

Affin Hwang

Select Opportunity Fund

Interim Report
31 January 2022

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 2022

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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.

FUND PERFORMANCE DATA

Category	As at 31 Jan 2022 (%)	As at 31 Jan 2021 (%)	As at 31 Jan 2020 (%)
Portfolio composition			
Quoted equities – local			
- Construction	-	5.36	0.57
- Consumer product & services	3.43	3.40	7.17
- Energy	5.60	-	0.95
- Financial services	20.32	6.45	21.91
- Health care	4.34	2.97	0.86
- Industrial product & services	2.65	5.82	8.12
- Telecommunication & media	7.91	10.81	6.52
- Transportation & logistics	-	-	5.84
- Plantation	4.35	3.42	3.07
- Preference share	-	3.76	4.94
- Property	7.21	2.63	-
- REITs	-	-	2.74
- Technology	15.45	19.62	2.38
- Utilities	-	1.98	4.48
- Warrants	-	1.01	-
Total quoted equities – local	71.26	67.23	69.55
Quoted equities – foreign			
- Consumer goods	-	3.66	-
- Consumer services	-	8.46	4.17
- Consumer staples	4.35	-	-
- Consumer discretionary	8.20	-	-
- Energy	0.98	-	-
- Financial services	2.97	1.05	6.82
- Health care	0.78	-	-
- Industrials	-	-	1.37
- Preference shares	-	5.91	-
- Real estate	1.63	-	-
- Technology	5.68	9.82	11.13
Total quoted equities – foreign	24.59	28.90	23.49
Cash & cash equivalent	4.15	3.87	6.96
Total	100.00	100.00	100.00
Total NAV (RM'million)	457.318	558.857	874.535
NAV per Unit (RM)	1.0494	1.1238	0.9446
Unit in Circulation (million)	435.783	497.295	925.803
Highest NAV	1.1310	1.1483	0.9920
Lowest NAV	1.0406	0.9178	0.9337
Return of the Fund (%) ⁱⁱⁱ	0.85	16.70	-3.16
- Capital Growth (%) ⁱ	0.85	16.70	-3.16
- Income Distribution (%) ⁱⁱ	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) ¹	0.81	0.87	0.82
Portfolio Turnover Ratio (times) ²	0.47	0.78	0.63

¹The MER of the Fund was lower than previous period due to lower expenses incurred by the Fund for the financial period.

²The decrease in the Fund's PTR was due to lower trading activities for the financial period.

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

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

An illustration of the above would be as follow:-

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

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

No income distribution or unit split was declared for the financial period ended 31 January 2022.

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

For the period 1 August 2021 to 31 January 2022, the Fund has registered a return of 0.85% as compared to the benchmark return of -1.05%. The Fund thus outperformed the benchmark by 1.90%. The Net Asset Value (NAV) per unit of the Fund as at 31 January 2022 was RM1.0494 while the NAV per unit on 31 July 2021 was RM 1.0406.

Since commencement, the Fund has outperformed the benchmark by 703.11% with return of 866.89% compared to the benchmark return of 163.78%.

Table 1: Performance of the Fund

	6 Months (1/8/21 - 31/1/22)	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	5 Years (1/2/17 - 31/1/22)	Since Commencement (28/9/01 - 31/1/22)
Fund	0.85%	(2.27%)	14.01%	23.21%	866.89%
Benchmark	(1.05%)	(4.83%)	(8.46%)	(7.62%)	163.78%
Outperformance	1.90%	2.56%	22.47%	30.83%	703.11%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/21 - 31/1/22)	3 Years (1/2/19 - 31/1/22)	5 Years (1/2/17 - 31/1/22)	Since Commencement (28/9/01 - 31/1/22)
Fund	(2.27%)	4.46%	4.26%	11.79%
Benchmark	(4.83%)	(2.90%)	(1.57%)	4.88%
Outperformance	2.56%	7.36%	5.83%	6.91%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/8/20 - 31/7/21)	FYE 2020 (1/8/19 - 31/7/20)	FYE 2019 (1/8/18 - 31/7/19)	FYE 2018 (1/8/17 - 31/7/18)	FYE 2017 (1/8/16 - 31/7/17)
Fund	13.09%	(1.27%)	(1.74%)	(3.08%)	23.13%
Benchmark	(5.09%)	(1.40%)	(8.10%)	1.84%	8.08%
Outperformance	18.18%	0.13%	6.36%	(4.92%)	15.05%

Source of Benchmark: Bloomberg

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



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

Benchmark: FTSE Bursa Malaysia Top 100 Index

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

Asset Allocation

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

As at 31 January 2022, the Fund's equities weighting stood at 95.85% while the balance was held in cash and cash equivalent. During the period under review, the Fund's allocation into local equities is slightly higher at 71.26% mainly via increased exposure in the financial services sector. Meanwhile, within the foreign equity space, the Manager had reduced exposure mainly through preference shares and technology sectors. Overall, cash level was increased to a higher level of 4.15% over the same period.

