

Affin Hwang

Select Dividend Fund

Annual Report
30 September 2021

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

Annual Report and Audited Financial Statements For the Financial Year Ended 30 September 2021

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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 AS AT 30 SEPTEMBER 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	710	1,943
5,001 to 10,000	690	5,222
10,001 to 50,000	1,726	40,685
50,001 to 500,000	590	64,283
500,001 and above	35	316,784
Total	3,751	428,917

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Sep 2021 (%)	As at 30 Sep 2020 (%)	As at 30 Sep 2019 (%)
Portfolio composition			
Quoted equities – local			
- Construction	-	1.55	1.45
- Consumer products & services	8.59	6.84	9.36
- Energy	-	-	2.19
- Financial services	12.28	14.33	19.26
- Healthcare	-	3.54	-
- Industrial products & services	15.16	7.08	6.69
- Plantation	-	-	0.36
- Preference share	-	1.44	-
- Property	3.78	1.71	2.56
- REITs	4.54	4.28	5.68
- Technology	10.72	9.24	1.24
- Telecommunications & media	10.02	7.75	7.84
- Transportation & Logistics	-	2.11	2.95
- Utilities	-	6.17	5.67
Total quoted equities – local	66.09	66.02	65.25
Quoted equities – foreign			
- Consumer discretionary	6.01	-	-
- Consumer staples	2.71	-	-
- Consumer goods	-	-	0.98
- Consumer services	-	7.52	1.30
- Financial services	7.61	7.02	18.06
- Healthcare	0.74	-	-
- Industrials	2.34	-	2.24
- Preference share	-	1.31	-
- REITs	1.93	-	-
- Technology	6.14	11.21	5.57
- Telecommunications	-	-	1.42
Total quoted equities – foreign	27.48	27.06	29.57
Cash & cash equivalent	6.43	6.92	5.18
Total	100.00	100.00	100.00

FUND PERFORMANCE DATA (CONTINUED)

Category	As at 30 Sep 2021 (%)	As at 30 Sep 2020 (%)	As at 30 Sep 2019 (%)
Total NAV (RM'million)	321.153	318.568	470.179
NAV per Unit (RM)	0.7486	0.6874	0.6457
Unit in Circulation (million)	429.030	463.413	728.142
Highest NAV	0.7900	0.7012	0.6743
Lowest NAV	0.6875	0.5223	0.6191
Return of the Fund (%) ⁱⁱⁱ	14.06	8.91	-0.80
- Capital Growth (%) ⁱ	8.90	6.46	-3.81
- Income Distribution (%) ⁱⁱ	4.74	2.30	3.13
Gross Distribution per Unit (sen)	3.50	1.50	2.00
Net Distribution per Unit (sen)	3.50	1.50	2.00
Management Expense Ratio (%) ¹	1.61	1.63	1.61
Portfolio Turnover Ratio (times) ²	1.04	1.44	1.04

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

¹The Fund's MER was lower than previous year due to lower expenses incurred for the Fund for the financial year.

²The PTR of the Fund was lower than previous year due to lesser trading activities during the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
15 Dec 2020	16 Dec 2020	0.7582	0.0150	0.7492
15 Jun 2021	16 Jun 2021	0.7685	0.0200	0.7456

No unit split were declared for the financial year ended 30 September 2021.

Performance Review

For the period 1 October 2020 to 30 September 2021, the Fund registered a 14.06% return compared to the benchmark return of 7.36%. The Fund thus outperformed the Benchmark by 6.70%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2021 was RM0.7486 while the NAV as at 30 September 2020 was RM0.6874. During the period under review, the Fund has declared a total gross income distribution of RM0.0350 per unit.

