

# Affin Hwang

## Select Opportunity Fund

Interim Report  
31 January 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 OPPORTUNITY FUND

## Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 January 2020

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## FUND INFORMATION

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

## BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 JANUARY 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	3,434	9,310
5,001 to 10,000	2,753	20,356
10,001 to 50,000	5,808	131,266
50,001 to 500,000	1,704	194,376
500,001 and above	75	570,193
<b>Total</b>	<b>13,774</b>	<b>925,501</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Jan 2020 (%)	As at 31 Jan 2019 (%)	As at 31 Jan 2018 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Construction	0.57	-	4.07
- Consumer goods & services	7.17	14.49	5.38
- Energy	0.95	-	-
- Financials	21.91	16.85	26.25
- Healthcare	0.86	3.03	-
- Industrial product & services	8.12	6.64	0.03
- Telecommunication & media	6.52	2.75	-
- Infrastructure	-	-	0.96
- Transportation & logistics	5.84	1.38	-
- Plantation	3.07	-	1.82
- Preference share	4.94	2.27	1.74
- Properties	-	-	5.99
- REITs	2.74	4.36	3.13
- Technology	2.38	0.36	0.73
- Utilities	4.48	3.34	-
- Trading / services	-	-	18.79
<b>Total quoted equities – local</b>	<b>69.55</b>	<b>55.47</b>	<b>68.89</b>
<b>Quoted equities – foreign</b>			
- Consumer goods	-	1.51	1.59
- Consumer services	4.17	1.63	2.44
- Financials	6.82	11.97	16.35
- Industrials	1.37	1.07	2.50
- Oil & gas	-	2.21	1.04
- Technology	11.13	2.32	2.54
- Utilities	-	1.68	-
<b>Total quoted equities – foreign</b>	<b>23.49</b>	<b>22.39</b>	<b>26.46</b>
<b>Cash &amp; cash equivalent</b>	<b>6.96</b>	<b>22.14</b>	<b>4.65</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	874.535	1,023.929	1,106.032
NAV per Unit (RM)	0.9446	0.9831	1.1494
Unit in Circulation (million)	925.803	1,041.506	962.272
Highest NAV	0.9920	1.0227	1.1557
Lowest NAV	0.9337	0.9749	1.0511
Return of the Fund (%) <sup>iii</sup>	-3.16	-2.96	4.89
- Capital Growth (%) <sup>i</sup>	-3.16	-2.96	4.89
- Income Distribution (%) <sup>ii</sup>	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) <sup>1</sup>	0.82	0.79	0.84
Portfolio Turnover Ratio (times) <sup>2</sup>	0.63	0.41	0.51

<sup>1</sup>The MER of the Fund remained relatively unchanged, albeit marginally higher than previous period under review.

<sup>2</sup>The increase in the Fund's PTR was due to higher trading activities during the financial period.

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

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

An illustration of the above would be as follow:-

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

**MANAGER'S REPORT****Income Distribution / Unit Split**

No income distribution or unit split was declared for the financial year ended 31 January 2020.

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

For the period 1 August 2019 to 31 January 2020, the Fund registered a return of -3.16%, outperforming the Benchmark return of -6.22% by 3.06 percentage points. The Net Asset Value (NAV) per unit of the Fund as at 31 January 2020 was RM0.9446 while the NAV per unit as at 31 July 2019 was RM0.9754.

Since commencement, the Fund has gained 731.61%, compared to the benchmark that rose 167.15%. The Fund outperformed the Benchmark by 564.46 percentage points. The Fund has declared a total gross income distribution of RM1.151 per unit to date. As such, the Manager believes that the Fund's objective of achieving consistent capital appreciation over the long term has been met.

Table 1: Performance of the Fund

	<b>6 Months</b> (1/8/19 - 31/1/20)	<b>1 Year</b> (1/2/19 - 31/1/20)	<b>3 Years</b> (1/2/17 - 31/1/20)	<b>5 Years</b> (1/2/15 - 31/1/20)	<b>Since Commencement</b> (28/9/01 - 31/1/20)
<b>Fund</b>	<b>(3.16%)</b>	<b>(1.94%)</b>	<b>5.97%</b>	<b>18.35%</b>	<b>731.61%</b>
<b>Benchmark</b>	<b>(6.22%)</b>	<b>(7.29%)</b>	<b>(6.44%)</b>	<b>(10.64%)</b>	<b>167.15%</b>
<b>Outperformance</b>	<b>3.06%</b>	<b>5.35%</b>	<b>12.41%</b>	<b>28.99%</b>	<b>564.46%</b>

