

Affin Hwang Select Cash Fund

Annual Report
30 November 2020

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG SELECT CASH FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 30 November 2020

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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 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	29	38
5,001 to 10,000	9	67
10,001 to 50,000	24	764
50,001 to 500,000	71	14,484
500,001 and above	151	1,454,521
Total	284	1,469,874

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Nov 2020 (%)	As at 30 Nov 2019 (%)	As at 30 Nov 2018 (%)
Portfolio composition			
Unquoted fixed income securities – local			
- Bonds	39.74	25.11	33.55
- Commercial papers	9.31	6.68	4.34
Total unquoted fixed income securities – local	49.05	31.79	37.89
Cash & cash equivalent	50.95	68.21	62.11
Total	100.00	100.00	100.00
Total NAV (RM'million)	1,549.556	2,218.471	1,424.666
NAV per Unit (RM)	1.0542	1.0542	1.0485
Unit in Circulation (million)	1,469.877	2,104.488	1,358.710
Highest NAV	1.0554	1.0553	1.0495
Lowest NAV	1.0525	1.0485	1.0430
Return of the Fund (%) ⁱⁱⁱ	2.73	3.61	3.61
- Capital Growth (%) ⁱ	Nil	0.54	0.50
- Income Distribution (%) ⁱⁱ	2.73	3.05	3.10
Gross Distribution per Unit (sen)	2.84	3.16	3.19
Net Distribution per Unit (sen)	2.84	3.16	3.19
Management Expense Ratio (%) ¹	0.50	0.54	0.54
Portfolio Turnover Ratio (times) ²	0.81	0.94	0.53

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

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 lower than previous year due to lower average sum of acquisition and disposals for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
10-Dec-19	11-Dec-19	1.0551	0.0014	1.0538
25-Dec-19	26-Dec-19	1.0551	0.0014	1.0537
07-Jan-20	08-Jan-20	1.0549	0.0014	1.0536
21-Jan-20	22-Jan-20	1.0547	0.0014	1.0534
11-Feb-20	12-Feb-20	1.0554	0.0014	1.0541
25-Feb-20	26-Feb-20	1.0554	0.0014	1.0541
10-Mar-20	11-Mar-20	1.0554	0.0014	1.0541
24-Mar-20	25-Mar-20	1.0545	0.0014	1.0531
07-Apr-20	08-Apr-20	1.0546	0.0014	1.0532
21-Apr-20	22-Apr-20	1.0544	0.0014	1.0531
12-May-20	13-May-20	1.0549	0.0014	1.0537
26-May-20	27-May-20	1.0548	0.0014	1.0535
09-Jun-20	10-Jun-20	1.0544	0.0014	1.0530
23-Jun-20	24-Jun-20	1.0539	0.0013	1.0527
07-Jul-20	08-Jul-20	1.0536	0.0013	1.0526
21-Jul-20	22-Jul-20	1.0535	0.0011	1.0525
11-Aug-20	12-Aug-20	1.0537	0.0009	1.0529
25-Aug-20	26-Aug-20	1.0536	0.0008	1.0529
08-Sep-20	09-Sep-20	1.0538	0.0008	1.0530
22-Sep-20	23-Sep-20	1.0538	0.0008	1.0531
13-Oct-20	14-Oct-20	1.0544	0.0008	1.0537
27-Oct-20	28-Oct-20	1.0546	0.0008	1.0538
10-Nov-20	11-Nov-20	1.0546	0.0008	1.0538
24-Nov-20	25-Nov-20	1.0547	0.0008	1.0539

No unit split were declared for the financial year ended 30 November 2020.

Performance Review

For the year 1 December 2019 to 30 November 2020, the Fund registered a 2.73% return compared to the benchmark return of 0.73%. The Fund thus outperformed the Benchmark by 2.00%. The Net Asset Value ("NAV") per unit of the Fund as at 30 November 2020 was RM1.0542 while the NAV per unit as at 30 November 2019 was RM1.0542. During the year under review, the Fund has declared a total income distribution of RM0.0284 per unit by way of reinvestment in the form of additional units.

Since commencement, the Fund has registered a return of 63.92% compared to the benchmark return of 31.63%, outperforming by 32.29%. The Fund has also declared a total income distribution of RM0.4572 per unit by way of reinvestment in the form of additional units. We believe the Fund's objective of providing investors with a regular income stream and high level of liquidity to meet cash flow requirement whilst maintaining capital preservation has been met.