Since commencement, the Fund has registered a return of 138.66% compared to the benchmark return of 16.88%, outperforming by 121.78%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/10/20 - 30/9/21)	3 Years (1/10/18 - 30/9/21)	5 Years (1/10/16 - 30/9/21)	Since Commencement (18/4/11 - 30/9/21)
Fund	14.06%	23.23%	44.91%	138.66%
Benchmark	7.36%	(7.75%)	0.45%	16.88%
Outperformance	6.70%	30.98%	44.46%	121.78%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/10/20 - 30/9/21)	3 Years (1/10/18 - 30/9/21)	5 Years (1/10/16 - 30/9/21)	Since Commencement (18/4/11 - 30/9/21)
Fund	14.06%	7.20%	7.70%	8.67%
Benchmark	7.36%	(2.65%)	0.09%	1.50%
Outperformance	6.70%	9.85%	7.61%	7.17%

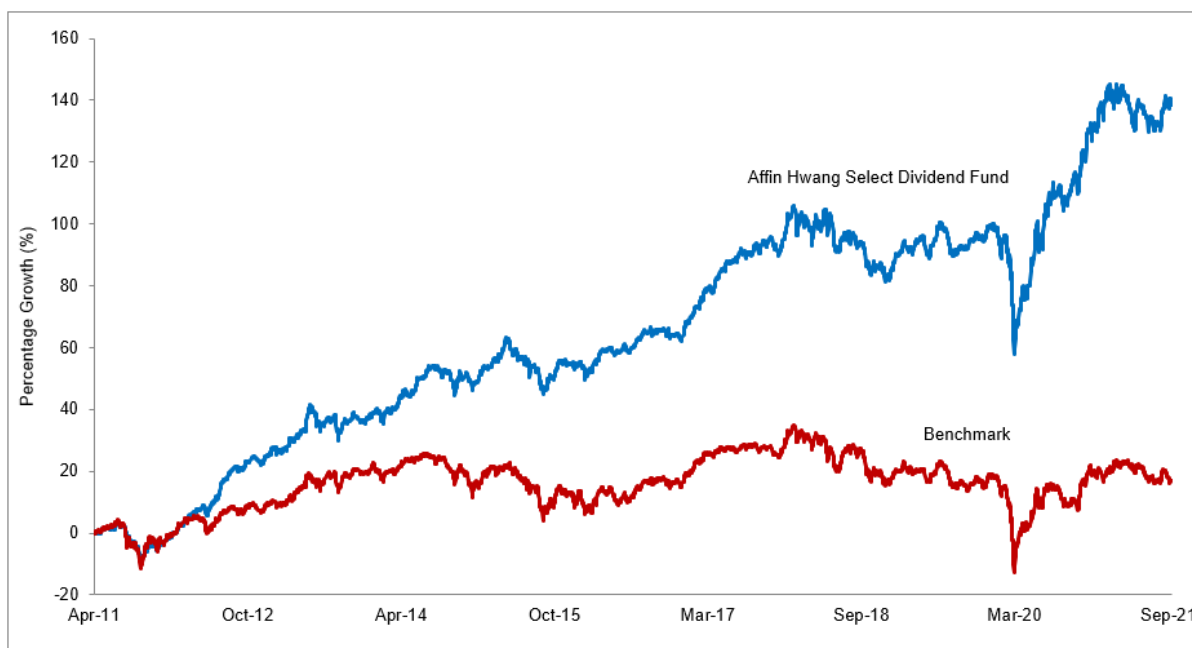
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/10/20 - 30/9/21)	FYE 2020 (1/10/19 - 30/9/20)	FYE 2019 (1/10/18 - 30/9/19)	FYE 2018 (1/10/17 - 30/9/18)	FYE 2017 (1/10/16 - 30/9/17)
Fund	14.06%	8.91%	(0.80%)	1.59%	15.75%
Benchmark	7.36%	(5.53%)	(9.05%)	0.16%	8.71%
Outperformance	6.70%	14.44%	8.25%	1.43%	7.04%

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% FTSE Bursa Malaysia Top 100 Index + 30% MSCI AC Asia Pacific ex Japan High Dividend Yield 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 30 September 2021, the asset allocation of the Fund stood at 93.57% in equities while the balance was held in cash and cash equivalent. During the period under review, the Manager mostly maintained the allocation level for local and foreign equities. Within the local equity space, the Manager increased exposure towards industrials, while reduce allocation towards utilities and transportation sector.

Strategies Employed

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tensions. 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. We also kept a moderate cash level as we seek for potential opportunities in the market to deploy.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and “stay at home” trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed’s dovish testimony. The S&P 500 and Nasdaq index rose, buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress. US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank’s view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker in June as sentiment was dampened on geopolitical tensions and consolidation seen in China’s economy. The Group of Seven (“G7”) nations and North Atlantic Treaty Organisation (“NATO”) held its annual summit with political leaders from US and Europe vowing to toughen its stance on China.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

Asia was dragged by the weakness in the Chinese market in July. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions.

