

Affin Hwang

Select Balanced Fund

Annual Report
31 March 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (001281T)

AFFIN HWANG SELECT BALANCED FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 31 March 2020

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FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	499	1,494
5,001 to 10,000	540	3,992
10,001 to 50,000	1,293	29,388
50,001 to 500,000	468	55,556
500,001 and above	36	264,674
Total	2,836	355,104

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Mar 2020 (%)	As at 31 Mar 2019 (%)	As at 31 Mar 2018 (%)
Portfolio composition			
Quoted equities – local			
- Construction	-	-	2.13
- Consumer products & services	2.53	5.91	2.98
- Energy	-	2.71	-
- Financials services	-	7.35	3.24
- Industrial products & services	4.80	5.92	4.92
- Healthcare	2.24	-	-
- Properties	-	-	1.71
- Technology	3.91	-	-
- Telecommunications & media	-	0.47	-
- Trading / services	-	-	11.24
- Utilities	-	2.16	-
Total quoted equities – local	13.48	24.52	26.22
Quoted equities – foreign			
- Banks	-	-	1.74
- Basic materials	-	-	1.60
- Consumer goods	4.04	4.20	2.28
- Consumer services	3.92	2.08	3.80
- Financial services	6.42	9.06	5.96
- Healthcare	-	0.74	1.26
- Industrials	2.23	1.58	0.46
- Insurance	-	-	1.84
- Oil & gas	-	3.72	3.86
- Technology	10.1	2.40	2.02
- Telecommunications	-	0.53	-
- Utilities	-	1.02	-
Total quoted equities – foreign	26.71	25.33	24.82
Unquoted fixed income securities – local	42.84	42.56	41.94
Collective investment scheme	-	0.68	1.50
Cash and cash equivalent	16.97	6.91	5.52
Total	100.00	100.00	100.00
Total NAV (RM*million)	214.848	266.000	276.745
NAV per Unit (RM)	0.6050	0.6478	0.6862
Unit in Circulation (million)	355.119	410.598	403.297
Highest NAV	0.6633	0.6939	0.7026
Lowest NAV	0.5854	0.6199	0.6633
Return of the Fund (%) ⁱⁱⁱ	-2.18	-1.15	7.75
- Capital Growth (%) ⁱ	-6.61	-5.60	3.08
- Income Distribution (%) ⁱⁱ	4.74	4.71	4.53
Gross Distribution per Unit (sen)	3.00	3.00	3.00
Net Distribution per Unit (sen)	3.00	3.00	3.00
Management Expense Ratio (%) ¹	1.60	1.64	1.72
Portfolio Turnover Ratio (times) ²	1.17	0.84	1.12

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

²The Fund recorded a higher PTR as the Manager had increased its trading activities during the financial year.

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

The NAV per Unit prior and subsequent to the distributions are as follow:

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
18-Jun-19	19-Jun-19	0.6538	0.0100	0.6477
17-Dec-19	18-Dec-19	0.6541	0.0200	0.6364

No unit splits were declared for the financial year ended 31 March 2020.

Performance Review

For the period 1 April 2019 to 31 March 2020, the Fund registered a return of -2.18%. The Fund outperformed the Benchmark by 6.52 percentage points compared to the Benchmark return of -8.70% for the same period. (See Table 1 for performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively). The Net Asset Value (NAV) per unit of the Fund as at 31 March 2020 was RM0.6050 while the NAV per unit as at 31 March 2019 was RM0.6478. The Fund has declared a total gross income distribution of RM0.030 per unit for the period.

Since commencement, the Fund has outperformed the benchmark by 179.08 percentage points with returns of 266.04% compared to the benchmark return of 86.96%. The Fund has declared a total gross income distribution of RM0.6095 per unit to date. As such, the objective of the Fund which is to provide investors with a mixture of income and capital growth is being met.

Table 1: Performance of the Fund

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (18/8/03 - 31/3/20)
Fund	(2.18%)	4.18%	15.35%	266.04%
Benchmark	(8.70%)	(7.94%)	(5.75%)	86.96%
Outperformance	6.52%	12.12%	21.10%	179.08%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (18/8/03 - 31/3/20)
Fund	(2.18%)	1.37%	2.89%	8.11%
Benchmark	(8.70%)	(2.72%)	(1.18%)	3.83%
Outperformance	6.52%	4.09%	4.07%	4.28%

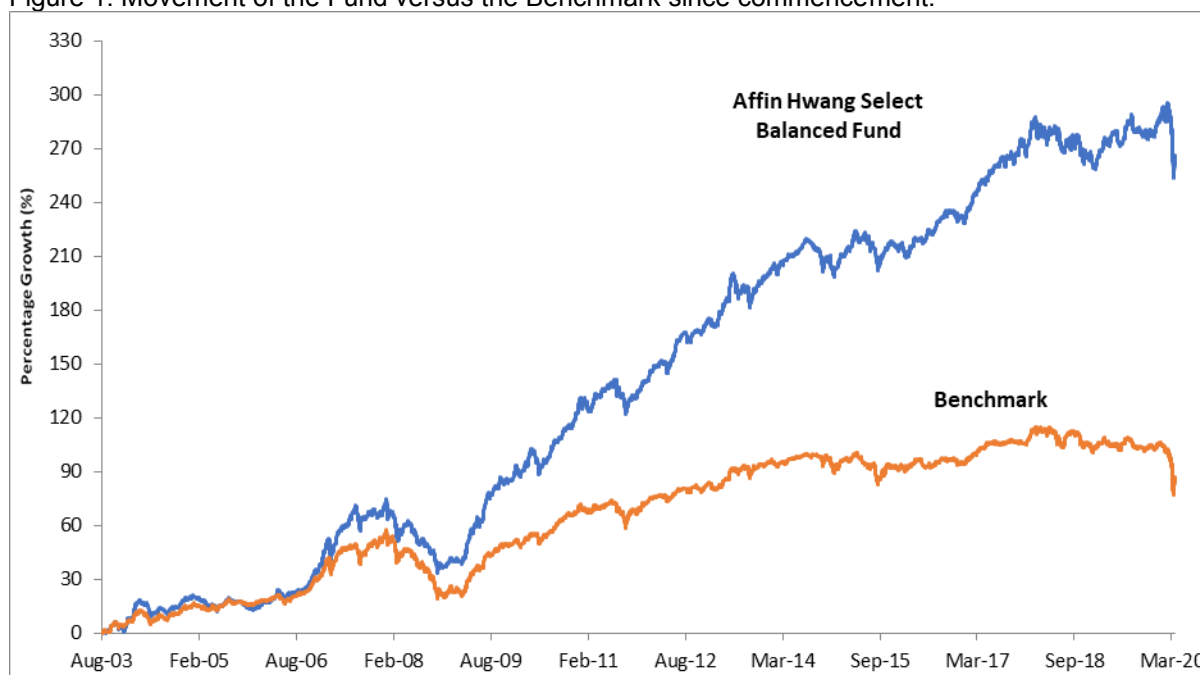
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (01/4/19 - 31/3/20)	FYE 2019 (01/4/18 - 31/3/19)	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/7/15 - 31/3/16)
Fund	(2.18%)	(1.15%)	7.75%	10.13%	0.34%
Benchmark	(8.70%)	(4.07%)	5.12%	3.31%	2.07%
Outperformance / (Underperformance)	6.52%	2.92%	2.63%	6.82%	(1.73%)