Table 1: Performance of the Fund

	1 Year (1/12/19 - 30/11/20)	3 Years (1/12/17 - 30/11/20)	5 Years (1/12/15 - 30/11/20)	Since Commencement (6/4/05 - 30/11/20)
Fund	2.73%	10.28%	18.29%	63.92%
Benchmark	0.73%	4.39%	8.25%	31.63%
Outperformance	2.00%	5.89%	10.04%	32.29%

Source of Benchmark: Maybank

Table 2: Average Total Return

	1 Year (1/12/19 - 30/11/20)	3 Years (1/12/17 - 30/11/20)	5 Years (1/12/15 - 30/11/20)	Since Commencement (6/4/05 - 30/11/20)
Fund	2.73%	3.31%	3.41%	3.20%
Benchmark	0.73%	1.44%	1.60%	1.77%
Outperformance	2.00%	1.87%	1.81%	1.43%

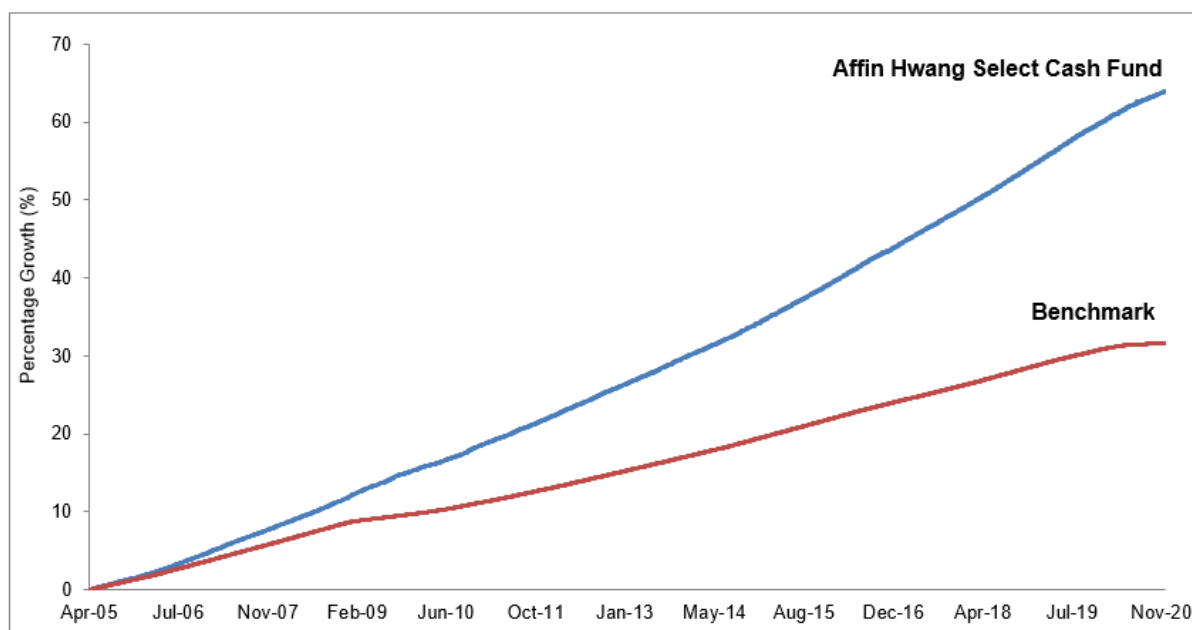
Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2020 (1/12/19 - 30/11/20)	FYE 2019 (1/12/18 - 30/11/19)	FYE 2018 (1/12/17 - 30/11/18)	FYE 2017 (1/12/16 - 30/11/17)	FYE 2016 (1/12/15 - 30/11/16)
Fund	2.73%	3.61%	3.61%	3.53%	3.60%
Benchmark	0.73%	1.73%	1.87%	1.75%	1.91%
Outperformance	2.00%	1.88%	1.74%	1.78%	1.69%

Source of Benchmark: Maybank

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



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

Benchmark: Maybank Overnight Repo Rate

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

Asset Allocation

As at 30 November 2020, the Fund's asset allocation stood at 49.05% in fixed income instruments while the balance was held in cash and cash equivalent. During the year under review, no significant changes have been made to the fund's asset allocation, where 39.74% was invested in local bond papers compared to 25.11% a year ago while allocations into commercial papers were slightly higher at 9.31% 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