In Asia, the MSCI Asia ex-Japan index reversed course by climbing slightly higher. Regulatory noise still dominated headlines in China amidst calls for more oversight in the electric vehicle (EV) industry. The Fed is currently adopting a wait-and-see approach to the Delta variants impact and its implication on job data, highlighting that inflation is transitory and it was more harmful to react amidst the temporary surge in inflation.

The local equity market’s performance was muted relative to regional peers. In the February result season, the tech sector was largely reporting earnings that beat expectations on the back of robust demand. Meanwhile, Finance Minister clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government was mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of “rate cut” bets at the end of January following BNM’s announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rose whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-

Lestari programme. However, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Fiscal deficit is expected to breach above the government's target of 6.0%. With the unveiled PEMULIH stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The next Parliament sitting is slated in September which Datuk Seri Ismail Sabri will face a test of majority support through a vote of confidence. With political stability expected until the next General Election (GE) due by 2023, the local market could see further support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

During its quarterly GDP briefing, BNM said that Malaysia's GDP grew 16.1% y-o-y in the 2Q'21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

Prime Minister Datuk Seri Ismail Sabri Yaakob unveiled his cabinet line-up with familiar faces at the helm. Foreigners turned net buyers in the last week of August with net inflows rising to the tune of RM960 million which is the strongest weekly inflow since 2019.

On a separate note, Bank Negara Malaysia is slated to hold its next Monetary Policy Committee meeting on 9 September 2021. Despite recently revising its 2021 GDP forecast to a lowered range of 3.0-4.0%, we expect the central bank to keep rates unchanged at 1.75% amid several supportive drivers including: (i) healthy vaccination rollouts, (ii) robust external demand, and (iii) gradual reopening of sectors and economies.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise in Asia ex-Japan. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery continues to progress as international borders slowly start to reopen. On COVID-19 developments, over 90% of Malaysia's adult population has been vaccinated. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

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

We, **CIMB Islamic Trustee Berhad (the "Trustee")**, 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 of Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 30 September 2021.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee 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 of returns by the Fund 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
15 November 2021

AFFIN HWANG SELECT DIVIDEND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

AFFIN HWANG SELECT DIVIDEND FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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AFFIN HWANG SELECT DIVIDEND FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
INVESTMENT INCOME			
Dividend income		9,431,081	12,074,138
Interest income from financial assets at amortised cost		198,966	303,854
Net loss on foreign currency exchange		(47,958)	(140,198)
Net gain on financial assets at fair value through profit or loss	8	40,343,439	23,920,736
Other income		-	27,302
		<u>49,925,528</u>	<u>36,185,832</u>
EXPENSES			
Management fee	4	(4,792,956)	(5,815,365)
Trustee fee	5	(255,695)	(312,441)
Auditors' remuneration		(9,000)	(9,000)
Tax agent's fee		(30,285)	(50,845)
Transaction costs		(1,930,654)	(2,989,608)
Other expenses		(364,177)	(447,220)
		<u>(7,382,767)</u>	<u>(9,624,479)</u>
NET PROFIT BEFORE TAXATION		42,542,761	26,561,353
Taxation	6	<u>(213,782)</u>	<u>(17,396)</u>
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>42,328,979</u>	<u>26,543,957</u>
Net profit after taxation is made up of the following:			
Realised amount		13,184,205	36,590,336
Unrealised amount		29,144,774	(10,046,379)
		<u>42,328,979</u>	<u>26,543,957</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