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: 50% FBM100 + 50% MBB FD 12M

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 March 2020, asset allocation of the Fund stood at 40.19% in equities, 42.84% in fixed income securities, and the balance was held in cash and cash equivalent. During the period under review, the Manager had exited the energy sectors within the domestic and foreign space and exited the financial sector within the domestic space. Technology sector, on the other hand had been added to both the domestic and foreign equities space. Invested level within the fixed income securities were relatively unchanged. Correspondingly, cash levels of the Fund were kept at a higher level of 16.97% over the same period, due to extreme volatility perceived in the market.

Strategies Employed

With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse.

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The 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 as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

On monetary policy, the US Federal Reserve ("Fed") kept its benchmark rates unchanged in its policy meeting in January, 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%.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

The local market suffered losses with the benchmark KLCI closing 8.9% lower in March as pandemic fears gripped the country with cases continuing to rise. Malaysia has the highest number of known infections in Southeast Asia with more than 3,000 confirmed cases in the country at the time of writing.

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

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country’s coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

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

Whilst we see unprecedented steps taken by governments and global central banks to stimulate the economy and provide liquidity, such measures are unlikely to fuel a full recovery as we are dealing with a global pandemic that has caused economies to come to a virtual standstill. Cutting interest rates, injecting liquidity or even putting money directly in the hands of consumers is unlikely to lead to its desired effects if people’s health are at stake.

Any signs of a peak in the pandemic can fuel a gradual recovery in markets. However, it is crucial to monitor any risk of a second wave or reacceleration in infection rates especially countries that have passed its peak like South Korea and China.

In Asia, we continue to see a resumption of activities in China where the coronavirus was first detected. Almost all factories have reopened as lockdowns are gradually lifted in the country. However, the utilisation rates have yet to return to full scale, perhaps due to a lack of demand and strict social distancing measures in place that prevent factories from operating at full capacity. Recent reports also point to most hotels and tourist sites reopening in China. There has also been a marked recovery in automobile 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.

Cross Trade

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

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

We have acted as Trustee of Affin Hwang Select Balanced Fund ("the Fund") for the financial year ended 31 March 2020. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 3.00 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 May 2020

AFFIN HWANG SELECT BALANCED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

AFFIN HWANG SELECT BALANCED FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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AFFIN HWANG SELECT BALANCED FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
INVESTMENT INCOME			
Dividend income		3,526,065	4,281,434
Interest income from financial assets at fair value through profit or loss		5,540,268	6,036,889
Interest income from financial assets at amortised cost		276,568	367,144
Net gain on foreign currency exchange		478,168	559,640
Net loss on forward foreign currency contract at fair value through profit or loss		-	(248,013)
Net loss on financial assets at fair value through profit or loss	8	(8,485,345)	(8,950,321)
		<u>1,335,724</u>	<u>2,046,773</u>
EXPENSES			
Management fee	4	(3,839,057)	(3,961,355)
Trustee fee	5	(180,643)	(188,103)
Auditors' remuneration		(10,500)	(9,000)
Tax agent's fee		(7,026)	(7,867)
Transaction costs		(1,326,145)	(1,202,853)
Other expenses		(169,355)	(110,272)
		<u>(5,532,726)</u>	<u>(5,479,450)</u>
NET LOSS BEFORE TAXATION		(4,197,002)	(3,432,677)
TAXATION	6	-	(133,771)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(4,197,002)</u>	<u>(3,566,448)</u>
Net loss after taxation is made up of the following:			
Realised amount		6,619,772	(4,515)
Unrealised amount		(10,816,774)	(3,561,933)
		<u>(4,197,002)</u>	<u>(3,566,448)</u>

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

AFFIN HWANG SELECT BALANCED FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Financial assets at fair value through profit or loss	8	178,375,151	247,613,394
Cash and cash equivalents	9	44,540,703	14,567,211
Dividends receivable		473,628	484,635
Amount due from Manager - creation of units		58,268	445,902
Amount due from brokers		-	5,154,721
Tax recoverable		-	20,580
TOTAL ASSETS		<u>223,447,750</u>	<u>268,286,443</u>
LIABILITIES			
Amount due to Manager - management fee		284,982	339,299
Amount due to Trustee		13,299	15,834
Amount due to brokers		8,263,689	1,895,017
Auditors' remuneration		10,500	9,000
Tax agent's fee		3,767	3,800
Other payables and accruals		23,370	23,749
TOTAL LIABILITIES		<u>8,599,607</u>	<u>2,286,699</u>
NET ASSET VALUE OF THE FUND		<u>214,848,143</u>	<u>265,999,744</u>
EQUITY			
Unitholders' capital		211,319,107	246,396,856
Retained earnings		3,529,036	19,602,888
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>214,848,143</u>	<u>265,999,744</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>355,119,000</u>	<u>410,598,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.6050</u>	<u>0.6478</u>

