

Affin Hwang

Select Dividend Fund

Interim Report
31 March 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
CIMB Islamic Trustee Berhad (167913-M)

AFFIN HWANG SELECT DIVIDEND FUND

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

Contents	Page
FUND INFORMATION	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT	V
TRUSTEE'S REPORT	IX
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

FUND INFORMATION

Fund Name	Affin Hwang Select Dividend Fund
Fund Type	Income & Growth
Fund Category	Equity
Investment Objective	The Fund endeavours to provide a combination of regular income and capital growth over the medium to long term period.
Benchmark	70% FTSE Bursa Malaysia Top 100 Index and 30% MSCI AC Asia Pacific ex Japan High Dividend Yield Index
Distribution Policy	The Fund will distribute income (subject to income availability), on a semi-annual basis after the end of its first financial year.

BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	7,002	9,641
5,001 to 10,000	1,236	8,712
10,001 to 50,000	2,338	45,371
50,001 to 500,000	19	1,573
500,001 and above	2	354,197
Total	10,597	419,494

* 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	1.84	2.47	4.34
- Consumer products & services	3.17	10.96	6.29
- Financial services	15.79	26.09	24.56
- Healthcare	-	1.42	-
- Industrial products & services	6.05	6.34	6.08
- Plantation	0.96	0.41	2.63
- Preference share	1.56	1.24	1.74
- Properties	1.50	2.00	4.57
- REITs	4.93	6.72	4.70
- Technology	2.16	1.41	0.98
- Telecommunications & media	5.49	2.06	-
- Transportation & logistics	-	1.92	-
- Trading / services	-	-	12.96
- Utilities	4.87	5.23	-
Total quoted equities – local	48.32	68.27	68.85
Quoted equities – foreign			
- Basic materials	-	-	1.36
- Consumer products	0.50	0.29	-
- Consumer services	5.03	0.83	0.81
- Financials	9.67	20.15	12.72
- Industrials	-	3.52	5.02
- Oil & gas	-	-	1.12
- Preference share	3.12	-	0.92
- Technology	8.08	1.42	3.06
Total quoted equities – foreign	26.40	26.21	25.01
Cash & cash equivalent	25.28	5.52	6.14
Total	100.00	100.00	100.00
Total NAV (RM'million)	322.364	491.965	401.085
NAV per Unit (RM)	0.5579	0.6546	0.6997
Unit in Circulation (million)	577.799	751.588	573.220
Highest NAV	0.6661	0.6724	0.7246
Lowest NAV	0.5223	0.6191	0.6720
Return of the Fund (%) ⁱⁱⁱ	-12.29	-0.94	4.38
- Capital Growth (%) ⁱ	-13.60	-2.49	2.77
- Income Distribution (%) ⁱⁱ	1.52	1.59	2.98
Gross Distribution per Unit (sen)	1.00	1.00	2.00
Net Distribution per Unit (sen)	1.00	1.00	2.00
Management Expense Ratio (%) ¹	0.82	0.80	0.84
Portfolio Turnover Ratio (times) ²	0.75	0.53	0.60

¹The MER of the Fund was higher than previous year due to lower average NAV of the Fund for the financial period.

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

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

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

An illustration of the above would be as follow:-

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

MANAGER'S REPORT

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0100 per Unit for investors of the Affin Hwang Select Dividend Fund over the period under review.

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
17 Dec 2019	18 Dec 2019	0.6661	0.0100	0.6595

No unit split were declared for the financial period ended 31 March 2020.

Performance Review

For the period under review from 1 October 2019 to 31 March 2020, the Fund registered a -12.29% return compared to the benchmark return of -15.82%. The Fund thus outperformed the Benchmark by 3.53%. The Net Asset Value ("NAV") per unit of the Fund as at 31 March 2020 was RM0.5579 compared to its NAV per unit as at 30 September 2019 was RM0.6457.

Since its inception to 31 March 2020, the Fund has registered a return of 68.51%. Compared to the benchmark of -3.00% for the same period, the Fund outperformed the Benchmark by 71.51 percentage points. As such, the Fund will continue to be managed in a manner to fulfill its objective.

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

Table 1: Performance of the Fund

	6 Months (1/10/19 - 31/3/20)	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 (18/4/11 - 31/3/20)
Fund	(12.29%)	(12.17%)	(5.66%)	6.45%	68.51%
Benchmark	(15.82%)	(18.83%)	(22.67%)	(20.01%)	(3.00%)
Outperformance	3.53%	6.66%	17.01%	26.46%	71.51%

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 (18/4/11 - 31/3/20)
Fund	(12.17%)	(1.92%)	1.26%	6.00%
Benchmark	(18.83%)	(8.20%)	(4.36%)	(0.34%)
Outperformance	6.66%	6.28%	5.62%	6.34%