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	9	17,780,662	26,177,005
Amount due from brokers		5,946,023	-
Amount due from Manager			
- creation of units		375,349	-
Dividends receivable		1,305,448	776,926
Financial assets at fair value through profit or loss	8	300,496,047	296,532,903
Tax recoverable		2,966	2,966
TOTAL ASSETS		<u>325,906,495</u>	<u>323,489,800</u>
LIABILITIES			
Amount due to brokers		4,031,675	2,673,368
Amount due to Manager			
- management fee		395,402	395,360
- cancellation of units		291,280	1,816,798
Amount due to Trustee		21,088	21,086
Auditors' remuneration		9,000	9,000
Tax agent's fee		3,500	3,500
Other payables and accruals		1,188	2,578
TOTAL LIABILITIES		<u>4,753,133</u>	<u>4,921,690</u>
NET ASSET VALUE OF THE FUND		<u>321,153,362</u>	<u>318,568,110</u>
EQUITY			
Unitholders' capital		256,194,190	281,173,197
Retained earnings		64,959,172	37,394,913
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>321,153,362</u>	<u>318,568,110</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>429,030,000</u>	<u>463,413,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7486</u>	<u>0.6874</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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 October 2020	281,173,197	37,394,913	318,568,110
Total comprehensive income for the financial year	-	42,328,979	42,328,979
Distributions (Note 7)	-	(14,764,720)	(14,764,720)
Movement in unitholders' capital:			
Creation of units arising from applications	28,374,874	-	28,374,874
Creation of units arising from distributions	14,600,159	-	14,600,159
Cancellation of units	(67,954,040)	-	(67,954,040)
Balance as at 30 September 2021	<u>256,194,190</u>	<u>64,959,172</u>	<u>321,153,362</u>
Balance as at 1 October 2019	449,585,351	20,593,646	470,178,997
Total comprehensive income for the financial year	-	26,543,957	26,543,957
Distributions (Note 7)	-	(9,742,690)	(9,742,690)
Movement in unitholders' capital:			
Creation of units arising from applications	10,298,137	-	10,298,137
Creation of units arising from distributions	9,636,235	-	9,636,235
Cancellation of units	(188,346,526)	-	(188,346,526)
Balance as at 30 September 2020	<u>281,173,197</u>	<u>37,394,913</u>	<u>318,568,110</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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		344,235,023	664,807,240
Purchase of investments		(314,373,099)	(493,656,605)
Dividends received		8,902,559	13,692,496
Interest received		198,966	303,854
Management fee paid		(4,792,914)	(6,000,069)
Trustee fee paid		(255,693)	(322,292)
Payments for other fees and expenses		(404,852)	(509,987)
Net (loss)/gain realised foreign currency exchange		(174,494)	17,361
Other income received		-	27,302
Tax paid		(213,782)	(17,396)
Net cash flows generated from operating activities		<u>33,121,714</u>	<u>178,341,904</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		27,999,525	10,377,497
Payments for cancellation of units		(69,479,558)	(187,207,093)
Payment for distributions		(164,561)	(106,455)
Net cash flows used in financing activities		<u>(41,644,594)</u>	<u>(176,936,051)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(8,522,880)</u>	<u>1,405,853</u>
EFFECTS OF FOREIGN CURRENCY EXCHANGE		126,537	(157,559)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>26,177,005</u>	<u>24,928,711</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>17,780,662</u></u>	<u><u>26,177,005</u></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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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, amendments to published standards and interpretations that are effective:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend income

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

Interest income

Interest income from short-term deposits with licensed financial institutions is recognised based on effective interest rate method on an accruals basis.

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

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 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.

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 and brokers. 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 year.

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

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.

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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.

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

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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 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.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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 a unitholder exercises the right to put the unit back to the Fund.

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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 Securities Commission's ("SC") 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 DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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, First 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 Deeds.

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) Debentures;
- (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 15 November 2021.

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	17,780,662	-	17,780,662
Amount due from brokers		5,946,023	-	5,946,023
Amount due from Manager				
- creation of units		375,349	-	375,349
Dividends receivable		1,305,448	-	1,305,448
Quoted equities	8	-	300,496,047	300,496,047
Total		<u>25,407,482</u>	<u>300,496,047</u>	<u>325,903,529</u>
<u>Financial liabilities</u>				
Amount due to brokers		4,031,675	-	4,031,675
Amount due to Manager				
- management fee		395,402	-	395,402
- cancellation of units		291,280	-	291,280
Amount due to Trustee		21,088	-	21,088
Auditor's remuneration		9,000	-	9,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		1,188	-	1,188
Total		<u>4,753,133</u>	<u>-</u>	<u>4,753,133</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	26,177,005	-	26,177,005
Dividends receivable		776,926	-	776,926
Quoted equities	8	-	296,532,903	296,532,903
Total		<u>26,953,931</u>	<u>296,532,903</u>	<u>323,486,834</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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>2020 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to brokers		2,673,368	-	2,673,368
Amount due to Manager				
- management fee		395,360	-	395,360
- cancellation of units		1,816,798	-	1,816,798
Amount due to Trustee		21,086	-	21,086
Auditor's remuneration		9,000	-	9,000
Tax agent's fee		3,500	-	3,500
Other payables and accruals		2,578	-	2,578
Total		<u>4,921,690</u>	<u>-</u>	<u>4,921,690</u>