Strategy Employed

Our Manager redeployed some of the cash into cyclical names, namely in the energy and financial 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 that will be less sensitive to external market development.

Market Review

Global equities started 2021 on a strong note buoyed by policy easing and optimism surrounding global vaccination rollouts. However, the global recovery grew at an uneven pace as developed markets posted stronger gains compared to emerging markets.

Developed markets have managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility. The S&P 500 index pierced new highs in the year underpinned by a strong earnings rebound as businesses clambered to meet renewed demand.

However, the rally was tested by surging bond yields in the 1Q'2021 as well as the spectre of inflation that would spook investors for the rest of the year. Inflation vaulted strongly from a low-base effect as supply chain disruptions associated with the pandemic led to a sharp increase in input prices.

Markets were soothed initially by dovish comments from the US Federal Reserve which pledged to keep monetary policy accommodative. Fed Chair Jerome Powell held the view that inflation was transitional and that supply-demand imbalances would begin to ease which would cool down inflation.

However with inflation proving stickier than expected, the Fed relented towards the end of year and pivoted towards a hawkish stance. At its policy meeting, the Fed signaled that it would start accelerating its tapering of bond purchases that would pave the way for 3 rate hikes in 2022.

Meanwhile in Asia, the broader MSCI Asia ex-Japan index ended the year down as the region reeled from the Delta variant that led to fresh lockdowns being imposed and a surge in hospitalization rates.

The region was also pulled down by weaker performance in China as authorities cast a wide regulatory dragnet which impacted a range of sectors including technology, education and e-commerce. This was part of a wider 'common prosperity' drive by Beijing to narrow the income gap and increase the political legitimacy of the Communist Party which celebrated its 100th anniversary in 2021.

On the domestic front, the local market mirrored regional losses with the benchmark KLCI closing lower in the year. A litany of concerns sent the stock market on a volatile path with fresh lockdowns, political instability as well as new taxes proposed under Budget 2022.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The appointment provided some clarity by resolving the political impasse following the resignation of Tan Sri Muhyiddin Yassin who faced a turbulent tenure due to the mishandling of the pandemic as well as a rare royal rebuke.

Markets were also jolted when the government announced a one-off prosperity tax (Cukai Makmur) during the tabling of Budget 2022 for companies that earned super profits. This quelled the initial optimism from economic reopening as earnings forecasts are pared down.

However, the government made U-turns on other tax measures proposed under Budget 2022 including reinstating the exemption of all types of foreign incomes for individuals from tax as well as stamp duty cap. Markets were concerned that these initial measures would dampen sentiment and reduce market vibrancy as well as velocity of trading. However, the local market saw support on the back of easing policy headwinds as investors also price-in better growth prospects.

Coming into January 2022, the local market mirrored regional movements with the benchmark KLCI closing 3.5% lower during the month as a deepening tech rout dampened sentiment. Bursa Malaysia Technology Index slid by 15.3% in January as the sector was rattled by the Fed's hawkish pivot.

Investment Outlook

2022 is set to be a year of transition for markets as investors contend with normalization of growth rates and monetary policy tightening. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

Market environment is challenging given rising rates, slowing growth and waning earnings expectations. The key indicators of policies, growth and earnings have not inflected. That said, the positives are that valuations have become less excessive and sentiments have turned bearish.

Russia-Ukraine tension is also weighing on sentiments. However, history suggest that the market impact from geopolitical events tend to be short. Moving forward, we expect markets to shift the focus back to tighter monetary conditions and slowing growth.

While a total lockdown caused by the Omicron variant is not a base-case for now, there will probably be need to make adjustments as we go along. However, developments of new medical treatments such as oral pills can help in the fight against COVID. This would lay the planks for a more sustainable reopening of the economy once we have a complete medical arsenal that is effective against all known variants. There could also be room for the Fed to adjust policy should Omicron turn out to be more destructive than what the market anticipates.

