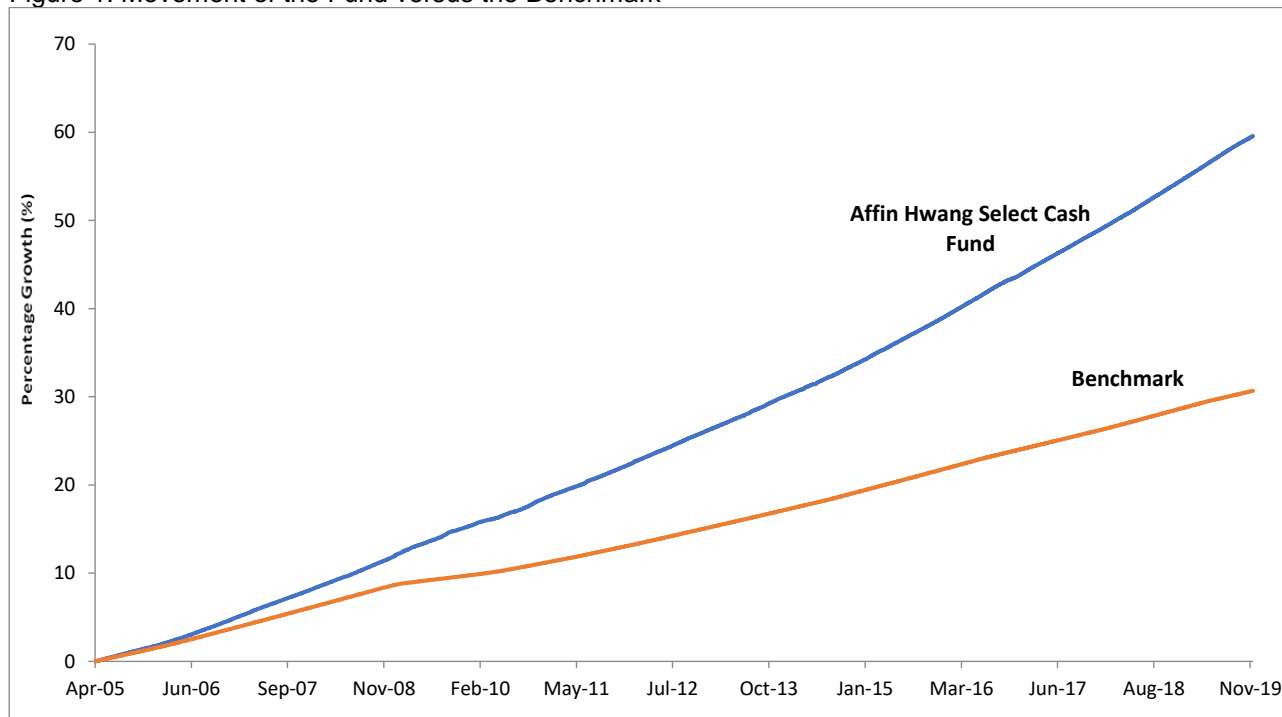
For the year under review from 1 December 2018 – 30 November 2019, the Fund registered a 3.61% return compared to the benchmark Maybank Overnight Repo Rate which yielded a return of 1.73%. The Fund thus outperformed the Benchmark by 1.88%. The Net Asset Value ("NAV") per unit of the Fund as at 30 November 2019 was RM1.0542 while the NAV per unit as at 30 November 2018 was RM1.0485. During the year under review, the Fund has declared a total income distribution of RM0.0316 per unit by way of reinvestment in the form of additional units.

Since commencement, the Fund has registered a return of 59.56% compared to the benchmark return of 30.67%, outperforming by 28.89%. The Fund has also declared a total income distribution of RM0.4288 per unit by way of reinvestment in the form of additional units. (See Table 1 for performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

The benchmark is calculated based on Repo Rate Return before tax. If comparing the Fund's performance against the after tax (tax rate of 25%) Benchmark's return of 1.30%, 4.09%, 7.21% and 23.01% for 1 Year, 3 year, 5 years and since commencement respectively, the Fund would have outperformed the Benchmark by 2.31%, 7.05%, 12.02% and 36.55% respectively.

Given the performance during the period under review, we believe the Fund's objective is being met to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement while maintaining capital preservation.

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."

Benchmark: Maybank Overnight Repo Rate

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0316 per Unit for investors of the Affin Hwang Select Cash Fund during 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)
11 Dec 2018	12 Dec 2018	1.0497	0.0013	1.0485
25 Dec 2018	26 Dec 2018	1.0499	0.0013	1.0487
08 Jan 2019	09 Jan 2019	1.0500	0.0013	1.0488
22 Jan 2019	23 Jan 2019	1.0502	0.0013	1.0490
12 Feb 2019	13 Feb 2019	1.0511	0.0013	1.0499
26 Feb 2019	27 Feb 2019	1.0513	0.0013	1.0501
12 Mar 2019	13 Mar 2019	1.0514	0.0012	1.0503
26 Mar 2019	27 Mar 2019	1.0517	0.0012	1.0506
09 Apr 2019	10 Apr 2019	1.0520	0.0013	1.0508
23 Apr 2019	24 Apr 2019	1.0522	0.0013	1.0510
07 May 2019	08 May 2019	1.0524	0.0013	1.0512
22 May 2019	23 May 2019	1.0527	0.0013	1.0515
11 Jun 2019	12 Jun 2019	1.0535	0.0013	1.0523
25 Jun 2019	26 Jun 2019	1.0536	0.0013	1.0524
09 Jul 2019	10 Jul 2019	1.0539	0.0013	1.0527
23 Jul 2019	24 Jul 2019	1.0541	0.0013	1.0530
13 Aug 2019	14 Aug 2019	1.0550	0.0013	1.0538
27 Aug 2019	28 Aug 2019	1.0551	0.0013	1.0539
10 Sep 2019	11 Sep 2019	1.0552	0.0014	1.0539
24 Sep 2019	25 Sep 2019	1.0551	0.0014	1.0538
08 Oct 2019	09 Oct 2019	1.0550	0.0014	1.0537
22 Oct 2019	23 Oct 2019	1.0549	0.0014	1.0535
12 Nov 2019	13 Nov 2019	1.0553	0.0014	1.0540
26 Nov 2019	27 Nov 2019	1.0552	0.0014	1.0539