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

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

Market risk

(a) Price risk

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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>2021</u> RM	<u>2020</u> RM
Quoted investments		
Quoted equities	300,496,047	296,532,903

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value ("NAV") to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2020: 10%) and decreased by 10% (2020: 10%) 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 profit after tax/NAV</u> RM
<u>2021</u>		
-10%	270,446,442	(30,049,605)
0%	300,496,047	-
+10%	330,545,652	30,049,605
<u>2020</u>		
-10%	266,879,613	(29,653,290)
0%	296,532,903	-
+10%	326,186,193	29,653,290

(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 deposits with financial institutions. The Manager overcomes this exposure by way of maintaining deposits on a short-term basis.

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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 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.

	Quoted equities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Australian Dollar	8,155,720	2,649,273	3,070,557	13,875,550
Chinese Yuan	3,748,998	909,794	-	4,658,792
Hong Kong Dollar	43,634,665	3,080,504	3,003,976	49,719,145
Indian Rupee	7,518,374	25,995	-	7,544,369
Indonesian Rupiah	1,652,820	-	-	1,652,820
Singapore Dollar	6,204,959	194,812	-	6,399,771
Taiwan Dollar	14,026,906	-	103,187	14,130,093
United States Dollar	3,321,234	2,590,529	-	5,911,763
	<u>88,263,676</u>	<u>9,450,907</u>	<u>6,177,720</u>	<u>103,892,303</u>
			Amount due to brokers RM	Total RM
<u>Financial liabilities</u>				
Hong Kong Dollar			<u>3,073,252</u>	<u>3,073,252</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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.

	Quoted <u>equities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Australian Dollar	-	2,596	-	2,596
Chinese Yuan	-	203	-	203
Hong Kong Dollar	65,138,098	10,930,724	220,301	76,289,123
Indian Rupee	-	34,187	-	34,187
Korean Won	10,829,389	-	22,848	10,852,237
Singapore Dollar	-	7,172,109	-	7,172,109
Taiwan Dollar	10,250,503	-	33,303	10,283,806
United States Dollar	-	3,388,384	-	3,388,384
	<u>86,217,990</u>	<u>21,528,203</u>	<u>276,452</u>	<u>108,022,645</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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 NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by each currency's respective historical volatility, with all other variables held constant. 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.

	Change in rate %	Impact on profit after tax/NAV RM
<u>2021</u>		
Australian Dollar	+/- 7.39	+/- 1,025,812
Chinese Yuan	+/- 3.55	+/- 165,333
Hong Kong Dollar	+/- 3.16	+/- 1,472,833
Indian Rupee	+/- 4.33	+/- 326,853
Indonesian Rupiah	+/- 4.49	+/- 74,277
Singapore Dollar	+/- 2.72	+/- 174,299
Taiwan Dollar	+/- 3.39	+/- 478,522
United States Dollar	+/- 3.28	+/- 193,930

2020

Australian Dollar	+/- 13.23	+/- 343
Chinese Yuan	+/- 6.05	+/- 12
Hong Kong Dollar	+/- 6.31	+/- 4,813,844
Indian Rupee	+/- 6.69	+/- 2,287
Korean Won	+/- 9.38	+/- 1,017,940
Singapore Dollar	+/- 4.60	+/- 329,917
Taiwan Dollar	+/- 5.59	+/- 574,865
United States Dollar	+/- 6.26	+/- 212,113

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

Credit risk

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

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

Credit risk arising from placements of 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>2021</u>			
Financial Services			
- AAA	17,780,662	793,032	18,573,694
- A-	-	3,070,558	3,070,558
Industrials			
- NR	-	96,786	96,786
Technology			
- NR	-	196,550	196,550
Telecommunication & Media			
- NR	-	187,355	187,355
Utilities			
- NR	-	2,907,190	2,907,190
Others			
- NR	-	375,349	375,349
	<u>17,780,662</u>	<u>7,626,820</u>	<u>25,407,482</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