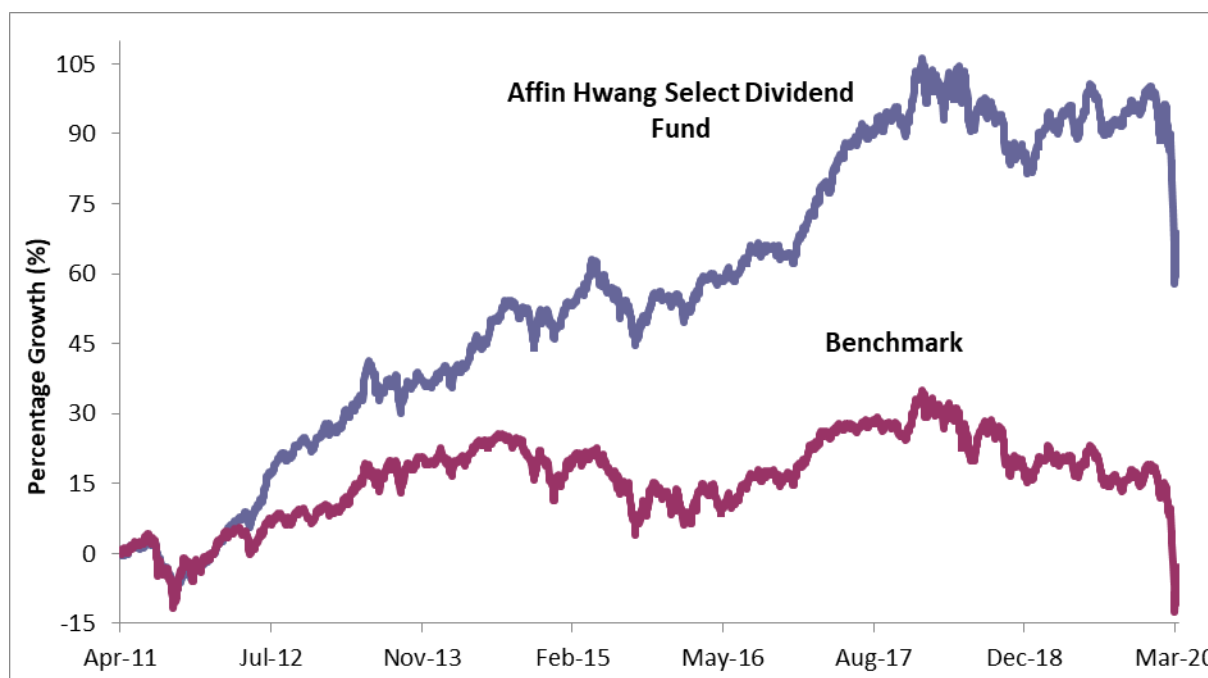
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2019 (01/10/18 - 30/9/19)	FYE 2018 (01/10/17 - 30/9/18)	FYE 2017 (01/10/16 - 30/9/17)	FYE 2016 (01/10/15 - 30/9/16)	FYE 2015 (01/10/14 - 30/9/15)
Fund	(0.80%)	1.59%	15.75%	9.80%	(0.99%)
Benchmark	(9.05%)	0.16%	8.71%	7.25%	(10.04%)
Outperformance / (Underperformance)	8.25%	1.43%	7.04%	2.55%	9.05%

Source of Benchmark: Bloomberg

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



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

Benchmark: 70% FBM100 + 30% MXAPJDY Index

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

Asset Allocation

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

As at 31 March 2020, the asset allocation of the Fund stood at 74.72% in equities, while the balanced was held in cash and cash equivalent. Compared to last year's equity exposure of 94.48%, the Fund's exposure into equities as at 31 March 2020 was significantly reduced, by almost 20 percentage points. The reduction in investment levels comes from de-risking activities within the domestic space, where the exposure was lowered about 20 percentage points, mainly from the consumer and financials sector. Whereas within the foreign space, the Manager reduced exposures towards the financial space and added towards the technology and consumer services sector, while total foreign invested level remained relatively unchanged.

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.

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

We, **CIMB Islamic Trustee Berhad** being the Trustee of **Affin Hwang Select Dividend Fund (the "Fund")**, are of the opinion that **Affin Hwang Asset Management Berhad ("the Manager")**, acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the 6 months financial period ended 31 March 2020.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the management company under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act, 2007 (as amended from time to time) and other applicable laws;
- b) Valuation and pricing of units of the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements;
- c) Creation and cancellation of units have been carried out in accordance with the Deeds and the relevant regulatory requirements; and
- d) The distribution for the financial period is relevant and reflects the investment objective of the Fund.

For and on behalf of
CIMB Islamic Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur, Malaysia
18 May 2020

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

CONTENTS	PAGE(S)
UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME	1
UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION	2
UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED INTERIM STATEMENT OF CASH FLOWS	4
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5 - 10
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS	11 - 37
STATEMENT BY THE MANAGER	38

AFFIN HWANG SELECT DIVIDEND FUND

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

	<u>Note</u>	6 months financial period ended 31.3.2020 RM	6 months financial period ended 31.3.2019 RM
INVESTMENT (LOSS)/INCOME			
Dividend income		6,685,582	5,551,008
Interest income from financial assets at amortised cost		143,006	251,828
Net gain on foreign currency exchange		708,941	106,555
Net loss on forward foreign currency contracts at fair value through profit or loss		(323,601)	(124,621)
Net loss on financial assets at fair value through profit or loss	8	(50,374,089)	(5,318,895)
Other income		27,302	9,019
		<u>(43,132,859)</u>	<u>474,894</u>
EXPENSES			
Management fee	4	(3,273,548)	(3,455,942)
Trustee fee	5	(175,623)	(187,805)
Auditors' remuneration		(3,755)	(3,740)
Tax agent's fee		(33,270)	(33,753)
Transaction cost		(1,673,282)	(1,295,744)
Other expenses		(229,887)	(52,849)
		<u>(5,389,365)</u>	<u>(5,029,833)</u>
NET LOSS BEFORE TAXATION		(48,522,224)	(4,554,939)
Taxation	7	-	(76,852)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(48,522,224)</u>	<u>(4,631,791)</u>
Net loss after taxation is made up of the following:			
Realised amount		(5,102,122)	(3,624,374)
Unrealised amount		(43,420,102)	(1,007,417)
		<u>(48,522,224)</u>	<u>(4,631,791)</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 DIVIDEND FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