No unit split were declared for the financial year ended 30 November 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 Nov 2019</u>	<u>30 Nov 2018</u>	<u>30 Nov 2017</u>
	(%)	(%)	(%)
Unquoted fixed income securities – local	31.79	37.89	35.52
Cash and Cash Equivalent	68.21	62.11	64.48
Total	100.00	100.00	100.00

As at 30 November 2019, the Fund's asset allocation stood at 31.79% in fixed income instruments while the balance was held in cash and cash equivalent. During the period under review, no significant changes have been made to the fund's asset allocation, where 25.11% was invested in local bond papers compared to 33.55% a year ago while allocations into commercial papers were slightly higher at 6.68% over the same period.

Strategies Employed

During the year under review, the Fund maintained a high exposure into money market placements in order to maintain high liquidity to meet investor's cash flow requirements.

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 and October before Fed Chair Jerome Powell stopped short from guiding expectations of further easing indicating that 'monetary policy was in a good place'. The FOMC also dropped the use of the phrase 'act as appropriate' which markets took as a signal that the Fed would likely stay on hold for now.

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. However, things took a turn in October as markets were buoyed by positive trade developments and synchronised monetary easing by global central banks, only to tumble at the end of November as US-China trade tensions continued to simmer following the signing of bills by US President Donald Trump in support of Hong Kong protesters.

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. China had revealed that it would raise penalties on violations of intellectual property rights to address one of the most contentious points in the ongoing trade dispute. However, 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 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.

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

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

We have acted as Trustee of Affin Hwang Select Cash Fund ("the Fund") for the financial year ended 30 November 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 year, a total distribution of 3.16 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
14 January 2020

AFFIN HWANG SELECT CASH FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
INVESTMENT INCOME			
Interest income from financial assets at fair value through profit or loss	4	78,353,677	57,181,993
Net gain/(loss) on financial assets at fair value through profit or loss	9	66,139	(5,735)
		<u>78,419,816</u>	<u>57,176,258</u>
EXPENSES			
Management fee	5	(9,532,646)	(6,803,577)
Trustee fee	6	(677,928)	(489,858)
Auditors' remuneration		(9,000)	(7,000)
Tax agent's fee		(3,800)	(3,700)
Other expenses		(2,672)	(224,604)
		<u>(10,226,046)</u>	<u>(7,528,739)</u>
NET PROFIT BEFORE TAXATION		68,193,770	49,647,519
TAXATION	7	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>68,193,770</u>	<u>49,647,519</u>
Net profit after taxation is made up of the following:			
Realised amount		65,551,479	48,318,923
Unrealised amount		2,642,291	1,328,596
		<u>68,193,770</u>	<u>49,647,519</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 CASH FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
Cash and cash equivalents		388,558	111,367
Financial assets at fair value through profit or loss	9	2,219,097,101	1,425,175,522
TOTAL ASSETS		<u>2,219,485,659</u>	<u>1,425,286,889</u>
LIABILITIES			
Amount due to Manager - management fee		920,840	554,860
Amount due to Trustee		64,459	38,840
Auditors' remuneration		9,000	7,000
Tax agent's fee		4,700	4,300
Other payables and accruals		15,585	15,731
TOTAL LIABILITIES		<u>1,014,584</u>	<u>620,731</u>
NET ASSET VALUE OF THE FUND		<u>2,218,471,075</u>	<u>1,424,666,158</u>
EQUITY			
Unitholders' capital		2,139,459,072	1,355,758,725
Retained earnings		79,012,003	68,907,433
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>2,218,471,075</u>	<u>1,424,666,158</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>2,104,488,000</u>	<u>1,358,710,000</u>
NET ASSETS VALUE PER UNIT (RM)		<u>1.0542</u>	<u>1.0485</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 CASH FUND

STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 December 2018	1,355,758,725	68,907,433	1,424,666,158
Total comprehensive income for the financial year	-	68,193,770	68,193,770
Distributions (Note 8)	-	(58,089,200)	(58,089,200)
Movement in unitholders' capital:			
Creation of units arising from applications	1,891,698,475	-	1,891,698,475
Creation of units arising from distributions	58,089,200	-	58,089,200
Cancellation of units	(1,166,087,328)	-	(1,166,087,328)
Balance as at 30 November 2019	<u>2,139,459,072</u>	<u>79,012,003</u>	<u>2,218,471,075</u>
Balance as at 1 December 2017	1,499,345,929	61,386,233	1,560,732,162
Total comprehensive income for the financial year	-	49,647,519	49,647,519
Distributions (Note 8)	-	(42,126,319)	(42,126,319)
Movement in unitholders' capital:			
Creation of units arising from applications	1,224,073,192	-	1,224,073,192
Creation of units arising from distributions	42,126,319	-	42,126,319
Cancellation of units	(1,409,786,715)	-	(1,409,786,715)
Balance as at 30 November 2018	<u>1,355,758,725</u>	<u>68,907,433</u>	<u>1,424,666,158</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 CASH FUND

STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019

	<u>2019</u> RM	<u>2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	1,738,552,217	757,021,850
Purchase of investments	(1,902,138,563)	(739,304,647)
Placement of deposits with licensed financial institutions	(37,823,072,250)	(26,216,144,830)
Proceeds from maturity of deposits with licensed financial institutions	37,203,904,425	26,337,694,342
Interest received	67,252,408	53,933,533
Management fee paid	(9,166,666)	(6,908,010)
Trustee fee paid	(652,309)	(497,168)
Payment for other fees and expenses	(13,218)	(277,141)
Net cash (used in)/ generated from operating activities	<u>(725,333,956)</u>	<u>185,517,929</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,891,698,475	1,224,073,192
Payments for cancellation of units	(1,166,087,328)	(1,409,786,715)
Net cash generated from/ (used in) financing activities	<u>725,611,147</u>	<u>(185,713,523)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	277,191	(195,594)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>111,367</u>	<u>306,961</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u><u>388,558</u></u>	<u><u>111,367</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 CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL YEAR ENDED 30 NOVEMBER 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 year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 December 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

MFRS 9 has been applied retrospectively by the Fund and has resulted in the changes outlined in Note F.

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 December 2018: (continued)

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Fund.

- (b) 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

Interest income

Interest income from short term deposits with licensed financial institutions and unquoted fixed income securities are recognised based on the effective interest rate method on an accrual basis.

Up to 30 November 2018, when a loan and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 December 2018, 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).

The change did not result in any material impact in the Fund.

Realised gain and losses on sales of investments

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 CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

C 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 year in which it is approved by the Trustee of the Fund.

D TAXATION

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

Up to 30 November 2018 the Fund designates its investment in unquoted fixed income securities and deposits with licenced financial institutions as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprises cash and cash equivalents.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

From 1 December 2018, 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 CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

F 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 are measured at fair value through profit or loss

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

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

(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.

Financial liabilities, within the scope of MFRS 139 up to 30 November 2018 and MFRS from 1 December 2018 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 are presented in the statement of comprehensive income within "net gain/(loss) on financial assets at fair value through profit or loss" in the year which they arise.

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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 Unlisted Capital Market Products under the Lodge and Launch Framework. 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 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.

Deposits with licensed financial institutions 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

Up to 30 November 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If "loans and receivables" or a "held-to-maturity investment" has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

From 1 December 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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.

G CASH AND CASH EQUIVALENTS

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

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

H 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 asset 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 a unitholder exercises the right to put the unit back to the Fund.

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

I CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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 CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Cash Fund (the “Fund”) pursuant to the execution of a Deed dated 21 March 2005 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 19 March 2010, Fifth Supplemental Deed dated 18 January 2012, Sixth Supplemental Deed dated 27 June 2014 and Seventh Supplemental Deed dated 19 December 2016 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”). The Fund has changed its name from HwangDBS Select Cash Fund to Hwang Select Cash Fund as amended by Fifth Supplemental Deed dated 18 January 2012 and from Hwang Select Cash Fund to Affin Hwang Select Cash Fund as amended by Sixth Supplemental Deed dated 27 June 2014.

The Fund commenced operations on 31 March 2005 and will continue its operations until terminated by the Trustee as provided under Clause 3.1 of the Deed.

The Fund may invest in any of the following investments:

- (a) Debentures
- (b) Unlisted securities, including without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation of such securities
- (c) Money market instruments
- (d) Deposits
- (e) Derivatives
- (f) Units or shares in collective investment schemes
- (g) 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 with a regular income stream and high level of liquidity to meet cash flow requirement while maintaining capital preservation.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds, exchange-trades 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 14 January 2020.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
Cash and cash equivalents		388,558	-	388,558
Deposits with licensed financial institutions	9	-	1,513,894,176	1,513,894,176
Unquoted fixed income securities	9	-	705,202,925	705,202,925
Total		<u>388,558</u>	<u>2,219,097,101</u>	<u>2,219,485,659</u>

	<u>Note</u>	Loans and receivables RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2018</u>				
Cash and cash equivalents		111,367	-	111,367
Deposits with licensed financial institutions	9	-	885,344,074	885,344,074
Unquoted fixed income securities	9	-	539,831,448	539,831,448
Total		<u>111,367</u>	<u>1,425,175,522</u>	<u>1,425,286,889</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 and interest rate 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 CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Market risk

(a) Price risk

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

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

	<u>2019</u> RM	<u>2018</u> RM
Unquoted investments*		
Unquoted fixed income securities designated at fair value through profit or loss	705,202,925	539,831,448

* Includes interest receivable of RM6,515,224 (2018: RM7,664,806)