Credit risk (continued)

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

	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u>			
Consumer Goods			
- NR	-	100,859	100,859
Financial Services			
- AAA	26,177,005	-	26,177,005
- A-	-	119,442	119,442
Technology			
- NR	-	109,517	109,517
REITs			
- NR	-	35,026	35,026
Utilities			
- NR	-	412,082	412,082
	<u>26,177,005</u>	<u>776,926</u>	<u>26,953,931</u>

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

Liquidity risk

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

Liquidity risk (continued)

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

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2021</u>			
Amount due to brokers	4,031,675	-	4,031,675
Amount due to Manager			
- management fee	395,402	-	395,402
- cancellation of units	291,280	-	291,280
Amount due to Trustee	21,088	-	21,088
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	1,188	1,188
	<u>4,739,445</u>	<u>13,688</u>	<u>4,753,133</u>
<u>2020</u>			
Amount due to brokers	2,673,368	-	2,673,368
Amount due to Manager			
- management fee	395,360	-	395,360
- cancellation of units	1,816,798	-	1,816,798
Amount due to Trustee	21,086	-	21,086
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	2,578	2,578
	<u>4,906,612</u>	<u>15,078</u>	<u>4,921,690</u>

Capital risk

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the period end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

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

(i) Fair value hierarchy

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (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>2021</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	<u>300,496,047</u>	<u>-</u>	<u>-</u>	<u>300,496,047</u>
<u>2020</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	<u>296,532,903</u>	<u>-</u>	<u>-</u>	<u>296,532,903</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.

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

4 MANAGEMENT FEE

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

For the financial year ended 30 September 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Prospectus.

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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.

For the financial year ended 30 September 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 0.08%) per annum on the NAV of the Fund, exclusive of foreign custodian fees as stated in the Prospectus.

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

6 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation - foreign	<u>213,782</u>	<u>17,396</u>

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit before taxation	<u>42,542,761</u>	<u>26,561,353</u>
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	10,210,263	6,374,725
Tax effects of:		
Investment income not subject to tax	(11,982,126)	(8,684,600)
Expenses not deductible for tax purposes	618,915	908,874
Restrictions on tax deductible expenses for Unit Trust Funds	1,152,948	1,401,001
Foreign investment income subject to different tax rates	<u>213,782</u>	<u>17,396</u>
Tax expenses	<u>213,782</u>	<u>17,396</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

7 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
Distributions to unitholders are from the following sources:		
Previous years' realised income	14,764,720	9,742,690
Gross realised income	14,764,720	9,742,690
Less: Expenses	-	-
Net distribution amount	<u>14,764,720</u>	<u>9,742,690</u>

During the financial year ended 30 September 2021, distributions were made as follows:

<u>Ex-date</u>	Gross/Net distribution per unit (sen)
16.12.2020	1.50
16.06.2021	2.00
	<u>3.50</u>

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

<u>Ex-date</u>	Gross/Net distribution per unit (sen)
18.12.2019	1.00
17.06.2020	0.50
	<u>1.50</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 distributions for the financial year is an amount of RM14,764,720 (2020: RM9,742,690) made from previous years' realised income.

The Fund has incurred an unrealised loss of RM Nil (2020: RM10,046,379) for the financial year ended 30 September 2021.