After a wide regulatory dragnet was casted in 2021 by the Chinese government specifically on targeted sectors including education, technology, and e-commerce, recent policy signals by Beijing suggested that the worst of tightening cycle is over. We see the focus of policymakers shifting from that of regulatory tightening to now supporting growth as its economy wanes.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

In terms of sector opportunities, we see banks as positive, benefit from a rising interest rate cycle as well as improvement in asset quality. Valuations of the sector is also attractive with banking stocks trading at a discount to its book value. Though seeing a lot of pressure now due to ESG headwinds especially pertaining to the welfare of foreign workers, technology and exporters are another key segment that could see potential upside underpinned by strong earnings visibility driven by secular growth trends such as 5G, electric vehicles (EV) and solar energy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation, a less hawkish Fed policy, and subside Russia-Ukraine tension as potential turnarounds for the market to improve.

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

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

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 2022. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Senior Manager, Investment Compliance Monitoring

Kuala Lumpur
15 March 2022

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022

AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022

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AFFIN HWANG SELECT OPPORTUNITY FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022

	Note	6 months financial period ended 31.1.2022 RM	6 months financial period ended 31.1.2021 RM
INVESTMENT INCOME			
Dividend income		5,010,286	6,903,663
Interest income from financial assets at amortised cost		129,066	99,250
Net loss on foreign currency exchange		(494,851)	(1,679,253)
Net gain on forward foreign currency contracts at fair value through profit or loss		-	381,600
Net gain on financial assets at fair value through profit or loss	7	5,306,651	94,472,972
		<u>9,951,152</u>	<u>100,178,232</u>
EXPENSES			
Management fee	4	(3,631,603)	(4,636,728)
Trustee fee	5	(169,491)	(216,381)
Auditors' remuneration		(4,789)	(4,971)
Tax agent's fee		(1,915)	(1,915)
Transaction costs		(1,384,467)	(2,467,062)
Other expenses		(90,546)	(479,191)
		<u>(5,282,811)</u>	<u>(7,806,248)</u>
NET PROFIT BEFORE TAXATION		4,668,341	92,371,984
Taxation	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>4,668,341</u>	<u>92,371,984</u>
Net profit after taxation is made up of the following:			
Realised amount		17,638,466	12,921,516
Unrealised amount		(12,970,125)	79,450,468
		<u>4,668,341</u>	<u>92,371,984</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 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	8	18,546,002	20,485,973
Amount due from brokers		-	6,891,774
Dividends receivable		1,090,434	2,912,260
Financial assets at fair value through profit or loss	7	438,339,381	537,233,939
TOTAL ASSETS		<u>457,975,817</u>	<u>567,523,946</u>
LIABILITIES			
Amount due to brokers		-	6,298,309
Amount due to Manager			
- management fee		598,432	730,414
- cancellation of units		2,093	1,580,061
Amount due to Trustee		27,927	34,086
Auditors' remuneration		4,789	4,971
Tax agent's fee		9,625	9,625
Other payables and accruals		14,685	9,739
TOTAL LIABILITIES		<u>657,551</u>	<u>8,667,205</u>
NET ASSET VALUE OF THE FUND		<u>457,318,266</u>	<u>558,856,741</u>
EQUITY			
Unitholders' capital		364,351,750	434,741,017
Retained earnings		92,966,516	124,115,724
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>457,318,266</u>	<u>558,856,741</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>435,783,000</u>	<u>497,295,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0494</u>	<u>1.1238</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 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 August 2021	385,603,178	88,298,175	473,901,353
Total comprehensive income for the financial period	-	4,668,341	4,668,341
Movement in unitholders' capital:			
Creation of units arising from applications	5,639,101	-	5,639,101
Cancellation of units	(26,890,529)	-	(26,890,529)
Balance as at 31 January 2022	<u>364,351,750</u>	<u>92,966,516</u>	<u>457,318,266</u>
Balance as at 1 August 2020	651,417,009	31,743,740	683,160,749
Total comprehensive income for the financial period	-	92,371,984	92,371,984
Movement in unitholders' capital:			
Cancellation of units	(216,675,992)	-	(216,675,992)
Balance as at 31 January 2021	<u>434,741,017</u>	<u>124,115,724</u>	<u>558,856,741</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 2022