	Note	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	9	83,176,566	24,828,296
Financial assets at fair value through profit or loss	8	240,874,385	464,782,627
Dividend receivables		1,984,024	1,647,733
Amount due from Manager - creation of units		-	1,857,663
Amount due from brokers		173,485	12,217,393
Tax recoverable		2,966	2,966
TOTAL ASSETS		<u>326,211,426</u>	<u>505,336,678</u>
LIABILITIES			
Forward foreign currency contract at fair value through profit or loss	10	-	178,416
Amount due to Manager - management fee		440,950	626,888
- cancellation of units		803,648	2,852,469
Amount due to Trustee		23,517	33,434
Amount due to brokers		2,567,414	9,664,345
Auditors' remuneration		3,755	3,740
Tax agent's fee		5,252	8,645
Other payables and accruals		2,503	3,654
TOTAL LIABILITIES		<u>3,847,039</u>	<u>13,371,591</u>
NET ASSET VALUE OF THE FUND		<u>322,364,387</u>	<u>491,965,087</u>
EQUITY			
Unitholders' capital		357,265,535	464,937,753
(Accumulated losses)/Retained earnings		(34,901,148)	27,027,334
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>322,364,387</u>	<u>491,965,087</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>577,799,000</u>	<u>751,588,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5579</u>	<u>0.6546</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 DIVIDEND FUND

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

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 October 2019	449,585,351	20,593,646	470,178,997
Total comprehensive loss for the financial period	-	(48,522,224)	(48,522,224)
Distribution (Note 6)	-	(6,972,570)	(6,972,570)
Movement in unitholders' capital:			
Creation of units arising from application	9,097,248	-	9,097,248
Creation of units arising from distribution	6,892,800	-	6,892,800
Cancellation of units	(108,309,864)	-	(108,309,864)
Balance as at 31 March 2020	<u>357,265,535</u>	<u>(34,901,148)</u>	<u>322,364,387</u>
Balance as at 1 October 2018	439,945,889	38,890,635	478,836,524
Total comprehensive loss for the financial period	-	(4,631,791)	(4,631,791)
Distribution (Note 6)	-	(7,231,510)	(7,231,510)
Movement in unitholders' capital:			
Creation of units arising from application	35,214,555	-	35,214,555
Creation of units arising from distribution	7,171,857	-	7,171,857
Cancellation of units	(17,394,548)	-	(17,394,548)
Balance as at 31 March 2019	<u>464,937,753</u>	<u>27,027,334</u>	<u>491,965,087</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 DIVIDEND FUND

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

	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	401,433,395	185,200,588
Purchase of investments	(248,369,218)	(290,317,264)
Dividend received	7,096,842	6,430,013
Interest received	143,006	251,828
Other income received	27,302	9,019
Management fee paid	(3,412,662)	(3,414,400)
Trustee's fee paid	(183,043)	(185,590)
Payment for other fees and expenses	(1,946,684)	(1,391,149)
Realised (loss)/gain on forward foreign currency contracts	(323,601)	53,795
Net realised gain foreign currency exchange	2,692,496	380,260
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	157,157,833	(102,982,900)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	9,176,608	34,604,974
Payments for cancellation of units	(108,183,581)	(14,542,079)
Payment for distribution	(79,770)	(59,653)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(99,086,743)	20,003,242
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	58,071,090	(82,979,658)
EFFECTS OF FOREIGN CURRENCY EXCHANGE	176,765	(192,869)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	24,928,711	108,000,823
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9 83,176,566	24,828,296
	<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

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

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

(b) New standards, amendments and interpretations effective after 1 October 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 October 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

Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the right to receive the dividend has been established.

Interest income

Interest income from short term deposits with licensed financial 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).

AFFIN HWANG SELECT DIVIDEND FUND

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

B INCOME RECOGNITION (CONTINUED)

Realised gains and losses on sale of investments

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

C DISTRIBUTIONS

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.

D 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.

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 period.

Withholding taxes on investment income from 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, 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, which is the Fund's functional and presentation currency.

G FOREIGN CURRENCY TRANSLATION

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

AFFIN HWANG SELECT DIVIDEND FUND

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

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

(ii) Recognition and measurement

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

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

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

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

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.

AFFIN HWANG SELECT DIVIDEND FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

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.

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.

AFFIN HWANG SELECT DIVIDEND FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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.

I CASH AND CASH EQUIVALENTS

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

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

L DERIVATIVE FINANCIAL INSTRUMENTS

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

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

M CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

N 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 Guidelines on Unit Trust Funds.

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2020

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Dividend Fund (the "Fund") pursuant to the execution of a Deed dated 24 February 2011, Supplemental Deed dated 18 January 2012, Second Supplemental Deed dated 1 July 2014, Third Supplemental Deed dated 7 January 2015, Fourth Supplemental Deed dated 19 December 2016 and Fifth Supplemental Deed dated 5 October 2018 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and CIMB Islamic Trustee Berhad, (the "Trustee"). The Fund has changed its name from HwangDBS Select Dividend Fund to Hwang Select Dividend Fund as amended by the First Supplemental Deed dated 18 January 2012 and from Hwang Select Dividend Fund to Affin Hwang Select Dividend Fund as amended by the Second Supplemental Deed dated 1 July 2014.

The Fund commenced operations on 28 March 2011 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the following investments:

- (a) Securities listed on Bursa Malaysia and throughout the Asia-Pacific region where the regulatory authorities are members of the International Organization of Securities Commission (IOSCO);
- (b) Debenture;
- (c) Unlisted securities, including without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation of such securities;
- (d) Money market instruments;
- (e) Deposits;
- (f) Derivatives for hedging purposes;
- (g) Warrants;
- (h) Units or shares in collective investment schemes; and
- (i) Any other form of investments permitted by the SC from time to time which are in line with the objective of the Fund.

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

The main objective of the Fund is to provide a combination of regular income and capital growth over the medium to long term period.

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

The financial statements were authorised for issue by the Manager on 18 May 2020.