Source of Benchmark: Bursa Malaysia

Table 2: Average Total Return

	<b>1 Year</b> (1/2/19 - 31/1/20)	<b>3 Years</b> (1/2/17 - 31/1/20)	<b>5 Years</b> (1/2/15 - 31/1/20)	<b>Since Commencement</b> (28/9/01 - 31/1/20)
<b>Fund</b>	<b>(1.94%)</b>	<b>1.95%</b>	<b>3.42%</b>	<b>12.23%</b>
<b>Benchmark</b>	<b>(7.29%)</b>	<b>(2.20%)</b>	<b>(2.22%)</b>	<b>5.50%</b>
<b>Outperformance</b>	<b>5.35%</b>	<b>4.15%</b>	<b>5.64%</b>	<b>6.73%</b>

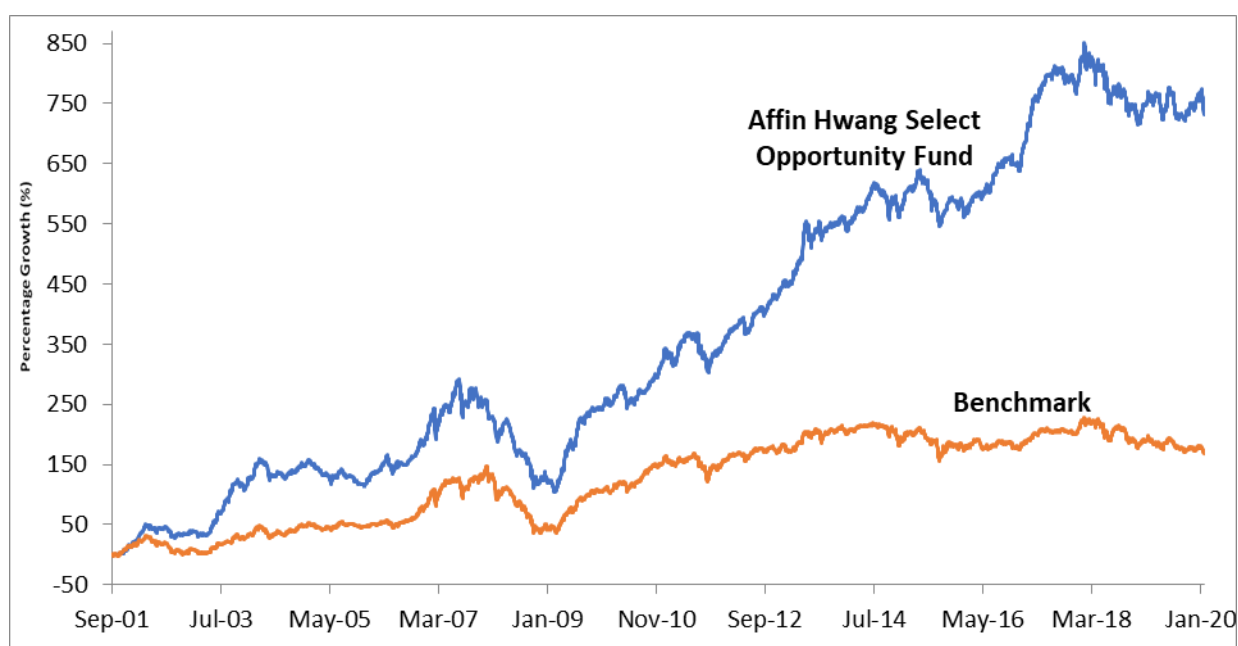
Source of Benchmark: Bursa Malaysia

Table 3: Annual Total Return

	FYE 2019 (01/8/18 - 31/7/19)	FYE 2018 (01/8/17 - 31/7/18)	FYE 2017 (01/8/16 - 31/7/17)	FYE 2016 (01/8/15 - 31/7/16)	FYE 2015 (01/8/14 - 31/7/15)
<b>Fund</b>	<b>(1.74%)</b>	<b>(3.08%)</b>	<b>23.13%</b>	<b>7.13%</b>	<b>(4.49%)</b>
<b>Benchmark</b>	<b>(8.10%)</b>	<b>1.84%</b>	<b>8.08%</b>	<b>(2.47%)</b>	<b>(8.55%)</b>
<b>Outperformance</b>	<b>6.36%</b>	<b>(4.92%)</b>	<b>15.05%</b>	<b>9.60%</b>	<b>4.06%</b>

Source of Benchmark: Bursa Malaysia

Figure 1: Movement of Fund versus Benchmark



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

Benchmark: FTSE Bursa Malaysian Top 100 Index ("FBM 100")

### Asset Allocation

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

As at 31 January 2020, the Fund's equities weighting stood at 93.04% while the balance was held in cash and cash equivalent. During the period under review, the Fund's allocation into foreign equities is slightly higher at 23.49%, not much different from 22.39% a year ago. The Manager had increased its exposure into the technology sector whereas consumer goods, financials, oil and gas, and utilities exposures were reduced from the Fund's portfolio. Meanwhile, within the domestic equity space, the Manager had added exposures across the sectors in the portfolio except for consumers, healthcare and REITs sector. Overall, cash level was decreased to a lower level of 6.96% over the same period.