	Note	6 months financial period ended 31.1.2022 RM	6 months financial period ended 31.1.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		245,188,377	599,367,936
Purchase of investments		(239,535,507)	(406,524,473)
Dividends received		4,288,376	4,066,073
Interest received		129,066	99,250
Management fee paid		(3,648,964)	(4,808,178)
Trustee fee paid		(170,301)	(224,382)
Payment for other fees and expenses		(1,484,512)	(2,955,752)
Net gain/(loss) on realised foreign currency exchange		1,009,530	(2,816,047)
Realised gain on forward foreign currency contracts		-	381,600
Net cash flows generated from operating activities		5,776,065	186,586,027
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		5,639,101	-
Payments for cancellation of units		(27,342,554)	(216,245,440)
Net cash flows used in financing activities		(21,703,453)	(216,245,440)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(15,927,388)	(29,659,413)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		(335,023)	(1,538,962)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		34,808,413	51,684,348
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8	18,546,002	20,485,973

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 2022

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 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 K.

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest rate Benchmark (IBOR) Reform – Phase 2' (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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

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

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

B INCOME RECOGNITION

Dividend income

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 on the ex-dividend date, when the right to receive the dividend has been established.

Interest income

Interest income from short-term deposits with licensed financial institution 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 gains and losses on sale of investments

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

C TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, 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 period.

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

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.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

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

The Fund classifies cash and cash equivalents, amount due from brokers and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represents SPPI.

The Fund classifies amount due to brokers, 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. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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.

AFFIN HWANG SELECT OPPORTUNITY FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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 period.

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances 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. Refer to Note G for accounting policy on recognition and measurement.

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

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 2022 (CONTINUED)

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 asset value;
- the units are the most subordinated class and class features are identical;
- there are 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 period if unit holder exercises the right to put the unit back to the Fund.

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

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

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.

L 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 OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022

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 28 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 Organisation 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 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 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 15 March 2022.

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	18,546,002	-	18,546,002
Dividends receivable		1,090,434	-	1,090,434
Quoted equities	7	-	438,339,381	438,339,381
Total		<u>19,636,436</u>	<u>438,339,381</u>	<u>457,975,817</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		598,432	-	598,432
- cancellation of units		2,093	-	2,093
Amount due to Trustee		27,927	-	27,927
Auditors' remuneration		4,789	-	4,789
Tax agent's fee		9,625	-	9,625
Other payables and accruals		14,685	-	14,685
Total		<u>657,551</u>	<u>-</u>	<u>657,551</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	20,485,973	-	20,485,973
Amount due from brokers		6,891,774	-	6,891,774
Dividends receivable		2,912,260	-	2,912,260
Quoted equities	7	-	537,233,939	537,233,939
Total		<u>30,290,007</u>	<u>537,233,939</u>	<u>567,523,946</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Amount due to brokers		6,298,309	-	6,298,309
Amount due to Manager				
- management fee		730,414	-	730,414
- cancellation of units		1,580,061	-	1,580,061
Amount due to Trustee		34,086	-	34,086
Auditors' remuneration		4,971	-	4,971
Tax agent's fee		9,625	-	9,625
Other payables and accruals		9,739	-	9,739
Total		<u>8,667,205</u>	<u>-</u>	<u>8,667,205</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2022</u> RM	<u>2021</u> RM
Quoted investments		
Quoted equities	<u>438,339,381</u>	<u>537,233,939</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2021: 10%) and decreased by 10% (2021: 10%) 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>2022</u>		
-4%	420,805,806	(17,533,575)
0%	438,339,381	-
+4%	455,872,956	17,533,575
	<u> </u>	<u> </u>
<u>2021</u>		
-10%	483,510,545	(53,723,394)
0%	537,233,939	-
+10%	590,957,333	53,723,394
	<u> </u>	<u> </u>

(b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to short-term 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.

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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:

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Chinese Yuan	8,338,834	4,590,211	-	12,929,045
Euro	5,996,848	18,320	-	6,015,168
Hong Kong Dollar	62,375,608	6,031,734	-	68,407,342
Korean Won	4,600,210	-	19,592	4,619,802
Singapore Dollar	15,318,343	2,228,295	-	17,546,638
Taiwan Dollar	5,739,264	-	-	5,739,264
United States Dollar	10,085,981	4,834,144	-	14,920,125
	<u>112,455,088</u>	<u>17,702,704</u>	<u>19,592</u>	<u>130,177,384</u>
	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Chinese Yuan	7,002,458	1,206,117	-	8,208,575
Hong Kong Dollar	78,455,077	4,894	1,640,697	80,100,668
Korean Won	45,865,890	-	777,085	46,642,975
Singapore Dollar	-	177,864	-	177,864
United States Dollar	30,191,077	18,100,038	-	48,291,115
	<u>161,514,502</u>	<u>19,488,913</u>	<u>2,417,782</u>	<u>183,421,197</u>