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

AFFIN HWANG SELECT BALANCED FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2019	246,396,856	19,602,888	265,999,744
Total comprehensive loss for the financial year	-	(4,197,002)	(4,197,002)
Distributions (Note 7)	-	(11,876,850)	(11,876,850)
Movement in unitholders' capital			
Creation of units arising from applications	22,011,986	-	22,011,986
Creation of units arising from distributions	11,636,847	-	11,636,847
Cancellation of units	<u>(68,726,582)</u>	-	<u>(68,726,582)</u>
Balance as at 31 March 2020	<u>211,319,107</u>	<u>3,529,036</u>	<u>214,848,143</u>
Balance as at 1 April 2018	241,491,388	35,254,016	276,745,404
Total comprehensive loss for the financial year	-	(3,566,448)	(3,566,448)
Distributions (Note 7)	-	(12,084,680)	(12,084,680)
Movement in unitholders' capital			
Creation of units arising from applications	37,396,051	-	37,396,051
Creation of units arising from distributions	11,865,881	-	11,865,881
Cancellation of units	<u>(44,356,464)</u>	-	<u>(44,356,464)</u>
Balance as at 31 March 2019	<u>246,396,856</u>	<u>19,602,888</u>	<u>265,999,744</u>

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

AFFIN HWANG SELECT BALANCED FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		336,593,449	225,247,397
Purchase of investments		(265,960,237)	(231,419,119)
Dividends received		3,537,072	3,980,726
Interest received		6,133,770	6,519,216
Management fee paid		(3,893,374)	(3,978,249)
Trustee fee paid		(183,178)	(188,891)
Payment for other fees and expenses		(185,793)	(162,790)
Net realised (loss)/gain on foreign currency exchange		(129,254)	2,594
Net realised loss on forward foreign currency contracts		-	(248,013)
Tax refund		20,580	-
Net cash generated from/(used in) operating activities		<u>75,933,035</u>	<u>(247,129)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		22,399,620	37,366,844
Payments for cancellation of units		(68,726,582)	(44,356,464)
Payment for distributions		(240,003)	(218,799)
Net cash used in financing activities		<u>(46,566,965)</u>	<u>(7,208,419)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,366,070	(7,455,548)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		607,422	557,047
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>14,567,211</u>	<u>21,465,712</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u>44,540,703</u>	<u>14,567,211</u>

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 April 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 April 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 deposit with licensed financial institutions and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

Dividend income

Dividend income for 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.

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

Realised gain and loss on sale of investments

For quoted equities and exchange traded funds, 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.

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

C 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 DISTRIBUTION

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

E TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profits earned during the financial 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 recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

F FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

G 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

H 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, 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, dividends receivable, amount due from brokers, amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(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.

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 currency 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 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 year 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.

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

The Fund 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 bad debt recoveries. There are no write-offs/recoveries during the financial year.

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

I CASH AND CASH EQUIVALENTS

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

J AMOUNT DUE FROM/(TO) BROKERS

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

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

K UNITHOLDERS' CAPITAL

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

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

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

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

AFFIN HWANG SELECT BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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.

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 SC's Guidelines on Unit Trust Funds.

M 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 BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Balanced Fund (the “Fund”) pursuant to the execution of a Deed dated 1 July 2003, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 15 October 2008, Sixth Supplemental deed dated 28 April 2017 and Seventh Supplemental Deed dated 6 October 2018. The Fund has changed its name from HwangDBS Select Balanced Fund to Hwang Select Balanced Fund as amended by the Fourth Supplemental Deed dated 18 January 2012 and from Hwang Select Balanced Fund to Affin Hwang Select Balanced Fund as amended by Fifth Supplemental Deed dated 27 June 2014 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”), HSBC (Malaysia) Trustee Berhad (the “Trustee”) and the registered unitholders of the Fund.

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

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

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

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

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds 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 18 May 2020.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2020</u>	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>Financial assets</u>				
Quoted equities	8	-	86,336,161	86,336,161
Unquoted fixed income securities	8	-	92,038,990	92,038,990
Cash and cash equivalents	9	44,540,703	-	44,540,703
Dividends receivable		473,628	-	473,628
Amount due from Manager - creation of units		58,268	-	58,268
Total		<u>45,072,599</u>	<u>178,375,151</u>	<u>223,447,750</u>
<u>Financial liabilities</u>				
Amount due to brokers		8,263,689	-	8,263,689
Amount due to Manager - management fee		284,982	-	284,982
Amount due to Trustee		13,299	-	13,299
Auditors' remuneration		10,500	-	10,500
Tax agent's fee		3,767	-	3,767
Other payables and accruals		23,370	-	23,370
Total		<u>8,599,607</u>	<u>-</u>	<u>8,599,607</u>
 <u>2019</u>				
<u>Financial assets</u>				
Quoted equities	8	-	132,596,078	132,596,078
Unquoted fixed income securities	8	-	113,221,462	113,221,462
Exchange-traded funds	8	-	1,795,854	1,795,854
Cash and cash equivalents	9	14,567,211	-	14,567,211
Dividends receivable		484,635	-	484,635
Amount due from Manager - creation of units		445,902	-	445,902
Amount due from brokers		5,154,721	-	5,154,721
Total		<u>20,652,469</u>	<u>247,613,394</u>	<u>268,265,863</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (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>2019 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to brokers		1,895,017	-	1,895,017
Amount due to Manager				
- management fee		339,299	-	339,299
Amount due to Trustee		15,834	-	15,834
Auditors' remuneration		9,000	-	9,000
Tax agent's fee		3,800	-	3,800
Other payables and accruals		23,749	-	23,749
Total		<u>2,286,699</u>	<u>-</u>	<u>2,286,699</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 and the Deed.