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month. In the US, the S&P 500 index closed 12.5% lower that month. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented relief package to cushion its economy. The relief package comes as the US also reports the greatest number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced since. By November, the S&P 500 index closed 10.8% higher from the previous month. This positive effect extended to Asia as well, with the Hang Seng Index and broader MSCI Asia ex Japan index rising 9.15% and 8.00% respective in the same period.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in "good financial standing". Similarly, the EU proposed a European Stability Mechanism ("ESM") which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouses rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

On commodities, crude oil prices slid by about 40% YTD as at end of October, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries ("OPEC") and its oil-producing allies to extend the group's historic production cut.

On the domestic front, the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

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

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25 billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10 billion package to help SMEs cope during the pandemic.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. Targeted measures by this budget include extension of the Principal Hub incentive to Dec 2022, reduction of individual EPF contribution and review of income tax exemption on Green Sustainable and Responsible Investment Sukuk grant.

The Malaysia bond market saw foreign holdings increase by RM 2.7 billion in November making up 13.6% of total bonds outstanding, its highest since January 2020. Though foreign demand seems to be positive, overall yields still grew as selling concentrated on the lower end of the curve, as yields for the 15-year and 20-year MGS edged up 28 bps and 18 bps in the last week of November.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers’ confidence return following the low death rates despite the rise in infections. With most markets recovering the year’s losses by November, coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Markets will be playing a “recovery theme” from December onwards and into 2021. Current estimates suggest global GDP to fall around 5% at the end of 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. But as vaccines take time to produce even at current maximum production levels, we should expect this “recovery theme” to be a multi-year theme.

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

US-China trade tensions are likely to remain in the short-term. A Biden presidency could potentially uplift geopolitical risk with a steadier hand at the helm. Consistency in policy implementation is key alongside clarity on the nature of the two countries’ relationship with each other. A Biden win will set the stage for a post-election rally as investors warm to the idea. However, the issue of a divided Congress remains, with markets expecting a Republican-majority in control of the Senate.

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

Inflows into global equity funds surge past US\$100 billion in the last 3 weeks of November as investors continue to pile into equities with markets turning risk-on. Buoyed by a “Goldilocks” environment with a

favourable US election outcome, low interest rates and positive developments on the vaccine front, we could see additional support for risk assets.

Earnings momentum is expected to continue into 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages.

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 2020. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 2.84 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
Senior Manager, Investment Compliance Monitoring

Kuala Lumpur
15 January 2021

AFFIN HWANG SELECT CASH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

AFFIN HWANG SELECT CASH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

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AFFIN HWANG SELECT CASH FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
INVESTMENT INCOME			
Interest income from financial assets at fair value through profit or loss	4	64,125,842	78,353,677
Net gain on financial assets at fair value through profit or loss	9	1,499,045	66,139
		<u>65,624,887</u>	<u>78,419,816</u>
EXPENSES			
Management fee	5	(9,210,811)	(9,532,646)
Trustee fee	6	(709,282)	(677,928)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		(3,800)	(3,800)
Other expenses		(3,421)	(2,672)
		<u>(9,936,314)</u>	<u>(10,226,046)</u>
NET PROFIT BEFORE TAXATION		55,688,573	68,193,770
Taxation	7	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>55,688,573</u>	<u>68,193,770</u>
Net profit after taxation is made up of the following:			
Realised amount		54,450,430	65,551,479
Unrealised amount		1,238,143	2,642,291
		<u>55,688,573</u>	<u>68,193,770</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 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents		851,685	388,558
Financial assets at fair value through profit or loss	9	1,549,155,097	2,219,097,101
TOTAL ASSETS		<u>1,550,006,782</u>	<u>2,219,485,659</u>
LIABILITES			
Amount due to Manager - management fee		373,799	920,840
Amount due to Trustee		43,610	64,459
Auditors' remuneration		9,000	9,000
Tax agent's fee		8,500	4,700
Other payables and accruals		15,400	15,585
TOTAL LIABILITIES		<u>450,309</u>	<u>1,014,584</u>
NET ASSET VALUE OF THE FUND		<u>1,549,556,473</u>	<u>2,218,471,075</u>
EQUITY			
Unitholders' capital		1,470,987,017	2,139,459,072
Retained earnings		78,569,456	79,012,003
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>1,549,556,473</u>	<u>2,218,471,075</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>1,469,877,000</u>	<u>2,104,488,000</u>
NET ASSETS VALUE PER UNIT (RM)		<u>1.0542</u>	<u>1.0542</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 2020