## **Strategy Employed**

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

## **Market Review (1 August 2019 – 31 January 2020)**

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 Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency over the coronavirus outbreak that has claimed the lives of at least 300 people with rates of infection rapidly increasing.

Investors have been closely tracking the coronavirus outbreak to assess its potential impact to the economy as a result of wide scale city and factory shutdowns in China, as well as travel restriction bans. Global supply chains could see disruption due to stalled manufacturing activity; impacting markets like Taiwan and Korea which are heavily interlinked.

Meanwhile, the US-China trade war made some positive headway with the two countries signing a phase-one trade deal. US President Donald Trump and Chinese Vice Premier Liu He signed the pact that will roll back some tariffs as well as see Beijing boost purchases of US goods and services by US\$200 billion over two years. This include purchases of US agriculture products by US\$32 billion over the next two years by China.

The US will cut by half the tariff rate it imposed on September 1 on US\$120 billion worth of Chinese goods to 7.5%. Tariffs that were scheduled to go into effect on December 15 on nearly US\$160 billion worth of Chinese goods including electronics goods were suspended indefinitely. China's retaliatory December 15 tariffs including a 25.0% tariff on US-made autos were also suspended. However, US tariffs of 25.0% on US\$250 billion worth of Chinese goods put in place earlier will remain. These could be rolled back as part of a Phase 2 trade negotiation according to US Treasury Secretary Steven Mnuchin. Negotiations for the second phase of the trade deal is expected to commence before the presidential election in November.

On monetary policy, the US Federal Reserve ("Fed") kept its benchmark rates unchanged in its policy meeting, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed's balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed's target of 2.0%, consensus now expects the central bank to deliver two rate cuts in 2H'2020.

Meanwhile, the European Central Bank left monetary policy unchanged at a historic low of -0.5%, and announced the launched of a strategic review of its monetary policy strategy to assess if its inflation target is still appropriate.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. The rate cut is expected to boost economic growth amid price stability.

## **Investment Outlook**

Markets are drawing comparisons of the coronavirus outbreak to that of SARS (Severe Acute Respiratory Syndrome) in 2003, when the economy also came to a standstill at the height of the disease. However, the long-term impact of epidemics to significantly derail economic growth is transient and stock markets staged a quick recovery soon thereafter once the outbreak is contained.

The quick and measured response from Chinese authorities in containing the outbreak has also soothed fears, as authorities draw upon lessons from past outbreaks like SARS and MERS. Whilst we could see impact to China's 1Q'2020 GDP, additional fiscal and monetary support may cushion downside to its economy albeit with a lag effect.

While the temporary trade truce between US and China has allowed financial markets to stand on firmer ground as compared to 2018, President Trump's hardball negotiation tactics to claim more favourable terms

– as reflected in the resurgence of tariff threats in late April 2019 – may spark a new phase of trade uncertainty. Though, the more synchronised dovish stance by central banks globally may help prop up markets to some extent.

The local market could see further weakness following a plunge in commodity prices such as crude oil and palm oil, as demand from China wanes due to the outbreak. On the flipside, glove makers lead gainers as expectations of rising healthcare demand would lift sales.

### **State of Affairs of the Fund**

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

### **Soft Commissions received from Brokers**

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

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

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



## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT OPPORTUNITY FUND**

We have acted as Trustee of Affin Hwang Select Opportunity Fund ("the Fund") for the financial period ended 31 January 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.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
11 March 2020

**AFFIN HWANG SELECT OPPORTUNITY FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

# **AFFIN HWANG SELECT OPPORTUNITY FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

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# AFFIN HWANG SELECT OPPORTUNITY FUND

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020

	Note	6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
<b>INVESTMENT LOSS</b>			
Dividend income		11,945,999	12,200,544
Interest income from financial assets at amortised cost		982,763	4,366,967
Net gain/(loss) on foreign currency exchange		422,517	(2,143)
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss		(657,537)	1,111,492
Net loss on financial assets at fair value through profit or loss	7	(32,390,913)	(38,767,086)
		<u>(19,697,171)</u>	<u>(21,090,226)</u>
<b>EXPENSES</b>			
Management fee	4	(6,981,101)	(7,589,755)
Trustee fee	5	(327,559)	(361,128)
Auditors' remuneration		(3,781)	(3,781)
Tax agent's fee		(1,915)	(34,490)
Transaction cost		(2,808,948)	(2,254,296)
Other expenses		(246,167)	(70,406)
		<u>10,369,471</u>	<u>(10,313,856)</u>
<b>NET LOSS BEFORE TAXATION</b>		(30,066,642)	(31,404,082)
<b>TAXATION</b>	6	-	(258,354)
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u>(30,066,642)</u>	<u>(31,662,436)</u>
Net loss after taxation is made up of the following:			
Realised amount		(1,042,446)	(9,592,364)
Unrealised amount		(29,024,196)	(22,070,072)
		<u>(30,066,642)</u>	<u>(31,662,436)</u>