The following table summarises the sensitivity of the Fund's profit after taxation and NAV 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 securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2019</u>		
-5%	663,753,316	(34,934,385)
0%	698,687,701	-
+5%	733,622,086	34,934,385
<u>2018</u>		
-5%	505,558,310	(26,608,332)
0%	532,166,642	-
+5%	558,774,974	26,608,332

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income security till 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 net asset value 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%	(171,018)	(108,483)
- 1%	175,476	110,003

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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Credit risk

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

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

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

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

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

	Unquoted fixed income <u>securities</u> RM	Deposits with licensed financial <u>institutions</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2019</u>				
Consumer goods				
- AAA	15,253,408			15,253,408
- AA2	56,402,405	-	-	56,402,405
- A1	30,336,078	-	-	30,336,078
Consumer Services				
- AAA	86,761,396	-	-	86,761,396
- AA-	5,128,854	-	-	5,128,854
Financial services				
- AAA	42,834,711	1,022,175,464	388,558	1,065,398,733
- AA3	73,375,981	60,822,575		134,198,556
- AA2	-	364,712,911		364,712,911
- AA1	10,316,636	66,183,226	-	76,499,862
- AA-	56,281,782	-	-	56,281,782
- NR	129,075,609	-	-	129,075,609

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Deposits with licensed financial <u>institutions</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2019</u> (continued)				
Government				
- AAA	25,867,339	-	-	25,867,339
Industrial				
- AAA	928,102	-	-	928,102
- AA3	78,283,378	-	-	78,283,378
- AA-	5,085,703	-	-	5,085,703
- A1	7,642,796	-	-	7,642,796
- NR	19,022,733	-	-	19,022,733
Oil & gas				
- AA-	5,045,669	-	-	5,045,669
Quasi-Government				
- AAA	20,171,868	-	-	20,171,868
Utilities				
- AA	28,756,924	-	-	28,756,924
- AA-	8,631,553	-	-	8,631,553
	<u>705,202,925</u>	<u>1,513,894,176</u>	<u>388,558</u>	<u>2,219,485,659</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Deposits with licensed financial <u>institutions</u> RM	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2018</u>				
Consumer goods				
- AA3	71,022,768	-	-	71,022,768
- AA2	10,142,751	-	-	10,142,751
Financial services				
- AAA	-	439,210,255	111,367	439,321,622
- AA3	48,594,306	171,161,288	-	219,755,594
- AA2	23,490,445	259,917,606	-	283,408,051
- AA1	9,094,271	-	-	9,094,271
- A1	-	15,054,925	-	15,054,925
- P1	33,925,500	-	-	33,925,500
- NR	27,902,270	-	-	27,902,270
Industrial				
- AA3	15,167,392	-	-	15,167,392
- AA-	45,932,110	-	-	45,932,110
Oil & gas				
- AA-	5,041,069	-	-	5,041,069
Property & real estate				
- AAA	45,960,864	-	-	45,960,864
- AA3	30,707,208	-	-	30,707,208
- AA-	74,505,685	-	-	74,505,685
Telecommunications				
- AA+	5,036,988	-	-	5,036,988
Trading & Services				
- AAA	8,093,956	-	-	8,093,956
- AA3	15,193,720	-	-	15,193,720
- AA-	70,020,145	-	-	70,020,145
	<u>539,831,448</u>	<u>885,344,074</u>	<u>111,367</u>	<u>1,425,286,889</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

Liquidity risk

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

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

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2019</u>			
Amount due to Manager			
- management fee	920,840	-	920,840
Amount due to Trustee	64,459	-	64,459
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	4,700	4,700
Other payables and accruals	-	15,585	15,585
	<u>985,299</u>	<u>29,285</u>	<u>1,014,584</u>
<u>2018</u>			
Amount due to Manager			
- management fee	554,860	-	554,860
Amount due to Trustee	38,840	-	38,840
Auditors' remuneration	-	7,000	7,000
Tax agent's fee	-	4,300	4,300
Other payables and accruals	-	15,731	15,731
	<u>593,700</u>	<u>27,031</u>	<u>620,731</u>

Capital risk

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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<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 at inception				
- unquoted fixed income securities	-	705,202,925	-	705,202,925
- deposits with licensed financial institutions	-	1,513,894,176	-	1,513,894,176
	-	2,219,097,101	-	2,219,097,101
<u>2018</u>				
Financial assets at fair value through profit or loss at inception				
- unquoted fixed income securities	-	539,831,448	-	539,831,448
- deposits with licensed financial institutions	-	885,344,074	-	885,344,074
	-	1,425,175,522	-	1,425,175,522

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities and deposits with licensed financial institutions. 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 and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

4 INTEREST INCOME

	<u>2019</u> RM	<u>2018</u> RM
Interest income from financial assets at fair value through profit or loss:		
- deposits with licensed financial institutions	54,339,188	35,620,924
- unquoted fixed income securities	24,014,489	21,561,069
	<u>78,353,677</u>	<u>57,181,993</u>

5 MANAGEMENT FEE

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

For the financial year ended 30 November 2019, the management fee is recognised at a rate of 0.50% (2018: 0.50%) per annum of the NAV of the Fund calculated on a daily basis as stated in the Fund's prospectus.

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

6 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund.