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 December 2019	2,139,459,072	79,012,003	2,218,471,075
Total comprehensive income for the financial year	-	55,688,573	55,688,573
Distributions (Note 8)	-	(56,131,120)	(56,131,120)
Movement in unitholders' capital:			
Creation of units arising from applications	1,079,369,616	-	1,079,369,616
Creation of units arising from distributions	55,935,918	-	55,935,918
Cancellation of units	(1,803,777,589)	-	(1,803,777,589)
Balance as at 30 November 2020	<u>1,470,987,017</u>	<u>78,569,456</u>	<u>1,549,556,473</u>
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>

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 2020

	<u>2020</u> RM	<u>2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	1,602,669,856	1,738,552,217
Purchase of investments	(1,655,072,471)	(1,902,138,563)
Placement of deposits with licensed financial institutions	(38,366,557,423)	(37,823,072,250)
Proceeds from maturity of deposits with licensed financial institutions	39,045,952,039	37,203,904,425
Interest received	78,574,890	67,252,408
Management fee paid	(9,757,852)	(9,166,666)
Trustee fee paid	(730,131)	(652,309)
Payment for other fees and expenses	(12,606)	(13,218)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	725,066,302	(725,333,956)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,079,369,616	1,891,698,475
Payments for cancellation of units	(1,803,777,589)	(1,166,087,328)
Payment for distributions	(195,202)	-
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(724,603,175)	725,611,147
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	463,127	277,191
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	388,558	111,367
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	851,685	388,558
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 30 November 2020 and 30 November 2019 comprise of bank balances.

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 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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

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

- Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

B INCOME RECOGNITION

Interest income

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

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

Realised gain and loss on sale 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.

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.

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

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

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

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

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG SELECT CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. 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 2020 (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.

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

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

J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020

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 15 January 2021.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2020</u>	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>Financial assets</u>				
Cash and cash equivalents		851,685	-	851,685
Deposits with licensed financial institutions	9	-	789,055,902	789,055,902
Unquoted fixed income securities	9	-	760,099,195	760,099,195
Total		<u>851,685</u>	<u>1,549,155,097</u>	<u>1,550,006,782</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		373,799	-	373,799
Amount due to Trustee		43,610	-	43,610
Auditors' remuneration		9,000	-	9,000
Tax agent's fee		8,500	-	8,500
Other payables and accruals		15,400	-	15,400
Total		<u>450,309</u>	<u>-</u>	<u>450,309</u>
<u>2019</u>				
<u>Financial assets</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>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2019</u> (continued)	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>Financial liabilities</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
Total		<u>1,014,584</u>	<u>-</u>	<u>1,014,584</u>

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.

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>2020</u> RM	<u>2019</u> RM
Unquoted investments*		
Unquoted fixed income securities*	<u>760,099,195</u>	<u>705,202,925</u>

* Includes interest receivable of RM7,440,667 (2019: RM6,515,224)

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and 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	Impact on profit after <u>tax/NAV</u> RM
<u>2020</u>		
-5%	715,025,602	(37,632,926)
0%	752,658,528	-
+5%	790,291,454	37,632,926
<u>2019</u>		
-5%	663,753,316	(34,934,385)
0%	698,687,701	-
+5%	733,622,086	34,934,385

(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.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk (continued)

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 2% (200 basis points) (2019: 1% (100 basis points)) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/ NAV</u>	
	<u>2020</u>	<u>2019</u>
	RM	RM
+ 2% (2019: +1%)	(210,103)	(171,018)
- 2% (2019: -1%)	213,155	175,476
	<u> </u>	<u> </u>

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.