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

# AFFIN HWANG SELECT OPPORTUNITY FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	7	813,736,014	822,991,124
Cash and cash equivalents	8	26,653,331	204,483,334
Forward foreign currency contracts at fair value through profit or loss	9	-	192,858
Dividend receivables		2,447,945	1,544,021
Amount due from Manager			
- creation of units		215,468	3,672,071
Amounts due from brokers		34,373,624	8,135,877
<b>TOTAL ASSETS</b>		<u>877,426,382</u>	<u>1,041,019,285</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		1,161,904	1,279,280
- cancellation of units		-	-
Amount due to Trustee		54,222	59,700
Amount due to brokers		1,658,761	15,722,176
Auditor's remuneration		3,426	3,781
Tax agent's fee		9,325	9,071
Other payables and accruals		3,624	16,298
<b>TOTAL LIABILITIES</b>		<u>2,891,262</u>	<u>17,090,306</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>874,535,120</u>	<u>1,023,928,979</u>
<b>EQUITY</b>			
Unitholders' capital		848,928,294	960,495,262
Retained earnings		25,606,826	63,433,717
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>874,535,120</u>	<u>1,023,928,979</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>925,803,000</u>	<u>1,041,506,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.9446</u>	<u>0.9831</u>

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 August 2019	930,214,867	55,673,468	985,888,335
Total comprehensive loss for the financial period	-	(30,066,642)	(30,066,642)
Movement in unitholders' capital:			
Creation of units	8,672,997	-	8,672,997
Cancellation of units	(89,959,570)	-	(89,959,570)
Balance as at 31 January 2020	<u>848,928,294</u>	<u>25,606,826</u>	<u>874,535,120</u>
Balance as at 1 August 2018	933,320,734	95,096,153	1,028,416,887
Total comprehensive loss for the financial period	-	(31,662,436)	(31,662,436)
Movement in unitholders' capital:			
Creation of units	56,758,714	-	56,758,714
Cancellation of units	(29,584,186)	-	(29,584,186)
Balance as at 31 January 2019	<u>960,495,262</u>	<u>63,433,717</u>	<u>1,023,928,979</u>

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

# AFFIN HWANG SELECT OPPORTUNITY FUND

## UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020

	6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	614,203,795	379,307,119
Purchase of investments	(554,953,905)	(452,760,778)
Dividends received	9,489,739	11,454,073
Interest received	982,763	4,366,967
Management fee paid	(7,097,810)	(7,594,351)
Trustee fee paid	(333,005)	(361,342)
Payment for other fees and expenses	(254,012)	(110,624)
Realised (loss)/gain on forward foreign currency contracts	(485,909)	861,936
Net (loss)/gain on realised foreign currency exchange	(206,811)	2,096,130
Net cash generated from/(used in) operating activities	61,344,845	(62,740,870)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	8,786,953	56,478,671
Payments for cancellation of units	(92,329,136)	(29,584,187)
Net cash (used in)/generated from financing activities	(83,542,183)	26,894,484
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(22,197,338)	(35,846,386)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	758,271	(43,214)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	48,092,398	240,372,934
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	8 26,653,331	204,483,334

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

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 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 ("MFRS") and International Financial Reporting Standards ("IFRS").

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

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

(a) Standards and amendments to existing standards effective 1 January 2019:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 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 are recognised based on effective interest rate method on an accruals 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).

##### Dividend income

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



## **AFFIN HWANG SELECT OPPORTUNITY FUND**

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

#### **B INCOME RECOGNITION (CONITINUED)**

##### Realised gains and losses on sale of investments

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

#### **C TRANSACTION COSTS**

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

#### **D TAXATION**

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

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

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **F FOREIGN CURRENCY TRANSLATIONS**

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

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

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

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

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

The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss

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

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

##### **(ii) Recognition and measurement**

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

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

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

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### **(ii) Recognition and measurement (continued)**

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

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

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

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

Derivative investment consists of forward foreign currency contracts. Financial derivative position will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities at fair value through profit or loss.

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**

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.

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### **(iii) Impairment (continued)**

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

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

#### **H CASH AND CASH EQUIVALENTS**

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

#### **I AMOUNT DUE FROM/(TO) BROKERS**

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection.

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

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

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

#### **I AMOUNT DUE FROM/(TO) BROKERS (CONTINUED)**

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

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

#### **J UNITHOLDERS' CAPITAL**

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

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

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

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

#### **K DERIVATIVE FINANCIAL INSTRUMENTS**

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

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

#### **K DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note G.

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

## **AFFIN HWANG SELECT OPPORTUNITY FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020**

#### **1 INFORMATION ON THE FUND**

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

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

The Fund may invest in any of the following investments:

- a) Securities of companies listed on Bursa Malaysia and any other exchanges of countries who are members of International Organization of Securities Commissions;
- b) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities;
- c) Debentures;
- d) Money market instruments;
- e) Deposits;
- f) Derivatives, for the purpose of hedging only;
- g) Warrants;
- h) Structured products;
- i) Units or shares in collective investment schemes and;
- j) Any other form of investments permitted by the SC from time to time which are in line with the objective of the Fund

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

The main objective of the Fund is to achieve consistent capital appreciation over the medium to long term through investing mainly in listed Malaysian companies with good growth prospects.