AFFIN HWANG SELECT DIVIDEND FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	83,176,566	-	83,176,566
Quoted equities	8	-	240,874,385	240,874,385
Dividend receivables		1,984,024	-	1,984,024
Amount due from brokers		173,485	-	173,485
Total		<u>85,334,075</u>	<u>240,874,385</u>	<u>326,208,460</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		440,950	-	440,950
- cancellation of units		803,648	-	803,648
Amount due to Trustee		23,517	-	23,517
Amount due to brokers		2,567,414	-	2,567,414
Auditors' remuneration		3,755	-	3,755
Tax agent's fee		5,252	-	5,252
Other payables and accruals		2,503	-	2,503
		<u>3,847,039</u>	<u>-</u>	<u>3,847,039</u>
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	24,828,296	-	24,828,296
Quoted equities	8	-	464,782,627	464,782,627
Dividend receivables		1,647,733	-	1,647,733
Amount due from Manager				
- creation of units		1,857,663	-	1,857,663
Amount due from brokers		12,217,393	-	12,217,393
Total		<u>40,551,085</u>	<u>464,782,627</u>	<u>505,333,712</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

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

Financial instruments are as follows (continued):

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2019 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		626,888	-	626,888
- cancellation of units		2,852,469	-	2,852,469
Amount due to Trustee		33,434	-	33,434
Amount due to brokers		9,664,345	-	9,664,345
Auditors' remuneration		3,740	-	3,740
Tax agent's fee		8,645	-	8,645
Other payables and accruals		3,654	-	3,654
Forward foreign currency contracts at fair value through profit or loss	10	-	178,416	178,416
		<u>13,193,175</u>	<u>178,416</u>	<u>13,371,591</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2020</u> RM	<u>2019</u> RM
Quoted investments		
Quoted equities	<u>240,874,385</u>	<u>464,782,627</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

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

Market risk

(b) Price risk

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (2019: 5%) and decreased by 10% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted 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>		
-10%	216,786,946	(24,087,439)
0%	240,874,385	-
+10%	<u>264,961,824</u>	<u>24,087,439</u>
<u>2019</u>		
-5%	441,543,496	(23,239,131)
0%	464,782,627	-
+5%	<u>488,021,758</u>	<u>23,239,131</u>

(b) Interest rate risk

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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	-	2,325	-	2,325
Chinese Yuan	-	202	-	202
Hong Kong Dollar	51,008,450	1,606,806	-	52,615,256
Indian Rupee	-	34,672	-	34,672
Korean Won	10,069,515	-	132,016	10,201,531
Singapore Dollar	17,054,240	7,002,708	-	24,056,948
Taiwan Dollar	6,973,321	-	25,647	6,998,968
United States Dollar	-	25,429,991	-	25,429,991
	<u>85,105,526</u>	<u>34,076,704</u>	<u>157,663</u>	<u>119,339,893</u>
<u>2019</u>				
<u>Financial assets</u>				
Australian Dollar	-	2,478,301	-	2,478,301
Chinese Yuan	-	1,050,442	-	1,050,442
Hong Kong Dollar	49,914,024	1,224,310	4,515,346	55,653,680
Indian Rupee	8,106,600	8,106,600	-	16,213,200
Singapore Dollar	70,918,039	22,271	-	70,940,310
United States Dollar	-	5,228,559	-	5,228,559
	<u>128,938,663</u>	<u>18,110,483</u>	<u>4,515,346</u>	<u>151,564,492</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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>Forward foreign currency contracts</u> RM	<u>Other liabilities**</u> RM	<u>Total</u> RM
<u>2019</u> (continued)			
<u>Financial liabilities</u>			
Indian Rupee	-	8,106,600	8,106,600
United States Dollar	178,416	-	178,416
	<u>178,416</u>	<u>8,106,600</u>	<u>8,285,016</u>

**Other liabilities consist of amount due to brokers.

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 by 10% (2019: 5%), with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 10% (2019: 5%). Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>2020</u>		
Australian Dollar	+/-10	+/- 233
Chinese Yuan	+/-10	+/- 20
Hong Kong Dollar	+/-10	+/- 5,261,526
Indian Rupee	+/-10	+/- 3,467
Korean Won	+/-10	+/- 1,020,153
Singapore Dollar	+/-10	+/- 2,405,695
Taiwan Dollar	+/-10	+/- 699,897
United States Dollar	+/-10	<u>+/- 2,542,999</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

	Change in <u>rate</u> %	Impact on profit after <u>tax/NAV</u> RM
<u>2019</u>		
Australian Dollar	+/-5	+/- 123,915
Chinese Yuan	+/-5	+/- 52,522
Hong Kong Dollar	+/-5	+/- 2,782,684
Indian Rupee	+/-5	+/- 405,330
Singapore Dollar	+/-5	+/- 3,547,016
United States Dollar	+/-5	+/- 252,507

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

The settlement terms of the proceeds from the creation of units receivable from the Manager 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:

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>			
Financial Services			
- AAA	83,176,566	-	83,176,566
- NR	-	408,608	408,608
Industrial Products & Services			
- NR	-	179,910	179,910
Preference Shares			
- NR	-	346,890	346,890
Technology			
- NR	-	84,328	84,328

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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):

	Cash and cash equivalents RM	Other assets* RM	<u>Total</u> RM
<u>2020</u> (continued)			
Utilities			
- NR	-	893,340	893,340
Telecommunications & Media			
- NR	-	244,433	244,433
	<u>83,176,566</u>	<u>2,157,509</u>	<u>85,334,075</u>
<u>2019</u>			
Consumer Products & Services			
- NR	-	145,110	145,110
Financial Services			
- NR	-	8,172,860	8,172,860
Financials			
- AAA	24,828,296	-	24,828,296
- NR	-	4,515,346	4,515,346
Health Care			
- NR	-	35,570	35,570
Industrial Products & Services			
- NR	-	95,250	95,250
Others			
- NR	-	1,860,629	1,860,629
Preference Shares			
- NR	-	219,485	219,485
Property			
- NR	-	60,028	60,028
REITs			
- NR	-	87,506	87,506
Technology			
- NR	-	66,795	66,795
Utilities			
- NR	-	467,176	467,176
	<u>24,828,296</u>	<u>15,725,755</u>	<u>40,554,051</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 payments and cancellation of units by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