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 NAV to foreign exchange movement. The analysis is based on the assumption that the foreign exchange rate changes by 10% (2021: 10%), 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 10% (2021: 10%). 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>2022</u>		
Chinese Yuan	+/- 10	+/- 1,292,905
Euro	+/- 10	+/- 601,517
Hong Kong Dollar	+/- 10	+/- 6,840,734
Korean Won	+/- 10	+/- 461,980
Singapore Dollar	+/- 10	+/- 1,754,663
Taiwan Dollar	+/- 10	+/- 573,926
United States Dollar	+/- 10	+/- 1,492,013
<u>2021</u>		
Chinese Yuan	+/- 10	+/- 820,858
Hong Kong Dollar	+/- 10	+/- 8,010,067
Korean Won	+/- 10	+/- 4,664,298
Singapore Dollar	+/- 10	+/- 17,786
United States Dollar	+/- 10	+/- 4,829,112

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 cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

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

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2022</u>			
Financial Services			
- AAA	18,546,002	-	18,546,002
- NR	-	1,070,842	1,070,842
Technology			
- NR	-	19,592	19,592
	<u>18,546,002</u>	<u>1,090,434</u>	<u>19,636,436</u>
<u>2021</u>			
Financial Services			
- AAA	20,485,973	1,083,295	21,569,268
- NR	-	2,124,577	2,124,577
Health Care			
- NR	-	5,251,077	5,251,077
Technology			
- NR	-	777,085	777,085
Property			
- NR	-	568,000	568,000
	<u>20,485,973</u>	<u>9,804,034</u>	<u>30,290,007</u>

* Other assets consist of dividends receivable and amount due from brokers.

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 at bank, 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>2022</u>			
Amount due to Manager			
- management fee	598,432	-	598,432
- creation of units	2,093	-	2,093
Amount due to Trustee	27,927	-	27,927
Auditors' remuneration	-	4,789	4,789
Tax agent's fee	-	9,625	9,625
Other payables and accruals	-	14,685	14,685
	<u>628,452</u>	<u>29,099</u>	<u>657,551</u>
<u>2021</u>			
Amount due to Manager			
- management fee	730,414	-	730,414
- creation of units	1,580,061	-	1,580,061
Amount due to Trustee	34,086	-	34,086
Amount due to brokers	6,298,309	-	6,298,309
Auditors' remuneration	-	4,971	4,971
Tax agent's fee	-	9,625	9,625
Other payables and accruals	-	9,739	9,739
	<u>8,642,870</u>	<u>24,335</u>	<u>8,667,205</u>

Capital risk

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

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as 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. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

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

(i) Fair value hierarchy

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

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

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at fair value through profit or loss				
- quoted equities	438,339,381	-	-	438,339,381

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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: (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	537,233,939	-	-	537,233,939

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.

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

4 MANAGEMENT FEE

In accordance with the Deeds, 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 2022, the management fee is recognised at a rate of 1.50% (2021: 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.

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deeds, 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 2022, the Trustee fee is recognised at a rate of 0.07% (2021: 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 <u>31.1.2022</u> RM	6 months financial period ended <u>31.1.2021</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:

	6 months financial period ended <u>31.1.2022</u> RM	6 months financial period ended <u>31.1.2021</u> RM
Net profit before taxation	4,668,341	92,371,984
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	1,120,402	22,169,276
Tax effects of:		
Investment income not subject to tax	(2,388,277)	(24,042,776)
Expenses not deductible for tax purposes	393,931	759,012
Restrictions on tax deductible expenses for Unit Trust Funds	873,944	1,114,488
Tax expense	-	-

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	325,884,293	375,719,437
- quoted equities – foreign	112,455,088	161,514,502
	<u>438,339,381</u>	<u>537,233,939</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	17,941,753	13,483,542
- unrealised (loss)gain on changes in fair value	(12,635,102)	80,989,430
	<u>5,306,651</u>	<u>94,472,972</u>