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.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2020</u> RM	<u>2019</u> RM
Quoted investments		
Quoted equities	86,336,161	132,596,077
Exchange-traded funds	-	1,795,854
	<u>86,336,161</u>	<u>134,391,931</u>
Unquoted investments*		
Unquoted fixed income securities	<u>92,038,990</u>	<u>113,221,462</u>

* Includes interest receivable of RM1,299,600 (2019: RM1,488,115).

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 7.5% (2019: 5%) and decreased by 7.5% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted and 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>		
-7.5%	163,794,885	(13,280,666)
0%	177,075,551	-
+7.5%	<u>190,356,217</u>	<u>13,280,666</u>
<u>2019</u>		
-5%	233,819,015	(12,306,264)
0%	246,125,279	-
+5%	<u>258,431,543</u>	<u>12,306,264</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (200 basis points) (2019: 1%; 200 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2020</u>	<u>2019</u>
	RM	RM
+ 2% (2019: 1%)	(403,707)	(214,975)
- 2% (2019: 1%)	407,351	216,136

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

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

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Australian Dollar	-	28	-	28
China Renminbi	-	9,020,966	-	9,020,966
Hong Kong Dollar	33,828,332	8,360	-	33,836,692
Singapore Dollar	3,437,833	1,440,369	-	4,878,202
Taiwan Dollar	6,714,321	-	33,820	6,748,141
United States Dollar	13,395,825	12,965,558	-	26,361,383
	<u>57,376,311</u>	<u>23,435,281</u>	<u>33,820</u>	<u>80,845,412</u>

* Other assets consist of dividend receivable.

	<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>		
Hong Kong Dollar	1,282,195	1,282,195
Taiwan Dollar	1,044,171	1,044,171
United States Dollar	2,588,810	2,588,810
	<u>4,915,176</u>	<u>4,915,176</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES 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)

	<u>Quoted equities</u> RM	<u>Exchange- traded funds</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2019</u>					
Australian Dollar	-	-	30	-	30
China Renminbi	1,917,028	-	2,538,302	-	4,455,330
Hong Kong Dollar	32,087,730	1,795,854	4,756,757	1,612,869	40,253,210
Indonesian Rupiah	2,729,704	-	-	-	2,729,704
Singapore Dollar	18,971,239	-	11,881	-	18,983,120
Thailand Baht	4,622,033	-	-	13,507	4,635,540
United States Dollar	7,053,608	-	79,385	-	7,132,993
	<u>67,381,342</u>	<u>1,795,854</u>	<u>7,386,355</u>	<u>1,626,376</u>	<u>78,189,927</u>

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

	<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>		
China Renminbi	1,895,017	1,895,017
	<u>1,895,017</u>	<u>1,895,017</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, 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 each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

<u>2020</u>	<u>Change in rate</u> %	<u>Impact on profit after tax/ NAV</u> RM
Australian Dollar	+/- 11.18	+/- 3
China Renminbi	+/- 5.86	+/- 528,629
Hong Kong Dollar	+/- 5.44	+/- 1,770,965
Singapore Dollar	+/- 4.03	+/- 196,592
Taiwan Dollar	+/- 5.03	+/- 286,910
United States Dollar	+/- 5.46	+/- 1,297,982
<hr/>		
<u>2019</u>		
Australian Dollar	+/- 5	+/- 2
China Renminbi	+/- 5	+/- 128,016
Hong Kong Dollar	+/- 5	+/- 2,012,661
Indonesian Rupiah	+/- 5	+/- 136,485
Singapore Dollar	+/- 5	+/- 949,156
Thailand Baht	+/- 5	+/- 231,777
United States Dollar	+/- 5	+/- 356,650
<hr/>		

Credit risk

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

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 of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Credit risk (continued)

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

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

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
Consumer services				
- AAA	9,239,999	-	-	9,239,999
- NR	-	-	231,561	231,561
Financial services				
- AAA	5,597,247	44,540,703	-	50,137,950
- AA3	10,647,943	-	-	10,647,943
- A1	10,436,237	-	-	10,436,237
- A2	5,121,104	-	-	5,121,104
- NR	9,330,209	-	179,466	9,509,675
Healthcare				
- NR	4,959,647	-	-	4,959,647
Industrials				
- AA1	5,827,423	-	-	5,827,423
- AA-	3,626,250	-	-	3,626,250
- A	4,668,840	-	-	4,668,840
Technology				
- NR	-	-	62,601	62,601
Telecommunications				
- AA+	5,489,047	-	-	5,489,047
Utilities				
- AAA	6,963,176	-	-	6,963,176
- AA1	3,218,175	-	-	3,218,175
- AA3	2,084,263	-	-	2,084,263
- AA-	4,829,430	-	-	4,829,430
Others				
- NR	-	-	58,268	58,268
	<u>92,038,990</u>	<u>44,540,703</u>	<u>531,896</u>	<u>137,111,589</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2019</u>				
Consumer goods				
- A1	5,048,071	-	-	5,048,071
- NR	-	-	53,480	53,480
Consumer services				
- AAA	9,133,473	-	-	9,133,473
Financial services				
- AAA	5,014,942	14,567,211	-	19,582,153
- AA2	5,408,503	-	1,417,174	6,825,677
- AA3	10,750,015	-	2,338,390	13,088,405
- A1	10,399,915	-	-	10,399,915
- A2	5,056,154	-	-	5,056,154
- BBB	-	-	1,577,276	1,577,276
- NR	19,228,715	-	110,751	19,339,466
Healthcare				
- NR	-	-	13,507	13,507
Industrials				
- AA1	5,672,565	-	-	5,672,565
- AA3	9,724,719	-	-	9,724,719
- AA-	10,371,820	-	-	10,371,820
Technology				
- NR	-	-	24,404	24,404
Telecommunications				
- AA+	5,391,975	-	-	5,391,975
Utilities				
- AAA	2,020,010	-	-	2,020,010
- AA1	3,140,035	-	-	3,140,035
- AA3	2,060,227	-	-	2,060,227
- AA-	4,800,323	-	-	4,800,323
- NR	-	-	104,374	104,374
Others				
- NR	-	-	445,902	445,902
	<u>113,221,462</u>	<u>14,567,211</u>	<u>6,085,258</u>	<u>133,873,931</u>

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of 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.