	<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	440,950	-	440,950
- cancellation of units	803,648	-	803,648
Amount due to Trustee	23,517	-	23,517
Amount due to brokers	2,567,414	-	2,567,414
Auditors' remuneration	-	3,755	3,755
Tax agent's fee	-	5,252	5,252
Other payables and accruals	-	2,503	2,503
	<u>3,835,529</u>	<u>11,510</u>	<u>3,847,039</u>
<u>2019</u>			
Amount due to Manager			
- management fee	626,888	-	626,888
- cancellation of units	2,852,469	-	2,852,469
Amount due to Trustee	33,434	-	33,434
Amount due to brokers	9,664,345	-	9,664,345
Auditors' remuneration	-	3,740	3,740
Tax agent's fee	-	8,645	8,645
Other payables and accruals	-	3,654	3,654
Forward foreign currency contracts at fair value through profit or loss	-	178,416	178,416
	<u>13,177,136</u>	<u>194,455</u>	<u>13,371,591</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 period end date. The Fund utilizes the current bid price 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 DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 at inception				
- quoted equities	240,874,385	-	-	
	<u>240,874,385</u>	<u> </u>	<u> </u>	<u> </u>
<u>2019</u>				
Financial assets at fair value through profit or loss at inception				
- quoted equities	464,782,627	-	-	464,782,627
	<u>464,782,627</u>	<u> </u>	<u> </u>	<u>464,782,627</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	178,416	-	178,416
	<u> </u>	<u>178,416</u>	<u> </u>	<u>178,416</u>

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

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

4 MANAGEMENT FEE

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

For the 6 months financial period ended 31 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 daily basis as stated in Fund's Prospectus.

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

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, exclusive of foreign custodian fees.

For the 6 months financial period ended 31 March 2020, the Trustee fee is recognised at a rate of 0.08% (2019: 0.08%) per annum on the NAV of the Fund, exclusive of foreign custodian fees as stated in Fund's Prospectus.

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

6 DISTRIBUTION

	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	6,972,570	7,231,510
Net distribution amount	<u>6,972,570</u>	<u>7,231,510</u>
Gross/Net distribution per unit (sen)	<u>1.00</u>	<u>1.00</u>
Ex-date	<u>18.12.2019</u>	<u>10.12.2018</u>

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

Included in distribution for the financial period is an amount of RM6,972,570 (2019: RM7,231,510) made from previous year's realised income.

AFFIN HWANG SELECT DIVIDEND FUND

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

7 TAXATION

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

	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
Current taxation:		
- local	-	50,420
- foreign	-	26,432
	<u>-</u>	<u>76,852</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:

	6 months financial period ended <u>31.3.2020</u> RM	6 months financial period ended <u>31.3.2019</u> RM
Net loss before taxation	<u>(48,522,224)</u>	<u>(4,554,939)</u>
Tax at Malaysian statutory rate of 24% (2019: 24%)	(11,645,334)	(1,093,185)
Tax effects of:		
Investment loss not brought to tax	10,358,439	(113,974)
Expenses not deductible for tax purposes	504,341	375,908
Restrictions on tax deductible expenses for Unit Trust Funds	782,554	831,251
Income subject to different tax rate	-	50,420
Foreign income subject to foreign tax rate	-	26,432
Tax expense	<u>-</u>	<u>76,852</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
Designated at fair value through profit or loss at inception		
- quoted equities - local	155,768,859	335,843,964
- quoted equities - foreign	85,105,526	128,938,663
	<u>240,874,385</u>	<u>464,782,627</u>
Net loss on assets at fair value through profit or loss		
- realised loss on sale of investments	(6,777,222)	(4,682,763)
- unrealised loss on changes in fair value	(43,596,867)	(636,132)
	<u>(50,374,089)</u>	<u>(5,318,895)</u>