(a) Quoted equities - local

(i) Quoted equities - local as at 31 January 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Consumer Product & Services</u>				
Genting Bhd	3,603,000	18,272,638	15,709,080	3.43
<u>Energy</u>				
Dialog Group Bhd	3,256,000	9,026,248	8,335,360	1.82
Yinson Holdings Bhd	3,141,000	15,566,592	17,275,500	3.78
	<u>6,397,000</u>	<u>24,592,840</u>	<u>25,610,860</u>	<u>5.60</u>
<u>Financial Services</u>				
Allianz Malaysia Bhd - PA	1,416,458	6,277,872	17,592,408	3.85
CIMB Group Holdings Bhd	3,288,501	14,822,183	17,100,205	3.74
Hong Leong Bank Bhd	909,100	16,276,426	17,563,812	3.84
Malayan Banking Bhd	2,143,225	18,075,352	17,724,471	3.87
Public Bank Bhd	2,680,700	11,207,063	11,285,747	2.47
RHB Bank Bhd	2,095,118	10,839,882	11,648,856	2.55
	<u>12,533,102</u>	<u>77,498,778</u>	<u>92,915,499</u>	<u>20.32</u>
<u>Health Care</u>				
IHH Healthcare Bhd	3,075,300	18,718,874	19,835,685	4.34

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 2022 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Industrial Products & Services</u>				
Sunway Bhd	7,169,140	11,124,453	12,115,847	2.65
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	921,300	21,725,020	19,900,080	4.35
<u>Property</u>				
Eco World Development Group Bhd	22,973,800	12,008,673	21,250,765	4.65
Mah Sing Group Bhd	17,345,000	13,621,143	11,707,875	2.56
	40,318,800	25,629,816	32,958,640	7.21
<u>Technology</u>				
CTOS Digital Bhd	2,511,700	3,608,091	4,244,773	0.93
Dagang NeXchange Bhd	23,111,000	19,055,287	21,724,340	4.75
Frontken Corp Bhd	4,789,800	11,218,200	15,279,462	3.34
Greatech Technology Bhd	2,172,900	6,996,776	11,212,164	2.45
Inari Amertron Bhd	4,745,200	14,651,423	15,611,708	3.41
My EG Services Bhd	2,704,420	1,917,189	2,609,765	0.57
	40,035,020	57,446,966	70,682,212	15.45
<u>Telecommunication & Media</u>				
Telekom Malaysia Bhd	3,874,500	19,143,895	19,527,480	4.27
TIME dotCom Bhd	3,903,500	12,019,085	16,628,910	3.64
	7,778,000	31,162,980	36,156,390	7.91
Total quoted equities – local	121,830,662	286,172,365	325,884,293	71.26
Accumulated unrealised gain on quoted equities – local		39,711,928		
Total quoted equities – local		325,884,293		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 2021 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
Jaks Resources Bhd	44,409,400	17,897,363	29,976,345	5.36
Jaks Resources Bhd - Warrant	14,350,000	-	5,668,250	1.01
	<u>58,759,400</u>	<u>17,897,363</u>	<u>35,644,595</u>	<u>6.37</u>
<u>Consumer Product & Services</u>				
British American Tobacco M Bhd	1,448,600	16,058,285	18,976,660	3.40
<u>Financial Services</u>				
Allianz Malaysia Bhd -PA	1,556,458	6,898,365	21,012,183	3.76
Malayan Banking Bhd	1,449,348	12,557,881	11,319,408	2.03
RHB Bank Bhd	4,838,800	25,131,381	24,677,880	4.42
	<u>7,844,606</u>	<u>44,587,627</u>	<u>57,009,471</u>	<u>10.21</u>
<u>Health Care</u>				
Hartalega Holdings Bhd	725,200	9,469,748	9,326,072	1.67
IHH Healthcare Bhd	1,425,300	8,262,584	7,240,524	1.30
	<u>2,150,500</u>	<u>17,732,332</u>	<u>16,566,596</u>	<u>2.97</u>
<u>Industrial Products & Services</u>				
Sunway Bhd	10,667,440	16,552,814	16,001,160	2.86
Supercomnet Technologies Bhd	9,305,900	18,146,505	16,564,502	2.96
	<u>19,973,340</u>	<u>34,699,319</u>	<u>32,565,662</u>	<u>5.82</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	822,700	19,591,869	19,103,094	3.42
<u>Property</u>				
Eco World Development Group Bhd	30,000,000	15,508,227	14,700,000	2.63