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	284,982	-	284,982
Amount due to Trustee	13,299	-	13,299
Amount due to brokers	8,263,689	-	8,263,689
Auditors' remuneration	-	10,500	10,500
Tax agent's fee	-	3,767	3,767
Other payables and accruals	-	23,370	23,370
	<u>8,561,970</u>	<u>37,637</u>	<u>8,599,607</u>
<u>2019</u>			
Amount due to Manager			
- management fee	339,299	-	339,299
Amount due to Trustee	15,834	-	15,834
Amount due to brokers	1,895,017	-	1,895,017
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	3,800	3,800
Other payables and accruals	-	23,749	23,749
	<u>2,250,150</u>	<u>36,549</u>	<u>2,286,699</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES 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 comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	86,336,161	-	-	86,336,161
- unquoted fixed income securities	-	92,038,990	-	92,038,990
	<u>86,336,161</u>	<u>92,038,990</u>	<u>-</u>	<u>178,375,151</u>
<u>2019</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	132,596,078	-	-	132,596,078
- unquoted fixed income securities	-	113,221,462	-	113,221,462
- exchange-traded funds	1,795,854	-	-	1,795,854
	<u>134,391,932</u>	<u>113,221,462</u>	<u>-</u>	<u>247,613,394</u>

Investments where values are based on quoted market prices in active markets and are therefore classified within Level 1 include active listed equities and exchange traded funds. 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 unquoted fixed income securities. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- (ii) The carrying values of cash and cash equivalents, dividends receivable, 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 BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 a daily basis.

For the financial year ended 31 March 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 a daily basis as stated in the Fund's Prospectus.

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

5 TRUSTEE FEE

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

For the financial year ended 31 March 2020, the Trustee fee is recognised at a rate of 0.07% (2019: 0.07%) per annum on the NAV of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

6 TAXATION

	<u>2020</u> RM	<u>2019</u> RM
Current taxation:		
- foreign	-	133,771
	<u>-</u>	<u>133,771</u>
	<u>-</u>	<u>133,771</u>

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

	<u>2020</u> RM	<u>2019</u> RM
Net loss before taxation	<u>(4,197,002)</u>	<u>(3,432,677)</u>
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(1,007,280)	(823,842)
Tax effects of:		
Investment income not subject to tax	(320,574)	(491,226)
Expenses not deductible for tax purposes	400,841	360,503
Restrictions on tax deductible expenses for Unit Trust Funds	927,013	954,565
Foreign income subject to foreign tax rate	-	133,771
	<u>-</u>	<u>133,771</u>
Tax expense	<u>-</u>	<u>133,771</u>

7 DISTRIBUTIONS

	<u>2020</u> RM	<u>2019</u> RM
Distributions to unitholders are from the following sources:		
Previous years' realised income	10,854,040	12,084,680
Gross dividend income	600,616	-
Interest income	422,194	-
	<u>11,876,850</u>	<u>12,084,680</u>
Gross realised income	11,876,850	12,084,680
Less: expenses	-	-
	<u>11,876,850</u>	<u>12,084,680</u>
Gross/net distribution amount	<u>11,876,850</u>	<u>12,084,680</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

7 DISTRIBUTIONS (CONTINUED)

During the financial year 31 March 2020, distributions were made as follows:

<u>2020</u>	<u>Gross/Net distribution per unit (sen)</u> RM
19.06.2019	1.00
18.12.2019	2.00
	<hr/>
	3.00
	<hr/> <hr/>

During the financial year 31 March 2019, distributions were made as follows:

<u>2019</u>	<u>Gross/Net distribution per unit (sen)</u> RM
13.06.2018	1.00
10.12.2018	2.00
	<hr/>
	3.00
	<hr/> <hr/>

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

Included in distributions for the financial year is an amount of RM10,854,040 (2019:RM12,084,680) made from previous financial years' realised income.

There are unrealised losses of RM10,816,774 during the financial year (2019: RM3,561,933)

8 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	28,959,850	65,214,736
- quoted equities – foreign	57,376,311	67,381,341
- unquoted fixed income securities – local	92,038,990	113,221,463
- exchange-traded funds - foreign	-	1,795,854
	<hr/>	<hr/>
	178,375,151	247,613,394
	<hr/> <hr/>	<hr/> <hr/>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