(a) Quoted equities - local

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Construction</u>				
Gamuda Bhd	592,000	1,664,542	1,675,360	0.52
IJM Corporation Bhd	2,690,200	6,075,558	4,250,516	1.32
	<u>3,282,200</u>	<u>7,740,100</u>	<u>5,925,876</u>	<u>1.84</u>
<u>Consumer Products & Services</u>				
Esthetics Intl Group Bhd	3,112,900	2,805,012	1,431,934	0.44
Heineken Malaysia Bhd	237,600	5,189,260	5,198,688	1.61
Hong Leong Industries Bhd	488,900	4,840,276	3,622,749	1.12
	<u>3,839,400</u>	<u>12,834,548</u>	<u>10,253,371</u>	<u>3.17</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	590,097	7,787,512	4,956,815	1.54
Allianz Malaysia Berhad	541,400	3,815,969	6,756,672	2.10
Bursa Malaysia Berhad	1,327,600	8,719,393	6,691,104	2.07
CIMB Group Holdings Bhd	2,135,360	12,056,706	7,644,589	2.37
Hong Leong Bank Bhd	471,000	7,544,778	6,339,660	1.97
Hong Leong Financial Group Bhd	303,000	5,575,200	4,145,040	1.28
Malayan Banking Bhd	1,432,798	13,248,699	10,674,345	3.31
Public Bank Bhd	36,000	472,835	570,960	0.18
RHB Bank Bhd	666,000	3,580,044	3,116,880	0.97
	<u>7,503,255</u>	<u>62,801,136</u>	<u>50,896,065</u>	<u>15.79</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities - local as at 31 March 2020 is as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	1,474,700	12,142,778	7,285,018	2.26
Scientex Bhd	808,700	6,726,132	6,024,815	1.87
Sunway Bhd	3,997,999	5,983,932	6,196,898	1.92
	<u>6,281,399</u>	<u>24,852,842</u>	<u>19,506,731</u>	<u>6.05</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	149,103	3,224,965	3,089,414	0.96
<u>Preference Shares</u>				
SP Setia Bhd Group -PA	6,763,800	7,278,782	5,039,031	1.56
<u>Property</u>				
UOA Development Bhd	3,110,000	7,839,444	4,820,500	1.50
<u>REITs</u>				
Axis Real Estate Invst Trust	1,763,645	2,563,037	3,209,834	1.00
Sunway REIT	5,113,000	8,940,292	8,078,540	2.51
YTL Hospitality REIT	5,014,300	5,494,077	4,588,085	1.42
	<u>11,890,945</u>	<u>16,997,406</u>	<u>15,876,459</u>	<u>4.93</u>
<u>Technology</u>				
Inari Amertron Bhd	3,969,000	7,208,744	4,921,560	1.53
JHM Consolidation Bhd	2,876,100	4,567,011	2,042,031	0.63
	<u>6,845,100</u>	<u>11,775,755</u>	<u>6,963,591</u>	<u>2.16</u>
<u>Telecommunications & Media</u>				
Axiata Group Bhd	1,460,313	6,056,764	4,775,223	1.48
Digi.Com Berhad	1,438,600	7,135,435	6,257,910	1.94
TIME dotCom Bhd	728,000	6,496,417	6,661,200	2.07
	<u>3,626,913</u>	<u>19,688,616</u>	<u>17,694,333</u>	<u>5.49</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities - local as at 31 March 2020 is as follows (continued):

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Utilities</u>				
Tenaga Nasional Bhd	1,315,200	18,720,315	15,703,488	4.87
	<u>54,607,315</u>	<u>193,753,909</u>	<u>155,768,859</u>	<u>48.32</u>
Total quoted equities – local				
Accumulated unrealised loss on quoted equities – local		(37,985,050)		
Total quoted equities – local		<u>155,768,859</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
IJM Corporation Bhd	5,502,700	12,429,208	12,160,967	2.47
<u>Consumer Products & Services</u>				
Aeon Company (M) Bhd	2,382,500	4,824,169	3,502,275	0.71
Esthetics Intl Group Bhd	3,592,700	3,237,357	2,191,547	0.45
Fraser & Neave Holdings Bhd	142,800	3,683,933	4,966,584	1.01
Genting Bhd	2,110,000	14,279,741	14,010,400	2.85
Heineken Malaysia Bhd	377,600	6,849,205	9,062,400	1.84
Hong Leong Industries Bhd	488,900	4,840,276	4,844,999	0.98
Petronas Dagangan Bhd	559,000	14,390,314	13,975,000	2.84
UMW Holdings Bhd	241,500	1,274,301	1,383,795	0.28
	<u>9,895,000</u>	<u>53,379,296</u>	<u>53,937,000</u>	<u>10.96</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	1,008,997	12,938,992	16,930,970	3.44
Allianz Malaysia Bhd	660,300	3,831,470	9,534,732	1.94
BIMB Holdings Bhd	1,122,900	4,751,946	4,817,241	0.98
CIMB Group Holdings Bhd	3,923,441	23,104,816	20,127,252	4.09
Hong Leong Financial Group Bhd	754,000	13,873,600	14,356,160	2.92
Malayan Banking Bhd	2,342,935	22,159,275	21,695,578	4.41
Public Bank Bhd	410,600	9,877,420	9,493,072	1.93
RHB Bank Bhd	3,164,700	16,857,816	17,943,849	3.65
Syarikat Takaful Malaysia	2,701,000	11,742,287	13,450,980	2.73
	<u>16,088,873</u>	<u>119,137,622</u>	<u>128,349,834</u>	<u>26.09</u>
<u>Health Care</u>				
KPJ Healthcare Bhd	7,114,000	7,488,784	6,971,720	1.42
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	1,171,200	10,035,055	10,728,192	2.18
Scientex Bhd	1,468,400	12,268,402	12,481,400	2.54
Sunway Bhd	4,762,503	7,005,488	7,953,380	1.62
	<u>7,402,103</u>	<u>29,308,945</u>	<u>31,162,972</u>	<u>6.34</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 is as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Plantation</u>				
Sarawak Oil Palms Bhd	819,700	3,449,152	2,024,659	0.41
<u>Property</u>				
SP Setia Bhd Group	1,319,296	4,047,938	2,915,644	0.59
UOA Development Bhd	3,228,000	8,257,363	6,940,200	1.41
	<u>4,547,296</u>	<u>12,305,301</u>	<u>9,855,844</u>	<u>2.00</u>
<u>REITs</u>				
Axis Real Estate Invt Trust	5,581,919	8,104,017	9,991,635	2.03
IGB REIT	4,097,200	5,641,011	7,579,820	1.54
Sunway REIT	5,113,000	8,940,292	9,152,270	1.86
YTL Hospitality REIT	4,958,300	5,419,863	6,346,624	1.29
	<u>19,750,419</u>	<u>28,105,183</u>	<u>33,070,349</u>	<u>6.72</u>
<u>Technology</u>				
Inari Amertron Bhd	4,453,000	8,375,536	6,946,680	1.41
<u>Telecommunications & Media</u>				
Astro Malaysia Holdings Bhd	6,625,900	10,060,404	10,137,627	2.06
<u>Transportation & Logistics</u>				
MISC Bhd	1,415,000	9,471,236	9,423,900	1.92
<u>Utilities</u>				
Tenaga Nasional Bhd	2,031,200	29,600,344	25,714,992	5.23
<u>Preference Shares</u>				
SP Setia Bhd Group -PA	6,763,800	7,278,782	6,087,420	1.24