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.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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:

	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>2020</u>				
Consumer goods				
- AA2	20,483,414	-	-	20,483,414
- A1	30,141,041	-	-	30,141,041
Construction				
- AA1	15,515,069	-	-	15,515,069
- P1	9,982,652	-	-	9,982,652
Consumer Services				
- AAA	30,552,349	-	-	30,552,349
- AA-	35,819,949	-	-	35,819,949
- AA2	20,296,148	-	-	20,296,148
- AA1	20,578,589	-	-	20,578,589
- NR	14,976,877	-	-	14,976,877
Financial services				
- AAA	81,572,464	454,824,761	851,685	537,248,910
- AA3	20,216,471	60,811,792	-	137,133,940
- AA2	20,378,093	273,419,349	-	293,797,442
- AA1	41,094,480	-	-	56,609,549
- P1	69,357,123	-	-	69,357,123
Industrial				
- AAA	11,133,097	-	-	11,133,097
- AA3	55,674,290	-	-	55,674,290
- A1	10,234,907	-	-	10,234,907
- AA	10,253,097	-	-	10,253,097
Oil & Gas				
- AA-	5,066,752	-	-	5,066,752
Property				
- AA-	48,230,415	-	-	48,230,415
- AA3	30,467,211	-	-	30,467,211
- NR	29,921,776	-	-	29,921,776
Quasi-Government				
- AAA	36,399,387	-	-	36,399,387
Telecommunications				
- AAA	10,251,653	-	-	10,251,653
- AA+	5,263,967	-	-	5,263,967
- AA3	25,638,466	-	-	25,638,466

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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>2020</u> (continued)				
Utilities				
- AA3	5,030,926	-	-	5,030,926
- AA	25,571,740	-	-	25,571,740
- NR	19,996,792	-	-	19,996,792
	<u>760,099,195</u>	<u>789,055,902</u>	<u>851,685</u>	<u>1,550,006,782</u>
<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
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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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)				
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 2020 (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.

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	373,799	-	373,799
Amount due to Trustee	43,610	-	43,610
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	8,500	8,500
Other payables and accruals	-	15,400	15,400
	<u>417,409</u>	<u>32,900</u>	<u>450,309</u>
<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>

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 2020 (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 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss at inception				
- unquoted fixed income securities	-	760,099,195	-	760,099,195
- deposits with licensed financial institutions	-	789,055,902	-	789,055,902
	<u>-</u>	<u>1,549,155,097</u>	<u>-</u>	<u>1,549,155,097</u>
	<u>-</u>	<u>1,549,155,097</u>	<u>-</u>	<u>1,549,155,097</u>
<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
	<u>-</u>	<u>2,219,097,101</u>	<u>-</u>	<u>2,219,097,101</u>
	<u>-</u>	<u>2,219,097,101</u>	<u>-</u>	<u>2,219,097,101</u>

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 2020 (CONTINUED)

4 INTEREST INCOME

	<u>2020</u> RM	<u>2019</u> RM
Interest income from financial assets at fair value through profit or loss:		
- deposits with licensed financial institutions	35,207,742	54,339,188
- unquoted fixed income securities	28,918,100	24,014,489
	<u>64,125,842</u>	<u>78,353,677</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 period from 1 December 2019 to 31 August 2020, the management fee is recognised at the rate of 0.50% per annum on the NAV of the Fund calculated on a daily basis. Effective from 1 September 2020, the management fee is recognised at a rate of 0.30% (2019: 0.50%) per annum on the NAV of the Fund calculated on a daily basis.

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 2020, the Trustee fee is recognised at a rate of 0.035% (2019: 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 2020 (CONTINUED)

7 TAXATION

	<u>2020</u> RM	<u>2019</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>2020</u> RM	<u>2019</u> RM
Net profit before taxation	55,688,573	68,193,770
Tax at Malaysian statutory rate of 24% (2019: 24%)	13,365,258	16,366,505
Tax effects of:		
Investment income not subject to tax	(15,749,973)	(18,857,244)
Expenses not deductible for tax purposes	171,720	163,775
Restriction on tax deductible expenses for Unit Trust Funds	2,212,995	2,326,964
Tax expense	-	-

8 DISTRIBUTIONS

	<u>2020</u> RM	<u>2019</u> RM
Distributions to unitholders are from the following sources:		
Interest income	16,121,717	26,224,319
Previous year's realised income	40,199,042	31,983,958
Gross realised income	56,320,759	58,208,277
Less: Expenses	(189,639)	(119,077)
Net distribution amount	56,131,120	58,089,200