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

The financial statements were authorised for issue by the Manager on 11 March 2020.

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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>2020</u>				
Cash and cash equivalents	8	26,653,331	-	26,653,331
Dividend receivables		2,447,945	-	2,447,945
Amount due from Manager				
- creation of units		215,468	-	215,468
Amount due from brokers		34,373,624	-	34,373,624
Quoted equities	7	-	813,736,014	813,736,014
Total		<u>63,690,368</u>	<u>813,736,014</u>	<u>877,426,382</u>
<u>2019</u>				
Cash and cash equivalents	8	204,483,334	-	204,483,334
Dividend receivables		1,544,021	-	1,544,021
Amount due from Manager				
- creation of units		3,672,071	-	3,672,071
Amount due from brokers		8,135,87	-	8,135,877
Quoted equities	7	-	797,229,743	797,229,743
Exchange traded fund	7	-	25,761,381	25,761,381
Forward foreign currency contracts	9	-	192,858	192,858
Total		<u>217,835,303</u>	<u>823,183,982</u>	<u>1,041,019,285</u>

All current liabilities except for forward foreign currency contracts are financial liabilities which are carried at amortised cost.

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

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



## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Market risk

##### (a) Price risk

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

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

	<u>2020</u> RM	<u>2019</u> RM
<b>Quoted investments</b>		
Quoted equities	813,736,014	797,229,743
Exchange traded fund	-	25,761,381
	<u>813,736,014</u>	<u>822,991,124</u>

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

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2020</u>		
-5%	773,049,213	(40,686,801)
0%	813,736,014	-
+5%	<u>854,422,815</u>	<u>40,686,801</u>
<u>2019</u>		
-5%	781,841,568	(41,149,556)
0%	822,991,124	-
+5%	<u>864,140,680</u>	<u>41,149,556</u>

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Market risk (continued)

##### (b) Interest rate risk

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

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

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

##### (c) Currency risk

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

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

	Quoted equities RM	Cash and cash equivalents RM	Other assets*/ (payables)** RM	Total RM
<u>2020</u>				
Chinese Yuan	-	1,631	-	1,631
Hong Kong Dollar	94,970,781	10,879,159	4,446,252	110,296,192
Korean Won	35,807,915	-	119,399	35,927,314
Singapore Dollar	27,218,286	26	19,604,798	46,823,110
United States Dollar	37,711,341	15,498,173	-	53,209,514
Taiwan Dollar	9,747,311	-	-	9,747,311
	<u>205,455,634</u>	<u>26,378,989</u>	<u>24,170,449</u>	<u>256,005,072</u>

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

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

	Quoted equities RM	Exchange traded fund RM	Forward foreign currency contract RM	Cash and cash equivalents RM	Other assets*/ (payables)** RM	Total RM
<u>2019</u>						
Chinese Yuan	-	-	-	1,698	-	1,698
Hong Kong Dollar	143,505,118	25,761,381	-	5,545	1,776	169,273,820
Korean Won	-	-	-	40	63,404	63,444
Singapore Dollar	69,055,451	-	-	89,333	-	69,144,784
United States Dollar	16,731,907	-	192,858	43,147,895	-	60,072,660
	<u>229,292,476</u>	<u>25,761,381</u>	<u>192,858</u>	<u>43,244,511</u>	<u>65,180</u>	<u>298,556,406</u>

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

\*\* Other payables consist of amount due to brokers.

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

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

	Change in price %	Impact on profit after tax/ NAV RM
<u>2020</u>		
Chinese Yuan	+/- 5	+/- 82
Hong Kong Dollar	+/- 5	+/- 5,514,810
Korean Won	+/- 5	+/- 1,796,366
Singapore Dollar	+/- 5	+/- 2,341,156
United States Dollar	+/- 5	+/- 2,660,476
Taiwan Dollar	+/-5	+/- 487,366
<u>2019</u>		
Chinese Yuan	+/- 5	+/- 85
Hong Kong Dollar	+/- 5	+/- 8,463,691
Korean Won	+/- 5	+/- 3,172
Singapore Dollar	+/- 5	+/- 3,457,239
United States Dollar	+/- 5	+/- 3,003,633