	<u>2020</u> RM	<u>2019</u> RM
Net loss on financial assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	2,810,433	(4,697,561)
- unrealised loss on changes in fair value	(11,295,778)	(4,252,760)
	<u>(8,485,345)</u>	<u>(8,950,321)</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 31 March 2020 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Consumer Products & Services</u>				
Genting Malaysia Bhd	2,724,100	8,767,309	5,448,200	2.53
<u>Health Care</u>				
Supermax Corp Bhd	2,842,700	4,508,648	4,804,163	2.24
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	782,200	5,495,045	3,864,068	1.80
Sunway Bhd	4,156,433	6,207,870	6,442,471	3.00
	<u>4,938,633</u>	<u>11,702,915</u>	<u>10,306,539</u>	<u>4.80</u>
<u>Technology</u>				
Inari Amertron Bhd	4,718,700	8,029,447	5,851,188	2.72
Globetronics Technology	512,300	819,168	829,926	0.39
Pentamaster Corporation Bhd	451,400	1,343,811	1,719,834	0.80
	<u>5,682,400</u>	<u>10,192,426</u>	<u>8,400,948</u>	<u>3.91</u>
Total quoted equities – local	<u>16,187,833</u>	35,171,298	<u>28,959,850</u>	<u>13.48</u>
Accumulated unrealised loss on quoted equities – local		<u>(6,211,448)</u>		
Total quoted equities – local		<u>28,959,850</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 March 2019 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products & Services</u>				
Fraser & Neave Holdings Bhd	155,000	4,038,429	5,390,900	2.03
Genting Bhd	764,000	5,209,073	5,072,960	1.91
Petronas Dagangan Bhd	209,300	5,361,072	5,232,500	1.97
	<u>1,128,300</u>	<u>14,608,574</u>	<u>15,696,360</u>	<u>5.91</u>
<u>Energy</u>				
Dialog Group Bhd	2,274,600	5,149,876	7,210,482	2.71
<u>Financial Services</u>				
CIMB Group Holdings Bhd	1,484,329	8,463,359	7,614,608	2.86
Hong Leong Financial Group Bhd	270,000	4,968,000	5,140,800	1.93
Malayan Banking Bhd	576,647	5,522,201	5,339,751	2.01
RHB Bank Bhd	260,000	1,428,087	1,474,200	0.55
	<u>2,590,976</u>	<u>20,381,647</u>	<u>19,569,359</u>	<u>7.35</u>
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	325,500	2,773,958	2,981,580	1.12
Scientex Bhd	661,800	5,394,913	5,625,300	2.11
SKP Resources Bhd	685,300	906,660	918,302	0.35
Sunway Bhd	3,757,900	5,672,397	6,211,809	2.34
	<u>5,430,500</u>	<u>14,747,928</u>	<u>15,736,991</u>	<u>5.92</u>
<u>Telecommunication & Media</u>				
Astro Malaysia Holdings Bhd	821,200	1,174,494	1,256,436	0.47

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 31 March 2019 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Utilities</u>				
Tenaga Nasional Bhd	453,800	6,498,584	5,745,108	2.16
Total quoted equities – local	<u>12,699,376</u>	62,561,103	<u>65,214,736</u>	<u>24.52</u>
Accumulated unrealised gain on quoted equities – local		<u>2,653,633</u>		
Total quoted equities – local		<u>65,214,736</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 March 2020 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	85,000	1,280,405	1,275,948	0.59
Li Ning Company Ltd	320,500	3,822,013	4,034,518	1.88
Shenzhou Intl Group Holdings	73,600	4,038,363	3,378,005	1.57
	<u>479,100</u>	<u>9,140,781</u>	<u>8,688,471</u>	<u>4.04</u>
<u>Consumer Services</u>				
Meituan Dianping	25,900	1,277,354	1,350,302	0.63
<u>Financial Services</u>				
AIA Group Ltd	67,400	2,860,723	2,633,557	1.23
China Resources Land Ltd	130,000	2,352,746	2,302,638	1.07
CIFI Holdings Group Co Ltd	808,000	2,639,024	2,520,314	1.17
Longfor Group Holdings Ltd	53,500	1,067,016	1,123,441	0.52
Ping An Insurance Grp Co China	123,000	5,148,084	5,213,687	2.43
	<u>1,181,900</u>	<u>14,067,593</u>	<u>13,793,637</u>	<u>6.42</u>
<u>Industrials</u>				
China Resources Cement Holding	264,000	1,302,545	1,360,194	0.63
<u>Technology</u>				
Tencent Holdings Ltd	40,800	7,240,619	8,635,728	4.02
<u>Singapore</u>				
<u>Industrials</u>				
Singapore Tech Engineering Ltd	251,400	2,674,551	2,371,223	1.10
Venture Corp Ltd	26,000	1,302,095	1,066,610	0.50
	<u>277,400</u>	<u>3,976,646</u>	<u>3,437,833</u>	<u>1.60</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2020 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Taiwan</u>				
<u>Technology</u>				
MediaTek Inc	22,000	1,042,297	1,026,584	0.48
Taiwan Semiconductor Manufacturing Company Ltd	146,000	6,418,450	5,687,737	2.65
	<u>168,000</u>	<u>7,460,747</u>	<u>6,714,321</u>	<u>3.13</u>
<u>United States</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	8,424	4,963,451	7,065,720	3.29
<u>Technology</u>				
Alphabet Inc - Class C	286	1,303,243	1,434,275	0.67
Facebook Inc	4,748	3,679,260	3,418,905	1.59
Microsoft Corporation	2,170	1,501,022	1,476,925	0.69
	<u>7,204</u>	<u>6,483,525</u>	<u>6,330,105</u>	<u>2.95</u>
Total quoted equities – foreign	<u>2,452,728</u>	<u>55,913,261</u>	<u>57,376,311</u>	<u>26.71</u>
Accumulated unrealised gain on quoted equities – foreign		<u>1,463,050</u>		
Total quoted equities – foreign		<u>57,376,311</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 March 2019 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Goods</u>				
Kweichow Moutai Co Ltd	3,700	1,882,921	1,917,028	0.72
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	298,000	3,945,711	4,516,215	1.70
Guangzhou Automobile Group Co Ltd	266,000	1,291,737	1,280,597	0.48
Shenzhou Intl Group Holdings	37,000	1,999,964	2,019,812	0.76
Xinyi Glass Holdings Co Ltd	308,000	1,373,763	1,439,561	0.54
	909,000	8,611,175	9,256,185	3.48
<u>Financial Services</u>				
China Construction Bank Corp	770,000	2,907,013	2,694,174	1.01
Hong Kong Exchange & Clearing	22,300	2,677,006	3,169,737	1.19
Ping An Insurance Grp Co China	69,000	2,578,978	3,151,452	1.19
	861,300	8,162,997	9,015,363	3.39
<u>Oil & Gas</u>				
PetroChina Company Ltd	2,836,000	8,654,870	7,490,137	2.82
<u>Utilities</u>				
CK Infrastructure Holdings Ltd	81,500	2,689,861	2,724,510	1.02
<u>Technology</u>				
Tencent Holdings Ltd	19,200	3,321,708	3,601,534	1.35