For the financial year ended 30 November 2019, the Trustee fee is recognised at a rate of 0.035% (2018: 0.035%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

7 TAXATION

	<u>2019</u> RM	<u>2018</u> RM
Current taxation	-	-

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

	<u>2019</u> RM	<u>2018</u> RM
Net profit before taxation	68,193,770	49,647,519
Tax at Malaysian statutory rate of 24% (2018: 24%)	16,366,505	11,915,405
Tax effects of:		
Investment income not subject to tax	(18,857,244)	(13,722,302)
Expenses not deductible for tax purposes	163,775	171,879
Restriction on tax deductible expenses for Unit Trust Funds	2,326,964	1,635,018
Tax expense	-	-

8 DISTRIBUTIONS

	<u>2019</u> RM	<u>2018</u> RM
Distributions to unitholders are from the following sources:		
Interest income	26,224,319	18,541,133
Previous year's realised income	31,983,958	23,585,186
Gross realised income	58,208,277	42,126,319
Less: Expenses	(119,077)	-
Net distribution amount	58,089,200	42,126,319

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

8 DISTRIBUTIONS (CONTINUED)

During the financial year 30 November 2019, distributions were made as follows:

	Gross/Net distribution <u>per unit</u> sen
<u>2019</u>	
12.12.2018	0.13
26.12.2018	0.13
09.01.2019	0.13
23.01.2019	0.13
13.02.2019	0.13
27.02.2019	0.13
13.03.2019	0.12
27.03.2019	0.12
10.04.2019	0.13
24.04.2019	0.13
08.05.2019	0.13
23.05.2019	0.13
12.06.2019	0.13
26.06.2019	0.13
10.07.2019	0.13
24.07.2019	0.13
14.08.2019	0.13
28.08.2019	0.13
11.09.2019	0.14
25.09.2019	0.14
09.10.2019	0.14
23.10.2019	0.14
13.11.2019	0.14
27.11.2019	0.14
	<hr/>
	3.16
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AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

8 DISTRIBUTIONS (CONTINUED)

During the financial year 30 November 2018, distributions were made as follows:

	Gross/Net distribution per unit sen
<u>2018</u>	
13.12.2017	0.14
27.12.2017	0.15
10.01.2018	0.14
24.01.2018	0.14
14.02.2018	0.14
28.02.2018	0.14
14.03.2018	0.13
28.03.2018	0.13
11.04.2018	0.13
25.04.2018	0.13
07.05.2018	0.13
23.05.2018	0.13
13.06.2018	0.13
27.06.2018	0.13
11.07.2018	0.13
25.07.2018	0.13
08.08.2018	0.13
20.08.2018	0.13
12.09.2018	0.13
26.09.2018	0.13
10.10.2018	0.13
24.10.2018	0.13
14.11.2018	0.13
28.11.2018	0.13
	<hr/>
	3.19
	<hr/>

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 year is an amount of RM31,983,958 (2018: RM23,585,186) made from previous year's realised income.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Designated at fair value through profit or loss at inception:		
- unquoted fixed income securities – local	705,202,925	539,831,448
- deposits with licensed financial institutions	1,513,894,176	885,344,074
	<u>2,219,097,101</u>	<u>1,425,175,522</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of investments	292,422	(20,632)
- unrealised (loss)/gain on changes in fair value	(226,283)	14,897
	<u>66,139</u>	<u>(5,735)</u>

(a) Unquoted fixed income securities – local

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

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
4.72% Besraya Malaysia Sdn Bhd 28.07.2020 (AA3)	7,000,000	7,157,929	7,159,981	0.32
4.90% National Bank of Abu Dhabi 28.12.2020(AAA)	20,000,000	20,642,408	20,738,449	0.93
5.65% Cagamas MBS Bhd 11.12.2020 (AAA)	25,000,000	25,790,071	25,867,339	1.17
4.55% Berjaya Land Bhd 18.12.2019 (AAA)	35,000,000	35,728,708	35,740,523	1.61
4.50% Premier Auto Assets Bhd 19.07.2020 (AAA)	15,000,000	15,249,602	15,253,408	0.69
3.85% Impian Ekspresi Sdn Bhd 30.11.2020 (AAA)	10,000,000	10,007,063	10,006,910	0.45
4.90% Segi Astana Sdn Bhd 08.01.2020 (AA-)	25,000,000	25,492,704	25,498,750	1.15
4.40% Pac Lease Bhd 13.05.2020 (AA3)	15,000,000	15,033,604	15,092,548	0.68
4.75% Sports Toto Malaysia Sdn Bhd 30.06.2021 (AA-)	5,000,000	5,102,306	5,128,854	0.23
3.80% Pac Lease Bhd 23.03.2021 (AA3)	17,000,000	17,131,847	17,142,350	0.77
5.00% Segi Astana Sdn Bhd 08.01.2021 (AA-)	15,000,000	15,292,700	15,360,600	0.69
4.85% Berjaya Land Bhd 16.12.2019 (AAA)	15,000,000	15,338,307	15,340,656	0.69
4.50% GENM Capital Bhd 24.08.2020 (AAA)	30,000,000	30,394,246	30,564,267	1.38