##### 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.

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

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

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

# AFFIN HWANG SELECT OPPORTUNITY FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

#### Credit risk (continued)

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

	Forward foreign currency contracts RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u>				
Consumers Products & Services				
- NR	-	-	165,924	165,924
Energy				
- NR	-	-	916,681	916,681
Financials				
- AAA	-	26,653,331	-	26,653,331
- NR	-	-	21,960,326	21,960,326
Plantations				
- NR	-	-	3,985,337	3,985,337
Preference Shares				
- NR	-	-	1,214,037	1,214,037
Technology				
- NR	-	-	119,399	119,399
Tecommunications & Media				
- NR	-	-	3,412,928	3,412,928
Other				
- NR	-	-	5,262,405	5,262,405
	<u>-</u>	<u>26,653,331</u>	<u>37,037,037</u>	<u>63,690,368</u>
<u>2019</u>				
Financials				
- AAA	192,858	204,483,334	-	204,676,192
Industrials				
- NR	-	-	63,404	63,404
Technology				
- NR	-	-	1,776	1,776
Other				
- NR	-	-	13,286,789	13,286,789
	<u>192,858</u>	<u>204,483,334</u>	<u>13,351,969</u>	<u>218,028,161</u>

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Liquidity risk

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

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

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2020</u>			
Amount due to Manager			
- management fee	1,161,904	-	1,161,904
Amount due to Trustee	54,222	-	54,222
Amount due to brokers	1,658,761	-	1,658,761
Auditors' remuneration	-	3,426	3,426
Tax agent's fee	-	9,325	9,325
Other payables and accruals	-	3,624	3,624
	<u>2,874,887</u>	<u>16,375</u>	<u>2,891,262</u>
<u>2019</u>			
Amount due to Manager			
- management fee	1,279,280	-	1,279,280
Amount due to Trustee	59,700	-	59,700
Amount due to brokers	15,722,176	-	15,722,176
Auditors' remuneration	-	3,781	3,781
Tax agent's fee	-	9,071	9,071
Other payables and accruals	-	16,298	16,298
	<u>17,061,156</u>	<u>29,150</u>	<u>17,090,306</u>

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

##### Capital risk

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

#### 3 FAIR VALUE ESTIMATION

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

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

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

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

##### (i) Fair value hierarchy

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

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

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	-	813,736,014	-	813,736,014
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	797,229,743	-	-	-
- exchange traded fund	25,761,381	-	-	25,761,381
- forward foreign currency contracts	-	192,858	-	192,858
	<u>822,991,124</u>	<u>192,858</u>	<u>-</u>	<u>823,183,982</u>

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

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

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



## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 4 MANAGEMENT FEE

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

For the 6 months financial period ended 31 January 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum on the NAV of the Fund calculated on daily basis as stated in the Prospectus.

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

#### 5 TRUSTEE FEE

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

For the 6 months financial period ended 31 January 2020, the Trustee fee is recognised at a rate of 0.07% (2019: 0.07%) per annum on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum, inclusive of local custodian fee but exclusive of foreign sub-custodian fee calculated on daily basis as stated in the Prospectus.

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

#### 6 TAXATION

	6 months financial period ended 31.1.2020 RM	6 months financial period ended 31.1.2019 RM
Current taxation – foreign	-	176,362
Current taxation – local	-	81,992
	<hr/>	<hr/>
	-	258,354
	<hr/>	<hr/>

# AFFIN HWANG SELECT OPPORTUNITY FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

### 6 TAXATION (CONTINUED)

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

	6 months financial period ended <u>31.1.2020</u> RM	6 months financial period ended <u>31.1.2019</u> RM
Net loss before taxation	(30,066,642)	(31,404,081)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(7,215,994)	(7,536,979)
Tax effects of:		
Investment loss not subject to tax	4,727,321	5,061,654
Expenses not deductible for tax purposes	810,843	648,400
Restrictions on tax deductible expenses for Unit Trust Funds	1,677,830	1,826,926
Foreign income subject to foreign tax rate	-	258,354
Income subject to different tax rate	-	81,992
Tax expense	-	258,354

### 7 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		
- quoted equities – local	608,280,380	567,937,267
- quoted equities – foreign	205,455,634	229,292,476
- exchange-traded funds – foreign	-	25,761,381
	<u>813,736,014</u>	<u>822,991,124</u>
Net loss on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(2,780,074)	(16,490,673)
- unrealised loss on change in fair value	(29,610,839)	(22,276,413)
	<u>(32,390,913)</u>	<u>(38,767,086)</u>