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

8 DISTRIBUTIONS (CONTINUED)

During the financial year 30 November 2020, distributions were made as follows:

	Gross/Net distribution <u>per unit</u> sen
<u>2020</u>	
11.12.2019	0.14
26.12.2019	0.14
08.01.2020	0.14
22.01.2020	0.14
12.02.2020	0.14
26.02.2020	0.14
11.03.2020	0.14
25.03.2020	0.14
08.04.2020	0.14
22.04.2020	0.14
13.05.2020	0.14
27.05.2020	0.14
10.06.2020	0.14
24.06.2020	0.13
08.07.2020	0.13
22.07.2020	0.11
12.08.2020	0.09
26.08.2020	0.08
09.09.2020	0.08
23.09.2020	0.08
14.10.2020	0.08
28.10.2020	0.08
11.11.2020	0.08
25.11.2020	0.08
	<hr/>
	2.84
	<hr/> <hr/>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

8 DISTRIBUTIONS (CONTINUED)

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

	Gross/Net distribution per unit 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
	<hr/> <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 RM40,199,042 (2019: RM31,983,958) made from previous year's realised income.

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
Financial assets at fair value through profit or loss:		
- unquoted fixed income securities – local	760,099,195	705,202,925
- deposits with licensed financial institutions	789,055,902	1,513,894,176
	<u>1,549,155,097</u>	<u>2,219,097,101</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	330,069	292,422
- unrealised gain/(loss) on changes in fair value	1,168,976	(226,283)
	<u>1,499,045</u>	<u>66,139</u>

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 30 November 2020 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>				
3.15% Aeon Company (M) Bhd 12.07.2021 (AA2)	20,000,000	20,254,279	20,296,148	1.31
4.85% Al Dzahab Assets Bhd 16.03.2021 (AAA)	15,000,000	15,198,614	15,247,736	0.98
3.55% AmBank Islamic Bhd 25.03.2022 (AA2)	20,000,000	20,361,987	20,378,093	1.32
5.10% Anih Bhd 29.11.2021 (AA)	10,000,000	10,243,547	10,253,097	0.66
3.885% Berjaya Land Bhd 17.12.2020 (AAA)	30,000,000	30,537,036	30,552,349	1.97
4.67% BGSM Management Sdn Bhd 27.08.2021 (AA3)	10,000,000	10,275,996	10,277,948	0.66
5.25% BGSM Management Sdn Bhd 24.12.2020 (AA3)	15,000,000	15,357,726	15,360,518	0.99
4.85% Celcom Networks Sdn Bhd 29.08.2022 (AA+)	5,000,000	5,264,087	5,263,967	0.34
4.85% First Resources Ltd 27.10.2021 (AA2)	20,000,000	20,320,392	20,483,414	1.32
4.62% Gamuda Bhd 23.04.2021 (AA3)	45,000,000	45,357,311	45,535,352	2.94
4.78% GENM Capital Bhd 31.03.2022 (AA1)	20,000,000	20,588,112	20,578,589	1.33
5.10% GULF Investment Corp 16.03.2021 (AAA)	35,000,000	35,565,642	35,640,481	2.30

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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 2020 are as follows:
(continued)