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

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

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

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds (continued)</u>				
4.60% WCT Holdings Bhd 28.08.2020 (AA-)	5,000,000	5,085,811	5,085,703	0.23
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	30,000,000	30,336,359	30,336,078	1.37
4.55% Zamarad Assets Bhd 27.03.2020 (AAA)	5,000,000	5,040,225	5,052,314	0.23
4.15% Zamarad Assets Bhd 27.07.2020 (AAA)	2,000,000	2,029,090	2,030,527	0.09
3.90% Zamarad Assets Bhd 19.11.2020 (AAA)	5,000,000	5,006,402	5,006,511	0.23
3.60% Perbadanan Kemajuan N Selangor 23.11.2020 (AA)	25,000,000	25,034,264	25,034,003	1.13
5.07% UiTM Solar Power Sdn Bhd 27.04.2020 (AA-)	5,000,000	5,025,947	5,045,669	0.23
4.80% Lafarge Cement Sdn Bhd 13.01.2020 (A1)	7,500,000	7,642,383	7,642,796	0.34
4.85% Perbadanan Kemajuan N Selangor 29.05.2020 (AA3)	16,000,000	16,280,476	16,107,080	0.73
4.80% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	5,000,000	5,103,991	5,115,950	0.23
5.10% BEWG M Sdn Bhd 17.07.2020 (AA)	28,000,000	29,351,496	28,756,924	1.30
4.80% UEM Sunrise Bhd 11.12.2020 (AA-)	10,000,000	10,260,633	10,368,707	0.47
4.65% MBSB Bank Bhd 24.12.2020 (AA1)	10,000,000	10,260,464	10,316,636	0.46
4.55% Gamuda Bhd 13.03.2020 (AA3)	25,000,000	25,313,423	25,315,949	1.14
4.10% Danga Capital Bhd 09.04.2020 (AAA)	20,000,000	20,147,227	20,171,868	0.91
4.58% UEM Sunrise Bhd 10.04.2020 (AA-)	5,000,000	5,044,776	5,053,725	0.23
5.20% MMC Corp Berhad 12.11.2020 (AA-)	8,500,000	8,627,342	8,631,553	0.39
4.30% Rantau Abang Capital 03.12.2020 (AAA)	900,000	924,861	928,102	0.04
4.62% Gamuda Bhd 23.04.2021 (AA3)	45,000,000	45,744,542	45,807,448	2.06

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

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

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

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds (continued)</u>				
4.35% First Resources Ltd 05.06.2020 (AA2)	40,000,000	41,091,221	41,014,581	1.85
4.85% First Resources Ltd 27.10.2021 (AA2)	15,000,000	15,381,493	15,387,824	0.69
	<u>546,900,000</u>	<u>557,093,921</u>	<u>557,104,583</u>	<u>25.11</u>

Commercial papers

0% Orix Leasing Malaysia 13.12.2019 (P1)	15,000,000	14,983,565	14,983,565	0.68
0% Pac Lease Bhd 18.12.2019 (P1)	40,000,000	39,933,817	39,933,817	1.80
0% SunREIT Unrated Bond Bhd 30.12.2019 (NR)	10,000,000	9,973,080	9,973,079	0.45
0% Sabah Credit Corp 17.01.2020 (P1)	5,000,000	4,976,485	4,976,485	0.22
0% Sabah Credit Corp 27.03.2020 (P1)	10,000,000	9,889,069	9,889,069	0.45
0% Sabah Credit Corp 08.04.2020 (P1)	20,000,000	19,753,378	19,753,378	0.89
0% Sabah Credit Corp 30.04.2020 (P1)	30,000,000	29,566,216	29,566,216	1.33
0% Lafarge Cement Sdn Bhd 09.07.2020 (P1)	19,500,000	19,022,733	19,022,733	0.86
	<u>149,500,000</u>	<u>148,098,343</u>	<u>148,098,342</u>	<u>6.68</u>

Total unquoted fixed income securities – local	<u>696,400,000</u>	<u>705,192,264</u>	<u>705,202,925</u>	<u>31.79</u>
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Accumulated unrealised gain on
unquoted fixed income securities – local

10,661

Total unquoted fixed income
securities – local

705,202,925

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

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

(ii) Unquoted fixed income securities – local as at 30 November 2018 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
4.50% Ambank (M) Bhd 26.06.2020 (AA2)	18,000,000	18,365,086	18,422,270	1.29
4.45% AmBank Islamic Bhd 06.03.2020 (AA2)	5,000,000	5,052,425	5,068,175	0.35
4.50% AMMB Holdings Bhd 08.08.2019 (AA3)	28,000,000	28,385,528	28,447,946	2.00
4.35% Asian Finance Bank Bhd 10.12.2018 (AA1)	4,000,000	4,082,332	4,082,711	0.29
4.55% Berjaya Land Bhd 17.12.2018 (AAA)	40,000,000	40,827,815	40,829,726	2.87
4.85% Berjaya Land Bhd 16.12.2019 (AAA)	5,000,000	5,128,810	5,131,138	0.36
4.90% BGSM Management Sdn Bhd 27.12.2018 (AA3)	5,000,000	5,107,398	5,107,662	0.36
5.00% Bumitama Agri Ltd 02.09.2019 (AA3)	25,000,000	25,388,882	25,413,295	1.78
5.25% Bumitama Agri Ltd 18.03.2019 (AA3)	45,000,000	45,585,913	45,609,473	3.20
3.75% Celcom Transmission Malaysia 29.08.2019 (AA+)	5,000,000	5,025,726	5,036,988	0.35
4.62% Gamuda Bhd 13.03.2019 (AA3)	15,000,000	15,162,146	15,167,392	1.06
5.30% GB Services Bhd 08.11.2019 (AAA)	8,000,000	8,093,399	8,093,956	0.57
4.60% MBSB Bank Bhd 29.05.2019 (AA1)	5,000,000	5,005,462	5,011,560	0.35
4.80% Media Chinese Intl Ltd 25.02.2019 (AA3)	15,000,000	15,186,070	15,193,720	1.07
4.40% Pac Lease Bhd 13.05.2020 (AA3)	15,000,000	15,036,588	15,038,698	1.06
4.50% Perbadanan Kemajuan Negeri Selangor 03.12.2018 (AA3)	15,000,000	15,342,204	15,342,123	1.08
4.60% Perbadanan Kemajuan Negeri Selangor 31.05.2019 (AA3)	15,000,000	15,356,197	15,365,085	1.08
4.80% Segi Astana Sdn Bhd 08.01.2019 (AA-)	5,000,000	5,095,328	5,095,842	0.36
4.90% Segi Astana Sdn Bhd 08.01.2020 (AA-)	25,000,000	25,525,938	25,477,144	1.79
4.53% Sports Toto Malaysia Sdn Bhd 28.06.2019 (AA-)	35,000,000	35,569,476	35,560,499	2.50
4.75% Sports Toto Malaysia Sdn Bhd 01.07.2019 (AA-)	5,000,000	5,102,149	5,106,106	0.36