AFFIN HWANG SELECT DIVIDEND FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities - local as at 31 March 2019 is as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Total quoted equities – local	92,408,991	330,389,793	335,843,964	68.27
Accumulated unrealised gain on quoted equities – local		5,454,171		
Total quoted equities – local		335,843,964		

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 31 March 2020 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
Techtronic Industries Co	57,500	2,158,060	1,601,375	0.50
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	93,400	10,324,445	9,541,165	2.96
Meituan Dianping	71,400	3,559,536	3,722,453	1.16
Topsports International Hld	649,000	3,152,561	2,928,093	0.91
	813,800	17,036,542	16,191,711	5.03
<u>Financials</u>				
CIFI Holdings Group Co Ltd	1,152,000	3,333,623	3,593,318	1.12
Ping An Insurance Grp Co China	248,500	12,233,488	10,533,344	3.27
	1,400,500	15,567,111	14,126,662	4.39
<u>Technology</u>				
HKBN Ltd	1,319,000	7,491,151	8,992,520	2.79
Tencent Holdings Ltd	47,700	8,426,031	10,096,182	3.13
	1,366,700	15,917,182	19,088,702	5.92

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 is as follows (continued):

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>KOREA</u>				
<u>Preference Shares</u>				
Samsung Electronics Co Ltd - Pref Shares	70,895	10,289,789	10,069,515	3.12
<u>SINGAPORE</u>				
<u>Financials</u>				
Ascendas Real Estate InvTrust	708,600	6,803,715	5,976,651	1.85
CapitaLand Retail China Trust	1,825,100	7,872,865	6,676,126	2.07
Frasers Centrepoint Trust	183,600	1,172,905	1,232,191	0.38
Mapletree North Asia Com Trust	1,302,300	4,353,584	3,169,272	0.98
	<u>4,019,600</u>	<u>20,203,069</u>	<u>17,054,240</u>	<u>5.28</u>
<u>TAIWAN</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufac	179,000	6,796,065	6,973,321	2.16
Total quoted equities – foreign	<u>7,907,995</u>	87,967,818	<u>85,105,526</u>	<u>26.40</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(2,862,292)</u>		
Total quoted equities – foreign		<u>85,105,526</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>CHINA</u>				
<u>Consumer Services</u>				
China Xinhua Education Group	1,237,000	2,014,294	1,652,809	0.33
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	93,000	1,263,351	1,409,423	0.29
<u>Financials</u>				
AIA Group Ltd	364,800	12,951,416	14,802,926	3.01
China Construction Bank Corp	1,363,000	4,821,848	4,769,038	0.97
IShares MSCI China Index ETF	361,800	4,642,531	4,900,000	0.99
Ping An Insurance Group Co China	337,000	14,499,812	15,391,873	3.13
	<u>2,426,600</u>	<u>36,915,607</u>	<u>39,863,837</u>	<u>8.10</u>
<u>Technology</u>				
HKBN Ltd	1,077,000	5,667,503	6,987,955	1.42
<u>INDIA</u>				
<u>Financials</u>				
Embassy Office Parks REIT	458,000	8,120,340	8,106,600	1.65
<u>SINGAPORE</u>				
<u>Consumer Services</u>				
Genting Singapore PLC	798,100	2,451,466	2,475,911	0.50

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 is as follows (continued):

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>SINGAPORE</u> (continued)				
<u>Financials</u>				
Ascendas Real Estate InvTrust	770,900	5,897,971	6,756,652	1.37
DBS Group Holdings Ltd	187,100	14,047,835	14,200,868	2.89
Frasers Logistic & Indus Trust	1,415,560	3,801,725	4,903,054	1.00
Mapletree Industrial Trust	784,000	4,573,572	4,958,792	1.01
Mapletree Logistics Trust	1,759,401	6,438,048	7,736,744	1.57
Mapletree North Asia Com Trust	946,300	2,931,475	3,733,711	0.76
United Overseas Bank Ltd	116,600	8,922,589	8,839,390	1.80
	<u>5,979,861</u>	<u>46,613,215</u>	<u>51,129,211</u>	<u>10.40</u>
<u>Industrials</u>				
Singapore Tech Engineering Ltd	448,200	4,760,629	5,048,752	1.03
Venture Corp Ltd	227,100	12,620,037	12,264,165	2.49
	<u>675,300</u>	<u>17,380,666</u>	<u>17,312,917</u>	<u>3.52</u>
Total quoted equities – foreign	<u>12,744,861</u>	<u>120,426,442</u>	<u>128,938,663</u>	<u>26.21</u>
Accumulated unrealised gain on quoted equities – foreign		<u>8,512,221</u>		
Total quoted equities – foreign		<u>128,938,663</u>		

AFFIN HWANG SELECT DIVIDEND FUND

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

9 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	34,400,196	18,464,367
Deposits with licensed financial institutions	48,776,370	6,363,929
	<u>83,176,566</u>	<u>24,828,296</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	<u>2.55</u>	<u>3.25</u>

Deposits with licensed financial institutions have an average maturity of 1 day (2019: 2 days).