<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> (continued)				
4.85% IJM Corporation Bhd 09.04.2021 (AA3)	10,000,000	10,138,409	10,138,938	0.65
5% Lafarge Cement Sdn Bhd 11.12.2020 (A1)	10,000,000	10,235,412	10,234,907	0.66
4.6% MBSB Bank Bhd 10.12.2020 (AA1)	5,000,000	5,111,248	5,112,344	0.33
4.65% MBSB Bank Bhd 24.12.2020 (AA1)	10,000,000	10,207,009	10,218,436	0.66
4.7% MBSB Bank Bhd 10.12.2021 (AA1)	5,000,000	5,215,816	5,217,477	0.34
4.90% National Bank of Abu Dhabi 28.12.2020 (AAA)	30,000,000	30,656,556	30,684,247	1.98
3.8% Pac Lease Bhd 23.03.2021 (AA3)	20,000,000	20,152,350	20,216,471	1.30
3.5% Perbadanan Kemajuan N Selangor 31.05.2021 (AA3)	15,000,000	15,008,802	15,046,742	0.97
4.58% Perbadanan Kemajuan N Selangor 01.04.2022 (AA3)	10,000,000	10,268,547	10,273,653	0.66
5% Perbadanan Kemajuan N Selangor 10.08.2021 (AA3)	5,000,000	5,137,035	5,146,816	0.33
4.30% Rantau Abang Capital 03.12.2020 (AAA)	10,900,000	11,132,788	11,133,097	0.72
4.41% Sabah Credit Corp 18.12.2020 (AA1)	15,000,000	15,304,565	15,307,997	0.99
5.05% Sabah Development Bank Bhd 27.12.2021 (AA1)	5,000,000	5,197,999	5,238,226	0.34
4.50% Sarawak Energy Bhd 19.01.2022 (AAA)	15,000,000	15,614,371	15,617,858	1.01
5.15% Sarawak Energy Bhd 23.06.2021 (AAA)	20,000,000	20,732,233	20,781,529	1.34
5% Segi Astana Sdn Bhd 08.01.2021 (AA-)	15,000,000	15,298,606	15,321,900	0.99
5.1% Segi Astana Sdn Bhd 07.01.2022 (AA-)	5,000,000	5,142,400	5,173,300	0.33
3.53% Solar Mgmt Seremban 21.10.2022 (AA3)	5,000,000	5,031,515	5,030,926	0.33
4.75% Sports Toto Malaysia Sdn Bhd 30.06.2021 (AA-)	5,000,000	5,100,069	5,144,304	0.33

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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 2020 are as follows:
(continued)

<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> (continued)				
4.9% Sports Toto Malaysia Sdn Bhd 17.09.2021 (AA-)	30,000,000	30,443,299	30,675,645	1.98
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	30,000,000	30,185,143	30,141,041	1.95
4.20% Telekom Malaysia Bhd 13.09.2021 (AAA)	10,000,000	10,250,688	10,251,653	0.66
4.8% UEM Sunrise Bhd 11.12.2020 (AA-)	10,000,000	10,228,274	10,231,607	0.66
4.9% UEM Sunrise Bhd 30.06.2021 (AA-)	17,000,000	17,516,698	17,503,608	1.13
5.1% UiTM Solar Power Sdn Bhd 27.04.2021 (AA-)	5,000,000	5,059,374	5,066,752	0.33
5.17% UniTapah Sdn Bhd 11.12.2020 (AA1)	5,000,000	5,124,098	5,125,414	0.33
5.23% UniTapah Sdn Bhd 11.06.2021 (AA1)	10,000,000	10,335,776	10,389,655	0.67
4.7% YTL Power International 13.10.2021 (AA1)	25,000,000	25,508,633	25,571,740	1.65
	<u>602,900,000</u>	<u>614,662,442</u>	<u>615,863,975</u>	<u>39.74</u>

Commercial papers

0% Aeon Company (M) Bhd 28.12.2020 (NR)	15,000,000	14,973,205	14,976,877	0.97
0% Gamuda Land T12 Sdn Bhd 28.12.2020 (P1)	10,000,000	9,982,652	9,982,652	0.64
0% Gas Malaysia Distribution 04.12.2020 (NR)	20,000,000	19,996,792	19,996,792	1.29
0% Malayan Banking Bhd 12.04.2021 (P1)	40,000,000	39,629,174	39,629,174	2.56
0% Sabah Credit Corp 19.03.2021 (P1)	10,000,000	9,937,843	9,926,829	0.64
0% Sabah Credit Corp 23.04.2021 (P1)	20,000,000	19,815,674	19,801,120	1.28

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 30 November 2020 are as follows:

<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>Commercial papers (continued)</u>				
0% Sunway Treasury Sukuk Sdn Bhd 08.01.2021 (NR)	30,000,000	29,921,776	29,921,776	1.93
	<u>145,000,000</u>	<u>144,257,116</u>	<u>144,235,220</u>	<u>9.31</u>
Total unquoted fixed income securities – local	<u>747,900,000</u>	758,919,558	<u>760,099,195</u>	<u>49.05</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>1,179,637</u>		
Total unquoted fixed income securities – local		<u>760,099,195</u>		

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(ii) 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 18.12.2020 (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 16.12.2020 (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
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

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds (continued)</u>				
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
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>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (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</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Commercial papers</u>				
0% Orix Leasing Malaysia 13.12.2020 (P1)	15,000,000	14,983,565	14,983,565	0.68
0% Pac Lease Bhd 18.12.2020 (P1)	40,000,000	39,933,817	39,933,817	1.80
0% SunREIT Unrated Bond Bhd 30.12.2020 (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>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>10,661</u>		
Total unquoted fixed income securities – local		<u>705,202,925</u>		

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Deposits with licensed financial institutions

	<u>2020</u> RM	<u>2019</u> RM
Deposits with licensed financial institutions*	789,055,902	1,513,894,176

*Includes interest receivable of RM4,513,372 (2019: RM19,957,030).