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Technology</u>				
Datasonic Group Bhd	15,337,200	8,617,559	7,361,856	1.32
Frontken Corp Bhd	4,076,200	14,163,393	18,995,092	3.40
Greatech Technology Bhd	5,900,800	19,000,679	33,162,496	5.93
Inari Amertron Bhd	7,538,200	13,762,888	25,479,116	4.56
My EG Services Bhd	12,916,310	17,620,806	24,670,152	4.41
	<u>45,768,710</u>	<u>73,165,325</u>	<u>109,668,712</u>	<u>19.62</u>
<u>Telecommunications & Media</u>				
Telekom Malaysia Bhd	5,737,900	26,742,320	36,320,907	6.50
TIME dotCom Bhd	1,767,500	16,326,681	24,108,700	4.31
	<u>7,505,400</u>	<u>43,069,001</u>	<u>60,429,607</u>	<u>10.81</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	1,145,600	14,545,950	11,055,040	1.98
Total quoted equities – local	<u>175,418,856</u>	<u>296,855,298</u>	<u>375,719,437</u>	<u>67.23</u>
Accumulated unrealised gain on quoted equities – local		<u>78,864,139</u>		
Total quoted equities – local		<u>375,719,437</u>		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 31 January 2022 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>China</u>				
<u>Energy</u>				
Sungrow Power Supply Company	60,000	4,844,945	4,485,569	0.98
<u>Technology</u>				
Shengyi Technology Co Ltd	300,500	4,831,098	3,853,265	0.84
<u>France</u>				
<u>Consumer Discretionary</u>				
LVMH Moet HennessyLouisVuitton	1,777	5,449,895	5,996,848	1.31
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
BYD Co Ltd	36,000	4,319,790	4,276,917	0.94
Haier Smart Home Co Ltd	531,000	8,845,248	8,847,219	1.94
JD.com Inc	952	540,459	142,730	0.03
Li Ning Company Ltd	120,500	5,275,015	4,868,921	1.06
Shenzhen Intl Group Holdings	30,000	2,487,249	2,303,624	0.50
Techtronic Industries Co	66,000	4,809,922	4,529,655	0.99
	784,452	26,277,683	24,969,066	5.46
<u>Consumer Staples</u>				
China Feihe Ltd	1,241,000	11,151,866	7,178,624	1.57
China Mengniu Dairy Co Ltd	515,000	12,311,478	12,712,054	2.78
	1,756,000	23,463,344	19,890,678	4.35
<u>Technology</u>				
Baidu Inc	87,900	9,041,470	6,777,918	1.48
Meituan	48,200	6,446,865	5,674,588	1.24
Tencent Holdings Ltd	20,000	4,741,018	5,063,358	1.11
	156,100	20,229,353	17,515,864	3.83

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 2022 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Financial Services</u>				
DBS Group Holdings Ltd	72,500	7,594,525	7,882,873	1.72
<u>Real Estate</u>				
Digital Core REIT Mgmt PL	1,532,000	5,712,154	7,435,470	1.63
<u>South Korea</u>				
<u>Technology</u>				
Samsung Electronics Co Ltd - Preference Shares	20,065	3,865,779	4,600,210	1.01
<u>Taiwan</u>				
<u>Financial Services</u>				
Taiwan Semiconductor Manufacturing Company	60,000	5,158,037	5,739,264	1.25
<u>United States</u>				
<u>Consumer Discretionary</u>				
Amazon.com Inc	523	4,402,985	6,541,785	1.43
<u>Health Care</u>				
Syneos Health Inc	9,359	3,686,732	3,544,196	0.78
Total quoted equities – foreign	4,753,276	115,516,530	112,455,088	24.59
Accumulated unrealised loss on quoted equities –foreign		(3,061,442)		
Total quoted equities – foreign		112,455,088		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Services</u>				
China Intl Travel Service Corp Ltd	37,981	4,903,511	7,002,458	1.25
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Feihe Ltd	592,000	6,295,406	7,138,830	1.28
Haier Smart Home Co Ltd	367,200	6,054,330	6,139,911	1.10
	959,200	12,349,736	13,278,741	2.38
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	147,800	14,581,514	18,985,492	3.40
JD.com Inc	51,000	7,265,249	9,181,175	1.64
	198,800	21,846,763	28,166,667	5.04
<u>Financial Services</u>				
China Overseas Prop Holdings Ltd	2,345,000	5,835,196	5,863,250	1.05
<u>South Korea</u>				
<u>Technology</u>				
Samsung Electronics Co Ltd				
- Preference Shares	125,108	21,976,083	33,014,875	5.91
SK Hynix Inc	29,179	8,576,696	12,851,015	2.30
	154,287	30,552,779	45,865,890	8.21
<u>Technology</u>				
Tencent Holdings Ltd	79,700	13,877,984	28,292,970	5.06
Xiaomi Corp	187,600	2,858,988	2,853,449	0.51
	267,300	16,736,972	31,146,419	5.57