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are nil (2019: 1) forward currency contracts outstanding. The notional principal amount of the outstanding forward currency contracts amounted to RM nil (2019: RM34,130,040). The forward currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign securities denominated in United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

11 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial period	728,142,000	713,322,000
Creation of units arising from applications during the financial period	13,987,803	54,129,932
Creation of units arising from distributions during the financial period	10,472,197	11,373,068
Cancellation of units during the financial period	(174,803,000)	(27,237,000)
At the end of the financial period	<u>577,799,000</u>	<u>751,588,000</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

12 TRANSACTIONS WITH BROKERS

- (i) Detail of transaction with the top 10 brokers for the 6 months financial period ended 31 March 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CLSA Indonesia	124,595,093	19.09	71,141	5.98
Affin Hwang Investment Bank Bhd	91,196,263	13.97	228,076	19.17
Macquarie Securities Ltd	50,327,695	7.71	50,831	4.27
CLSA Ltd	48,013,505	7.36	38,965	3.27
Maybank Inv Bank Bhd	43,636,815	6.69	109,093	9.17
MasterLink Securities Co	30,306,688	4.64	75,767	6.37
JP Morgan Sec (Asia Pac) Ltd	18,444,722	2.83	76,671	6.44
Public Investment Bank Bhd	17,484,677	2.68	43,712	3.67
RHB Investment Bank Bhd	16,747,228	2.57	41,868	3.52
Robert W. Baird & Co.	15,262,893	2.34	1,509	0.13
Others	196,661,596	30.12	452,249	38.01
	<u>652,677,175</u>	<u>100.00</u>	<u>1,189,882</u>	<u>100.00</u>

- (ii) Detail of transaction with the top 10 brokers for the 6 months financial period ended 31 March 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	100,197,726	20.44	250,494	24.32
CLSA Ltd	75,492,898	15.40	150,450	14.61
Affin Hwang Asset Management Bhd#	40,011,296	8.16	-	-
Maybank Investment Bank Bhd	37,807,107	7.71	94,518	9.18
Macquarie Securities Ltd	35,362,736	7.21	65,457	6.35
Hong Leong Investment Bank Bhd	25,281,757	5.16	42,394	4.12
UOB Kay Hian Pte Ltd	22,022,525	4.49	55,011	5.34
Macquarie Capital Securities (M) Sdn Bhd	14,658,701	2.99	36,647	3.56
Morgan Stanley & Co Int Plc	12,085,668	2.46	24,164	2.35
CIMB Investment Bank Bhd	10,431,542	2.13	26,079	2.53
Others	116,945,317	23.85	284,859	27.64
	<u>490,297,273</u>	<u>100.00</u>	<u>1,030,073</u>	<u>100.00</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

12 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in the transactions with brokers and dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd and Affin Hwang Asset Management Bhd, companies related to the Manager amounting to RM91,196,263 and RMnil (2019: RM100,197,726 and RM40,011,296) The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

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

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

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

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

	<u>2020</u>		<u>2019</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Unit</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>91,189</u>	<u>50,874</u>	<u>1,337,416</u>	<u>875,473</u>
<u>Parties related to the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>1,540,147</u>	<u>859,248</u>	<u>1,273,580</u>	<u>833,686</u>
<u>Subsidiary and associated companies of the ultimate holding company of the Manager:</u>				
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>77,065,763</u>	<u>42,994,989</u>	<u>68,228,722</u>	<u>44,662,521</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

14 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>31.3.2020</u> %	6 months financial period ended <u>31.3.2019</u> %
MER	<u>0.82</u>	<u>0.80</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee’s fees
C	=	Auditors’ remuneration
D	=	Tax agent’s fee
E	=	Other expenses, excluding sales and service 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 period calculated on a daily basis is RM439,036,865 (2019: RM470,884,129)

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>31.3.2020</u>	6 months financial period ended <u>31.3.2019</u>
PTR (times)	<u>0.75</u>	<u>0.53</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM249,148,985 (2019: RM293,747,868)
total disposal for the financial period = RM410,489,043 (2019: RM202,181,580)

AFFIN HWANG SELECT DIVIDEND FUND

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

16 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 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 and loss.

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

AFFIN HWANG SELECT DIVIDEND FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of Affin Hwang Asset Management Berhad , do hereby state that in my opinion as the Manager, the financial statements set out on pages 1 to 37 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 March 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
18 May 2020

DIRECTORY OF SALES OFFICE

HEAD OFFICE

Affin Hwang Asset Management Berhad
Ground Floor
Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Tel : 03 – 2116 6000
Fax : 03 – 2116 6100
Toll free no : 1-800-88-7080
Email: customercare@affinhwangam.com

PENANG

Affin Hwang Asset Management Berhad
No. 10-C-24 Precinct 10
Jalan Tanjung Tokong
10470 Penang

Tel : 04 – 899 8022
Fax : 04 – 899 1916

PERAK

Affin Hwang Asset Management Berhad
13A Persiaran Greentown 7
Greentown Business Centre
30450 Ipoh Perak

Tel : 05 – 241 0668
Fax : 05 – 255 9696

MELAKA

Affin Hwang Asset Management Berhad
Ground Floor, No. 584, Jalan Merdeka
Taman Melaka Raya
75000 Melaka

Tel : 06 – 281 2890 / 3269
Fax : 06 – 281 2937

JOHOR

Affin Hwang Asset Management Berhad
Unit 22-05, Level 22
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

Tel : 07 – 227 8999
Fax : 07 – 223 8998

SABAH

Affin Hwang Asset Management Berhad
Lot No. B-2-09, 2nd Floor
Block B, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu
Sabah

Tel : 088 – 252 881
Fax : 088 – 288 803

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

Affin Hwang Asset Management Berhad
Ground Floor, No. 69
Block 10, Jalan Laksamana Cheng Ho
93200 Kuching
Sarawak

Tel : 082 – 233 320
Fax : 082 – 233 663

Affin Hwang Asset Management Berhad
1st Floor, Lot 1291
Jalan Melayu, MCLD
98000 Miri
Sarawak

Tel : 085 – 418 403
Fax : 085 – 418 372

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)