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

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

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

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds (continued)</u>				
4.75% Sports Toto Malaysia Sdn Bhd 03.07.2019 (AA-)	25,000,000	25,500,953	25,521,271	1.79
4.82% Sports Toto Malaysia Sdn Bhd 28.06.2019 (AA-)	3,750,000	3,833,329	3,832,269	0.27
4.60% UEM Sunrise Bhd 13.12.2018 (AA-)	43,000,000	43,929,505	43,932,699	3.08
5.07% UiTM Solar Power Sdn Bhd 27.04.2020 (AA-)	5,000,000	5,033,754	5,041,069	0.35
4.50% UMW Holdings Bhd 15.02.2019 (AA2)	10,000,000	10,136,427	10,142,751	0.71
4.80% WCT Holdings Bhd 28.12.2018 (AA-)	45,000,000	45,927,439	45,932,110	3.22
	<u>469,750,000</u>	<u>477,786,279</u>	<u>478,003,678</u>	<u>33.55</u>
<u>Commercial papers</u>				
0% Pac Lease Bhd 05.12.2018 (NR)	5,000,000	4,997,857	4,998,950	0.35
0% Pac Lease Bhd 26.12.2018 (NR)	20,000,000	19,946,547	19,951,200	1.40
0% Perbadanan Kemajuan Negeri Selangor 01.04.2019 (P1)	15,000,000	14,775,032	14,793,300	1.04
0% Perbadanan Kemajuan Negeri Selangor 22.11.2019 (P1)	20,000,000	19,141,541	19,132,200	1.34
0% UEM Edgenta Bhd 26.04.2019 (NR)	3,000,000	2,947,248	2,952,120	0.21
	<u>63,000,000</u>	<u>61,808,225</u>	<u>61,827,770</u>	<u>4.34</u>
Total unquoted fixed income securities – local	<u>532,750,000</u>	<u>539,594,504</u>	<u>539,831,448</u>	<u>37.89</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>236,944</u>		
Total unquoted fixed income securities – local		<u>539,831,448</u>		

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

(b) Deposits with licensed financial institutions

	<u>2019</u> RM	<u>2018</u> RM
Deposits with licensed financial institutions*	<u>1,513,894,176</u>	<u>885,344,074</u>

*Includes interest receivable of RM19,957,030 (2018: RM10,574,753).

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

	<u>2019</u> %	<u>2018</u> %
Deposits with licensed financial institutions	<u>3.63</u>	<u>3.97</u>

Deposits with licensed financial institutions have a weighted average maturity of 40 days (2018: 95 days).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial year	1,358,710,000	1,495,990,000
Creation of units arising from applications during the financial year	1,798,660,758	1,170,641,657
Creation of units arising from distributions during the financial year	55,220,289	40,313,908
Cancellation of units during the financial year	<u>(1,108,103,047)</u>	<u>(1,348,235,565)</u>
At the end of the financial year	<u>2,104,488,000</u>	<u>1,358,710,000</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

11 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the financial year ended 30 November 2019 are as follows:

<u>Name of dealers</u>	Percentage <u>Value of trade</u> RM	<u>of total trade</u> %
HSBC Bank (Malaysia) Bhd	424,032,164	24.64
OCBC Bank (Malaysia) Bhd	373,788,722	21.72
AmBank (M) Bhd	198,766,349	11.55
Hong Leong Bank Bhd	187,898,013	10.92
CIMB Bank Bhd	141,676,152	8.23
Affin Hwang Investment Bank Bhd#	104,856,960	6.09
Malayan Banking Bhd	69,951,945	4.07
RHB Investment Bank Bhd	65,269,400	3.79
Standard Chartered Bank Malaysia Bhd	44,397,000	2.58
Alliance Bank Malaysia Bhd	25,115,000	1.46
Others#	85,166,800	4.95
	<u>1,720,918,505</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 dealers for the financial year ended 30 November 2018 are as follows:

<u>Name of dealers</u>	Percentage <u>Value of trade</u> RM	<u>of total trade</u> %
HSBC Bank (Malaysia) Bhd	354,500,000	31.60
OCBC Bank (Malaysia) Bhd	234,716,724	20.92
CIMB Bank Bhd	136,218,690	12.14
Hong Leong Bank Bhd	90,159,650	8.04
RHB Investment Bank Bhd#	84,573,867	7.54
AmBank (Malaysia) Bhd	61,101,600	5.45
Alliance Bank Malaysia Bhd#	39,055,650	3.48
Affin Hwang Investment Bank Bhd#	25,944,682	2.31
Standard Chartered Bank Malaysia Bhd	25,046,500	2.23
Malayan Banking Bhd	17,860,507	1.59
Others#	52,648,627	4.70
	<u>1,121,826,497</u>	<u>100.00</u>

Included in the transactions with dealers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM104,856,960 (2018: RM25,944,682). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

11 TRANSACTIONS WITH DEALERS (CONTINUED)

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

	<u>2019</u> RM	<u>2018</u> RM
<u>Name of dealers</u>		
Affin Hwang Investment Bank Bhd	64,746,960	15,114,500
Alliance Bank Malaysia Bhd	-	29,050,900
Hong Leong Investment Bank Bhd	-	12,004,300
RHB Bank Bhd	-	10,025,500
RHB Investment Bank Bhd	-	36,871,548
Bank Muamalat Malaysia Bhd	23,161,300	-
	<u>87,908,260</u>	<u>103,066,748</u>

The cross trades are conducted between the Funds and other funds; and private mandates managed by the Manager as follows:

	<u>2019</u> RM	<u>2018</u> RM
Affin Hwang Enhanced Income Fund	5,006,750	10,044,750
Affin Hwang Income Fund I	8,008,800	17,086,850
Affin Hwang Enhanced Deposit Fund	-	57,092,710
Affin Hwang Flexible Maturity Income Fund 4	-	1,253,313
Affin Hwang Flexible Maturity Income Fund 6	-	2,506,625
Affin Hwang Flexible Maturity Income Fund 7	7,576,500	5,003,000
Affin Hwang Select Income Fund	7,029,400	-
Affin Hwang Select Bond Fund	20,502,360	-
Affin Hwang Aiiman Income Plus Fund	29,742,550	5,041,500
Affin Hwang Institutional Bond Fund	-	-
Affin Hwang Wholesale Corporate Bond Fund	-	5,038,000
Affin Hwang Bond Fund	5,026,900	-
Private mandates managed by the Manager	5,015,000	-
	<u>87,908,260</u>	<u>103,066,748</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

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

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

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

The units held by the Manager and parties related to the Manager as at the end of the financial year are as follows:

	<u>2019</u>		<u>2018</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	2,862	3,017	3,441	3,608
	<u>2,862</u>	<u>3,017</u>	<u>3,441</u>	<u>3,608</u>
<u>Subsidiary of the Manager:</u>				
Bintang Capital Partners Berhad (The units are held beneficially)	5,814,782	6,129,943	-	-
	<u>5,814,782</u>	<u>6,129,943</u>	<u>-</u>	<u>-</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

13 MANAGEMENT EXPENSE RATIO ("MER")

	<u>2019</u> %	<u>2018</u> %
MER	<u>0.53</u>	<u>0.54</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM1,936,908,560 (2018: RM1,399,572,372).

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2019</u>	<u>2018</u>
PTR (times)	<u>0.94</u>	<u>0.53</u>

PTR is derived from the following calculation:

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

where: total acquisitions for the financial year = RM1,902,138,563 (2018: RM739,304,647)
total disposals for the financial year = RM1,738,552,217 (2018: RM757,126,778)

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

15 MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note A, the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies.

(a) Classification and measurement of financial assets

Up to 30 November 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL") and financing and receivables. Note F sets out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 December 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL").

(b) Impairment

From 1 December 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss.

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019 (CONTINUED)

15 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

As disclosed above, the adoption of MFRS 9 in 2018 resulted in a change in measurement categories of certain financial assets and financial liabilities.

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 December 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- -cations	Remeasu- -rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	111,367	-	-	111,367
Unquoted fixed income securities	FVTPL	FVTPL	539,831,448			539,831,448
Short-term Shariah-based deposits with licensed financial institutions	FVTPL	FVTPL	885,344,074	-	-	885,344,074
Liabilities						
Amount due to Manager - management fee	Amortised cost	Amortised cost	554,860	-	-	554,860
Amount due to Trustee	Amortised cost	Amortised cost	38,840	-	-	38,840
Auditors' remuneration	Amortised cost	Amortised cost	7,000	-	-	7,000
Tax agent's fee	Amortised cost	Amortised cost	4,300	-	-	4,300
Other payables and accruals	Amortised cost	Amortised cost	15,731	-	-	15,731

16 SUBSEQUENT EVENT

The Manager has declared the following distributions in respect of the months of December 2019 and January 2020 amounting to RM8,886,472, which has been approved by the Trustee. The distributions will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the next financial year.

	Gross/net distribution per unit sen
<u>Ex-date</u>	
11.12.2019	0.14
26.12.2019	0.14
08.01.2020	0.14

AFFIN HWANG SELECT CASH 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 47 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 November 2019 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 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
14 January 2020

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT CASH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Cash Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 November 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 November 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 47.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT CASH FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT CASH FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG SELECT CASH FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
14 January 2020

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