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2019 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u> (continued)				
<u>Indonesia</u>				
<u>Financial Services</u>				
Bank Mandiri Persero Tbk PT	617,400	1,352,242	1,315,664	0.50
<u>Telecommunications</u>				
Telekomunikasi Indonesia	1,250,500	1,307,531	1,414,040	0.53
<u>Financial Services</u>				
Ascendas Real Estate InvTrust	510,500	3,905,713	4,474,343	1.68
DBS Group Holdings Ltd	52,900	3,924,272	4,015,104	1.51
Frasers Centrepoint Trust	378,900	2,588,874	2,716,077	1.02
United Overseas Bank Ltd	33,600	2,767,208	2,547,200	0.96
	975,900	13,186,067	13,752,724	5.17
<u>Industrials</u>				
Singapore Tech Engineering Ltd	251,400	2,674,551	2,831,897	1.06
<u>Oil & Gas</u>				
Keppel Corporation Ltd	127,600	2,975,446	2,386,618	0.90
<u>Thailand</u>				
<u>Consumer Services</u>				
CP All PCL	133,300	1,274,607	1,276,988	0.48
<u>Industrials</u>				
Airports of Thailand PCL	159,100	1,321,856	1,386,053	0.52
<u>Health Care</u>				
Bangkok Dusit Medical Services	614,300	1,876,669	1,958,992	0.74

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2019 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United States</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	5,722	2,756,065	4,260,244	1.60
<u>Technology</u>				
Alphabet Inc - Class C	286	1303243	1368677	0.51
Microsoft Corporation	2,960	1,294,520	1,424,687	0.54
	3,246	2,597,763	2,793,364	1.05
Total quoted equities – foreign	<u>8,849,168</u>	64,646,329	<u>67,381,341</u>	<u>25.33</u>
Accumulated unrealised gain on quoted equities – foreign		<u>2,735,012</u>		
Total quoted equities – foreign		<u>67,381,341</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(c) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 March 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,297,416	5,503,052	2.56
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,158,652	5,489,047	2.56
5.80% CIMB Group Holdings Bhd Call: 25.05.2021 (A1)	5,000,000	5,153,683	5,216,449	2.43
6.35% CIMB Group Holdings Bhd Call: 03.04.2020 (AA3)	3,500,000	3,624,118	3,608,336	1.68
3.42% Danum Capital Bhd 21.02.2035 (AAA)	5,000,000	5,018,616	4,558,490	2.12
4.30% Danum Capital Bhd 13.02.2026 (AAA)	1,000,000	1,035,331	1,038,757	0.48
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,075,198	9,330,209	4.34
4.78% GENM Capital Bhd 31.03.2022 (AAA)	5,000,000	5,000,648	5,113,505	2.38
4.86% Genting Capital Bhd 08.06.2027 (AAA)	2,000,000	2,030,351	2,101,838	0.98
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,088,838	5,219,788	2.43
5.73% IJM Land Call: 19.03.2027 (A2)	5,000,000	5,010,198	5,121,104	2.38
6.40% MEX II Sdn Bhd 28.04.2034 (A)	5,000,000	5,612,516	4,668,840	2.17
4.80% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	2,000,000	2,022,346	2,024,656	0.94
4.00% Pengurusan Air SPV Bhd 30.10.2034 (AAA)	5,000,000	5,084,252	4,899,384	2.28
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,987	1,536,555	0.72
5.04% Southern Power Generation SB 28.04.2028 (AA-)	4,500,000	4,595,062	4,829,430	2.25
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,027,247	2,084,263	0.97
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,018,251	4,959,647	2.31

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(i) Unquoted fixed income securities – local as at 31 March 2020 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,991,069	2,063,792	0.96
5.90% TRIpIc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,534,846	5,827,423	2.71
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,067,632	3,103,993	1.45
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	513,078	522,257	0.24
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,061,840	3,218,175	1.50
Total unquoted fixed income securities – local	<u>89,000,000</u>	<u>91,522,175</u>	<u>92,038,990</u>	<u>42.84</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>516,815</u>		
Total unquoted fixed income securities – local		<u>92,038,990</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(ii) Unquoted fixed income securities – local as at 31 March 2019 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
4.48% Ara Bintang Bhd 17.03.2021 (AAA)	5,000,000	5,011,004	5,014,942	1.89
4.64% Besraya Malaysia Sdn Bhd 26.07.2019 (AA3)	1,000,000	1,008,112	1,009,079	0.38
4.88% Besraya Malaysia Sdn Bhd 28.07.2022 (AA3)	5,000,000	5,057,251	5,068,915	1.91
5.36% Besraya Malaysia Sdn Bhd 28.07.2028 (AA3)	3,500,000	3,604,400	3,646,725	1.37
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,366,887	5,560,775	2.09
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,163,812	5,391,975	2.03
5.80% CIMB Group Holdings Bhd Call: 25.05.2021 (A1)	5,000,000	5,167,592	5,216,660	1.96
6.35% CIMB Group Holdings Bhd Call: 03.04.2020 (AA3)	3,500,000	3,640,570	3,671,105	1.38
6.5% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,073,726	9,186,226	3.45
4.78% GENM Capital Bhd 31.03.2022 (AAA)	5,000,000	5,001,964	5,047,814	1.90
4.86% Genting Capital Bhd 08.06.2027 (AAA)	2,000,000	2,029,826	2,057,486	0.77
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,087,405	5,183,255	1.95
5.73% IJM Land Bhd Call: 19.03.2027 (A2)	5,000,000	5,010,204	5,056,154	1.90
6.80% Mah Sing Group Bhd Call: 31.03.2020 (NR)	10,000,000	10,005,589	10,042,489	3.78
6.40% MEX II Sdn Bhd 28.04.2034 (AA-)	5,000,000	5,633,775	5,761,464	2.17
4.8% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	2,000,000	2,022,093	2,028,173	0.76