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (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 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United States</u>				
<u>Consumer Goods</u>				
LI Auto Inc	55,000	6,475,700	7,153,069	1.28
<u>Consumer Services</u>				
Amazon.com Inc	936	7,879,912	12,119,200	2.17
<u>Technology</u>				
Baidu Inc	11,508	9,414,685	10,918,808	1.95
Total quoted equities – foreign	<u>4,030,012</u>	<u>115,995,254</u>	<u>161,514,502</u>	<u>28.90</u>
Accumulated unrealised gain on quoted equities – foreign		<u>45,519,248</u>		
Total quoted equities – foreign		<u>161,514,502</u>		

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	17,736,663	19,565,841
Deposit with a licensed financial institution	809,339	920,132
	<u>18,546,002</u>	<u>20,485,973</u>

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

	<u>2022</u> %	<u>2021</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>1.75</u>

Deposits with a licensed financial institution have an average maturity of 3 days (2021: 2 days).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At beginning of the financial period	455,426,000	709,418,000
Creation of units from applications	5,218,000	-
Cancellation of units	(24,861,000)	(212,123,000)
At the end of the financial period	<u>435,783,000</u>	<u>497,295,000</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

10 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 January 2022 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 #	102,985,043	22.46	281,838	26.01
CLSA Sec Malaysia Sdn Bhd	28,995,074	6.32	44,128	4.07
CIMB Investment Bank Bhd	19,681,744	4.29	44,913	4.15
HLG Securities Sdn Bhd	18,651,683	4.07	46,629	4.30
Robert W. Baird & Co.Inc. NY	18,560,139	4.05	1,984	0.18
Credit Suisse Secs (M) Sdn Bhd	16,862,273	3.68	42,156	3.89
Citigroup Global Mkts Ltd Ldn	13,448,281	2.93	72,594	6.70
Kenanga Investment Bank Bhd	13,311,028	2.90	33,278	3.07
Hong Leong Investment Bank Bhd	13,129,959	2.87	-	-
Huatai Financial Holdings (HK) Ltd	13,032,131	2.84	13,032	1.20
Others	199,892,723	43.59	503,229	46.43
	<u>458,550,078</u>	<u>100.00</u>	<u>1,083,781</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 January 2021 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 #	157,947,185	16.40	392,888	18.64
HLG Securities Sdn Bhd	60,073,276	6.24	150,183	7.12
CLSA Securities (M) Sdn Bhd	58,686,660	6.09	121,086	5.74
Credit Suisse Securities (M) Sdn Bhd	56,327,322	5.85	140,818	6.68
UOB Kay Hian Securities (M) Sdn Bhd	52,745,928	5.47	131,865	6.26
Public Investment Bank Bhd	36,017,178	3.74	90,043	4.27
UBS Securities (M) Sdn Bhd	35,986,176	3.74	89,965	4.27
Robert W. Baird & Co.Inc. NY	34,248,512	3.56	3,163	0.15
Maybank Investment Bank Bhd	32,286,929	3.35	78,560	3.73
China International Co HK Sec Ltd	30,099,810	3.12	9,698	0.46
Others	408,844,231	42.44	899,818	42.68
	<u>963,263,207</u>	<u>100.00</u>	<u>2,108,087</u>	<u>100.00</u>

Included in transactions with broker are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM102,985,043 (2021: RM157,947,185). 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 2022 (CONTINUED)

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

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

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

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

	<u>2022</u>		<u>2021</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 unit are held legally for booking purpose)	<u>25,880</u>	<u>27,158</u>	<u>122,684</u>	<u>137,872</u>
<u>Parties related to the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>524,389</u>	<u>550,294</u>	<u>-</u>	<u>-</u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>4,008,181</u>	<u>4,206,185</u>	<u>1,713,657</u>	<u>1,925,808</u>

AFFIN HWANG SELECT OPPORTUNITY FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2022 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended 31.1.2022 %	6 months financial period ended 31.1.2021 %
MER	0.81	0.87

MER is derived from the following calculation:

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM480,394,279 (2021: RM612,919,066).

13 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended 31.1.2022	6 months financial period ended 31.1.2021
PTR (times)	0.47	0.78

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM228,272,298 (2021: RM387,488,348)
total disposal for the financial period = RM222,432,232 (2021: RM570,330,561)

14 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's NAV/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 OPPORTUNITY FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 33 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 2022 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2022 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 March 2022

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