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Quoted equities - local

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

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

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

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

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

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 January 2019 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Consumer Product &amp; Services</u>				
Aeon Company (M) Bhd	14,554,800	30,949,161	22,414,392	2.19
Fraser & Neave Holdings Bhd	547,400	15,278,720	18,414,536	1.80
Genting Bhd	5,195,500	34,660,457	36,004,815	3.52
Mynews Holdings Bhd	12,470,200	8,812,419	17,084,174	1.67
Petronas Dagangan Bhd	1,932,500	49,604,278	50,979,350	4.98
Sime Darby Bhd	1,501,993	3,206,369	3,364,464	0.33
	<u>36,202,393</u>	<u>142,511,404</u>	<u>148,261,731</u>	<u>14.49</u>
<u>Financial Services</u>				
Allianz Malaysia Bhd	1,053,900	11,405,643	14,290,884	1.40
Bursa Malaysia Bhd	1,771,400	12,781,303	12,931,220	1.26
CIMB Group Holdings Bhd	9,342,206	57,689,699	52,503,198	5.13
Hong Leong Bank Bhd	1,921,600	35,358,320	37,740,224	3.69
Malayan Banking Bhd	5,766,233	53,841,773	55,009,863	5.37
	<u>19,855,339</u>	<u>171,076,738</u>	<u>172,475,389</u>	<u>16.85</u>
<u>Health care</u>				
KPJ Healthcare Bhd	29,000,000	30,103,886	31,030,000	3.03
<u>Industrial Product &amp; Services</u>				
ATA IMS Bhd	14,272,000	22,324,166	23,548,800	2.30
Petronas Chemicals Group Bhd	795,500	6,573,943	6,721,975	0.66
Sunway Bhd	23,277,200	36,678,902	37,709,064	3.68
	<u>38,344,700</u>	<u>65,577,011</u>	<u>67,979,839</u>	<u>6.64</u>
<u>Telecommunication &amp; Media</u>				
Astro Malaysia Holdings Bhd	17,069,400	26,532,818	28,164,510	2.75
<u>Transportation &amp; Logistics</u>				
MISC Bhd	2,093,200	14,203,866	14,170,964	1.38

# AFFIN HWANG SELECT OPPORTUNITY FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(a) Quoted equities - local (continued)

(ii) Quoted equities - local as at 31 January 2019 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>REITS</u>				
IGB REIT	9,519,900	13,213,586	16,945,422	1.65
MRCB-QUILL REIT	4,226,800	5,072,160	4,691,748	0.46
Sunway REIT	7,880,500	13,012,139	13,790,875	1.35
YTL Hospitality REIT	7,301,600	7,751,971	9,273,032	0.90
	<u>28,928,800</u>	<u>39,049,856</u>	<u>44,701,077</u>	<u>4.36</u>
<u>Technology</u>				
Malaysian Pac Industries Bhd	374,500	4,863,725	3,726,275	0.36
<u>Utilities</u>				
Tenaga Nasional Bhd	2,653,400	39,141,583	34,228,860	3.34
<u>Preference Shares</u>				
Allianz Malaysia Berhad -PA	1,556,458	6,898,365	20,763,150	2.03
SP Setia Bhd Group - RCPS-i B	3,382,600	2,976,688	2,435,472	0.24
	<u>4,939,058</u>	<u>9,875,053</u>	<u>23,198,622</u>	<u>2.27</u>
Total quoted equities – local	<u>179,460,790</u>	<u>542,935,940</u>	<u>567,937,267</u>	<u>55.47</u>
Accumulated unrealised gain on quoted equities – local		<u>25,001,327</u>		
Total quoted equities – local		<u>567,937,267</u>		

# AFFIN HWANG SELECT OPPORTUNITY FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(b) Quoted equities – foreign

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

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



# AFFIN HWANG SELECT OPPORTUNITY FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

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

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 31 January 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Financials</u>				
China Construction Bank Corp	6,161,000	22,434,397	22,535,817	2.20
Ping An Insurance Grp Co China	574,000	20,842,432	22,733,052	2.22
AIA Group Ltd	472,000	15,352,738	17,351,102	1.70
Hong Kong Exchange & Clearing	86,000	10,323,879	10,931,501	1.07
	<u>7,293,000</u>	<u>68,953,446</u>	<u>73,551,472</u>	<u>7.19</u>
<u>Oil &amp; Gas</u>				
PetroChina Company Limited	<u>5,121,000</u>	<u>15,635,519</u>	<u>13,521,017</u>	<u>1.32</u>
<u>Technology</u>				
Tencent Holdings Ltd	<u>131,400</u>	<u>20,496,796</u>	<u>23,709,611</u>	<u>2.32</u>
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	<u>1,226,000</u>	<u>16,384,319</u>	<u>15,481,389</u>	<u>1.51</u>
<u>Utilities</u>				
CK Infrastructure Holdings Ltd	<u>522,000</u>	<u>17,140,675</u>	<u>17,241,629</u>	<u>1.68</u>
<u>Singapore</u>				
<u>Financials</u>				
Ascendas Real Estate InvTrust	2,609,700	19,966,189	21,649,160	2.11
DBS Group Holdings Ltd	162,800	12,174,455	11,833,233	1.16
United Overseas Bank Ltd	202,000	15,387,571	15,462,060	1.51
	<u>2,974,500</u>	<u>47,528,215</u>	<u>48,944,453</u>	<u>4.78</u>