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

(i) Unquoted fixed income securities – local as at 31 March 2019 are as follows:
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
7.50% Public Finance Bhd Call: 05.06.2019 (AA2)	5,250,000	5,401,115	5,408,503	2.03
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,990	1,518,135	0.57
5.04% Southern Power Generation Sdn Bhd 28.04.2028 (AA-)	4,500,000	4,594,448	4,800,323	1.80
4.50% Tan Chong Motor Holdings Bhd 22.11.2019 (A1)	5,000,000	5,024,679	5,048,071	1.90
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,035,219	2,060,227	0.77
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,981,900	2,020,010	0.76
45.9% TRlplc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,550,714	5,672,565	2.13
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,068,566	3,070,916	1.15
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	1,500,000	1,540,297	1,539,440	0.58
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,061,015	3,140,036	1.18
Total unquoted fixed income securities – local	<u>108,750,000</u>	<u>111,643,153</u>	<u>113,221,463</u>	<u>42.56</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>1,578,310</u>		
Total unquoted fixed income securities – local		<u>113,221,463</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(d) Exchange-traded funds – foreign

(i) There is no investment in exchange-traded funds – foreign as at 31 March 2020.

(ii) Exchange-traded funds – foreign as at 31 March 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
IShares MSCI China Index ETF	132,600	1,698,614	1,795,854	0.68
Total exchange-traded funds – foreign	<u>132,600</u>	<u>1,698,614</u>	<u>1,795,854</u>	<u>0.68</u>
Accumulated unrealised gain on exchange-traded funds – foreign		<u>97,240</u>		
Total exchange-traded funds – foreign		<u>1,795,854</u>		

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	33,921,964	7,919,377
Deposits with a licensed financial institution	10,618,739	6,647,834
	<u>44,540,703</u>	<u>14,567,211</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with a licensed financial institution	<u>2.55</u>	<u>3.33</u>

Deposits with a licensed financial institution of the Fund have an average maturity of 1 day (2019: 2 days).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	410,598,000	403,297,000
Creation of units arising from applications during the financial year	34,041,000	56,259,000
Creation of units arising from distributions during the financial year	18,164,906	18,445,286
Cancellation of units during the financial year	<u>(107,684,906)</u>	<u>(67,403,286)</u>
At the end of the financial year	<u>355,119,000</u>	<u>410,598,000</u>

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transactions with the top 10 brokers/dealers for the financial year ended 31 March 2020 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	96,515,625	16.74	241,289	22.63
Macquarie Bank Ltd Hong Kong	52,382,515	9.08	88,134	8.26
Robert W.Baird & Co.Inc.	51,111,064	8.86	26,823	2.52
CLSA Limited	42,121,653	7.30	34,656	3.25
CIMB Investment Bank Bhd	19,729,848	3.42	42,942	4.03
China Intl Capital Corp HK Sec Ltd	18,203,233	3.16	36,125	3.39
RHB Investment Bank Bhd	16,931,225	2.94	17,328	1.62
Maybank Investment Bank Bhd	16,307,148	2.83	40,768	3.82
UOB Kay Hian Secs (M) Sdn Bhd	16,118,067	2.80	40,295	3.78
Public Investment Bank Bhd	15,996,302	2.77	39,991	3.75
Others	231,239,106	40.10	458,070	42.95
	<u>576,655,786</u>	<u>100.00</u>	<u>1,066,421</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers/dealers for the financial year ended 31 March 2019 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	Percentage Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	75,119,290	16.85	129,936	14.01
CLSA Limited	42,112,346	9.45	70,998	7.66
Macquarie Bank Ltd Hong Kong	29,238,281	6.56	60,644	6.54
JP Morgan Secs (Asia Pac) Ltd HK	27,971,180	6.27	67,663	7.30
Citigroup Global Mkts Ltd Ldn	27,840,020	6.24	61,700	6.65
CCB International Securities Ltd	19,751,498	4.43	49,379	5.33
UOB Kay Hian Pte Ltd	19,370,128	4.35	48,425	5.22
Instinet Pacific Ltd	18,166,933	4.07	38,965	4.20
CIMB Investment Bank Bhd	15,369,787	3.45	38,424	4.14
China Intl Capital Corp HK Sec Ltd	14,788,289	3.32	31,544	3.40
Others	156,104,094	35.01	329,498	35.55
	<u>445,831,846</u>	<u>100.00</u>	<u>927,176</u>	<u>100.00</u>

Included in transactions with brokers and dealers are trades conducted with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting RM96,515,625 (2019: RM75,119,290). The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

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

<u>Name of broker/dealer</u>	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Investment Bank Bhd	-	11,065,933

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

	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Bond Fund	-	5,045,500
Private mandates managed by the Manager	-	6,020,433
	-	11,065,933

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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:

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
AXA Affin Life Insurance Bhd	Subsidiary of the ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

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

	<u>2020</u>		<u>2019</u>	
	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)	15,161	9,172	197,419	127,888
<u>Party related to the Manager:</u>				
AXA Affin Life Insurance Bhd (The units are held beneficially)	55,697,130	33,696,764	47,110,869	30,518,421

AFFIN HWANG SELECT BALANCED FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

13 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2020</u> %	<u>2019</u> %
MER	1.60	1.64

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM257,437,483 (2019: RM268,762,355).

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2020</u>	<u>2019</u>
PTR (times)	1.17	0.84

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM271,633,526 (2019: RM224,221,199)
total disposal for the financial year = RM329,259,057 (2019: RM228,844,413)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG SELECT BALANCED FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, the Director of 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 46 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 March 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 2020 in accordance with the Malaysian Financial Reporting Standards, 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
18 May 2020

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Balanced Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 46.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 May 2020

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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MELAKA

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