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

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	2.12	3.63

Deposits with licensed financial institutions have a weighted average maturity of 54 days (2019: 40 days).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	2,104,488,000	1,358,710,000
Creation of units arising from applications during the financial year	1,024,132,127	1,798,660,758
Creation of units arising from distributions during the financial year	53,099,867	55,220,289
Cancellation of units during the financial year	(1,711,842,994)	(1,108,103,047)
At the end of the financial year	<u>1,469,877,000</u>	<u>2,104,488,000</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

11 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the financial year ended 30 November 2020 are as follows:

<u>Name of dealers</u>	<u>Percentage Value of trade RM</u>	<u>of total trade %</u>
HSBC Bank (Malaysia) Bhd	299,969,675	14.88
OCBC Bank (Malaysia) Bhd	259,103,703	12.85
Malayan Banking Bhd	255,677,524	12.68
CIMB Bank Bhd	231,586,296	11.49
Affin Hwang Investment Bank Bhd#	223,104,450	11.06
Hong Leong Bank Bhd	167,215,750	8.29
Ambank (M) Berhad	159,594,639	7.91
Kenanga Investment Bank Bhd	124,042,536	6.15
RHB Investment Bank Bhd#	75,720,690	3.76
Hong Leong Investment Bank Bhd	64,548,322	3.20
Others#	155,893,886	7.73
	<u>2,016,457,471</u>	<u>100.00</u>

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

<u>Name of dealers</u>	<u>Percentage Value of trade RM</u>	<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>

Included in the transactions with dealers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM223,104,450 (2019:RM104,856,960). 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 2020 (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>Name of dealers</u>	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Investment Bank Bhd	101,258,202	64,746,960
Bank Muamalat Malaysia Bhd	-	23,161,300
RHB Investment Bank Bhd	35,443,500	-
	<u>136,701,702</u>	<u>87,908,260</u>

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

	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Asia Bond Fund	2,021,000	-
Affin Hwang Enhanced Income Fund	20,276,000	5,006,750
Affin Hwang Income Extra Fund	58,812,532	-
Affin Hwang Income Fund I	-	8,008,800
Affin Hwang Income Fund 3	15,167,500	-
Affin Hwang Flexible Maturity Income Fund 7	-	7,576,500
Affin Hwang PRS Conservative Fund	303,150	-
Affin Hwang Select Income Fund	-	7,029,400
Affin Hwang Select Bond Fund	7,780,850	20,502,360
Affin Hwang Aiiman Income Plus Fund	27,272,220	29,742,550
Affin Hwang Bond Fund	5,068,450	5,026,900
Private mandates managed by the Manager	-	5,015,000
	<u>136,701,702</u>	<u>87,908,260</u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

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

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad (“ABB”)	Ultimate holding company of the Manager
Bintang Capital Partners Berhad	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>2020</u>		<u>2019</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,830	4,037	2,862	3,017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Subsidiary of the Manager:</u>				
Bintang Capital Partners Berhad (The units are held beneficially)	-	-	5,814,782	6,129,943
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT CASH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 NOVEMBER 2020 (CONTINUED)

13 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2020</u> %	<u>2019</u> %
MER	0.50	0.54

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 RM2,020,947,833 (2019: RM1,936,908,560).

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2020</u>	<u>2019</u>
PTR (times)	0.81	0.94

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 = RM1,655,072,471 (2019: RM1,902,138,563)
total disposals for the financial year = RM1,602,339,787 (2019: RM1,738,552,217)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT CASH FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 37 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 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 30 November 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
AFFIN HWANG ASSET MANAGEMENT BERHAD

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 January 2021

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 2020, 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 2020, 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 1 to 37.

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 (including International Independence Standards) (“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
15 January 2021

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