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities - foreign as at 31 January 2019 are as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u> (continued)				
<u>Industrials</u>				
Singapore Tech Engineering Ltd	973,000	10,363,641	10,969,191	1.07
<u>Oil &amp; Gas</u>				
Keppel Corporation Ltd	494,000	11,519,360	9,141,807	0.89
<u>United States</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	24,262	14,700,240	16,731,907	1.63
Total quoted equities – foreign	<u>18,759,162</u>	<u>222,722,211</u>	<u>229,292,476</u>	<u>22.39</u>
Accumulated unrealised gain on quoted equities –foreign		<u>6,570,265</u>		
Total quoted equities – foreign		<u>229,292,476</u>		

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

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

(c) Exchange traded fund – foreign

(i) There is no exchange trade fund - foreign as at 31 January 2020.

(ii) Exchange trade fund - foreign as at 31 January 2019 are as follows.

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
IShares MSCI China Index ETF	2,096,400	26,855,801	25,761,381	2.52
Total exchange traded fund – foreign	<u>2,096,400</u>	<u>26,855,801</u>	<u>25,761,381</u>	<u>2.52</u>
Accumulated unrealised loss on exchange traded fund –foreign		(1,094,420)		
Total exchange traded fund – foreign		<u>25,761,381</u>		

#### 8 CASH AND CASH EQUIVALENTS

	<u>2020 RM</u>	<u>2019 RM</u>
Cash and bank balances	26,405,243	43,265,995
Deposit with licensed financial institutions	248,088	161,217,339
	<u>26,653,331</u>	<u>204,483,334</u>

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

	<u>2020 %</u>	<u>2019 %</u>
Deposit with licensed financial institutions	<u>2.75</u>	<u>3.75</u>

Deposits with licensed financial institutions have an average maturity of 3 days (2019: 26 days).

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are Nil (2018: 1) forward currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM Nil (2019: RM52,166,712). The forward foreign currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign equities denominated in United States Dollar. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward foreign currency contract is recognised immediately in profit or loss.

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At beginning of the financial period	1,010,770,000	1,015,150,000
Creation of units	9,036,000	57,021,000
Cancellation of units	(94,003,000)	(30,665,000)
At the end of the financial period	<u>925,803,000</u>	<u>1,041,506,000</u>

#### 11 TRANSACTIONS WITH BROKERS

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

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

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS (CONTINUED)

- (ii) Details of transactions with the top 10 brokers for the financial period ended 31 January 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	108,823,201	13.12	272,058	14.91
China Intl Capital Corp HK Sec Ltd	72,993,445	8.80	95,208	5.22
Maybank Investment Bank Bhd	59,255,109	7.14	88,500	4.85
Citigroup Global Markets Ltd London	58,328,331	7.03	116,657	6.39
Macquarie Bank Ltd HK	53,640,709	6.47	133,363	7.31
UOB Kay Hian Securities (M) Sdn Bhd	41,878,111	5.05	104,695	5.74
CCB International Securities Ltd	39,826,113	4.80	99,565	5.46
CLSA Securities Malaysia Sdn Bhd	36,797,152	4.44	88,031	4.82
UBS Securities Malaysia Sdn Bhd	33,032,984	3.98	82,582	4.53
CLSA Ltd	32,695,609	3.94	16,348	0.90
Others	292,118,102	35.23	727,906	39.87
	<u>829,388,866</u>	<u>100.00</u>	<u>1,824,913</u>	<u>100.00</u>

#Included in transactions with broker are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM229,676,632 (2019: RM108,823,201). The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 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>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager

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

	<u>2020</u>		<u>2019</u>	
	No. of Units	RM	No. of Units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The unit are held legally for booking purpose)	<u>301,489</u>	<u>284,787</u>	<u>895,232</u>	<u>880,103</u>
<u>Director of the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>406,383</u>	<u>383,869</u>	<u>398,291</u>	<u>391,560</u>
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>623,454</u>	<u>588,915</u>	<u>-</u>	<u>-</u>

## AFFIN HWANG SELECT OPPORTUNITY FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2020 (CONTINUED)

#### 13 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended <u>31.1.2020</u> %	6 months financial period ended <u>31.1.2019</u> %
MER	<u>0.82</u>	<u>0.79</u>

MER is derived from the following calculation:

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

The average net asset value of the Fund for the financial period calculated on a daily basis is RM928,700,207 (2019: RM1,023,757,644).

#### 14 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended <u>31.1.2020</u>	6 months financial period ended <u>31.1.2019</u>
PTR (times)	<u>0.63</u>	<u>0.41</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM541,233,998 (2019: RM444,783,997)  
total disposal for the financial period = RM633,439,339 (2019: RM402,586,284)



## **AFFIN HWANG SELECT OPPORTUNITY 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 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 31 January 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2020 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
11 March 2020

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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