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	212,232,371	210,314,913
- quoted equities – foreign	88,263,676	86,217,990
	<u>300,496,047</u>	<u>296,532,903</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	11,319,566	33,809,556
- unrealised gain/(loss) on changes in fair value	29,023,873	(9,888,820)
	<u>40,343,439</u>	<u>23,920,736</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 30 September 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products & Services</u>				
Genting Bhd	2,915,600	14,384,278	14,636,312	4.56
Genting Malaysia Bhd	4,309,400	10,849,369	12,928,200	4.03
	<u>7,225,000</u>	<u>25,233,647</u>	<u>27,564,512</u>	<u>8.59</u>
<u>Financial Services</u>				
AMMB Holdings Bhd	1,511,700	4,558,491	4,807,206	1.50
CIMB Group Holdings Bhd	2,270,445	10,566,429	10,852,727	3.38
Malayan Banking Bhd	1,985,707	17,484,349	15,984,941	4.98
Public Bank Bhd	2,702,000	11,666,577	10,997,140	3.42
	<u>8,469,852</u>	<u>44,275,846</u>	<u>42,642,014</u>	<u>13.28</u>
<u>Industrial Products & Services</u>				
Press Metal Aluminium Hldg Bhd	2,500,000	12,675,000	14,350,000	4.47
Scientex Bhd	3,421,200	9,690,563	15,634,884	4.87
SKP Resources Bhd	2,013,250	3,949,044	3,684,247	1.15
V.S. Industry Bhd	9,040,900	11,818,204	14,375,031	4.48
V.S. Industry Bhd – Warrant 14.6.2024	1,138,240	-	626,032	0.19
	<u>18,113,590</u>	<u>38,132,811</u>	<u>48,670,194</u>	<u>15.16</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 30 September 2021 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Property</u>				
SP Setia Bhd Group -PA	6,763,800	7,278,782	5,444,859	1.70
UOA Development Bhd	4,015,100	9,217,619	6,665,066	2.08
	<u>10,778,900</u>	<u>16,496,401</u>	<u>12,109,925</u>	<u>3.78</u>
<u>REITs</u>				
Axis Real Estate Invst Trust	1,773,964	2,582,436	3,352,792	1.04
IGB Commercial REIT	4,218,400	2,995,064	2,615,408	0.81
IGB REIT	5,147,800	8,885,216	8,648,304	2.69
	<u>11,140,164</u>	<u>14,462,716</u>	<u>14,616,504</u>	<u>4.54</u>
<u>Technology</u>				
Frontken Corp Bhd	3,150,550	8,446,664	11,373,485	3.54
Greatch Technology Bhd	937,800	6,564,600	6,667,758	2.08
Inari Amertron Bhd	4,454,300	11,571,503	16,391,824	5.10
	<u>8,542,650</u>	<u>26,582,767</u>	<u>34,433,067</u>	<u>10.72</u>
<u>Telecommunication & Media</u>				
Telekom Malaysia Bhd	2,676,500	16,680,095	15,256,050	4.75
TIME dotCom Bhd	3,723,100	12,626,734	16,940,105	5.27
	<u>6,399,600</u>	<u>29,306,829</u>	<u>32,196,155</u>	<u>10.02</u>
Total quoted equities – local	<u>70,669,756</u>	<u>194,491,017</u>	<u>212,232,371</u>	<u>66.09</u>
Accumulated unrealised gain on quoted equities – local		<u>17,741,354</u>		
Total quoted equities – local		<u>212,232,371</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 September 2020 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
Gamuda Bhd	1,419,900	4,929,237	4,955,451	1.55
<u>Consumer Products & Services</u>				
Esthetics Intl Group Bhd	3,112,900	2,805,012	1,276,289	0.40
Genting Malaysia Bhd	5,194,300	12,776,801	10,804,144	3.39
Hong Leong Industries Bhd	488,900	4,840,276	3,652,083	1.15
Padini Holdings Bhd	2,591,100	6,276,046	6,037,263	1.90
	11,387,200	26,698,135	21,769,779	6.84
<u>Financial Services</u>				
Allianz Malaysia Bhd	269,200	1,897,412	3,677,272	1.15
Bursa Malaysia Bhd	1,572,100	11,054,820	13,299,966	4.17
CIMB Group Holdings Bhd	2,135,360	12,056,706	6,576,909	2.06
Hong Leong Bank Bhd	583,000	9,029,633	8,756,660	2.75
Malayan Banking Bhd	1,848,598	16,445,078	13,328,392	4.18
	6,408,258	50,483,649	45,639,199	14.31
<u>Health Care</u>				
Hartalega Holdings Bhd	695,700	12,032,838	11,270,340	3.54
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	1,870,400	14,285,074	10,474,240	3.29
Scientex Bhd	1,140,400	9,690,563	12,065,432	3.79
	3,010,800	23,975,637	22,539,672	7.08
<u>Property</u>				
SP Setia Bhd Group -PA	6,763,800	7,278,782	4,599,384	1.44
UOA Development Bhd	3,404,100	8,274,713	5,446,560	1.71
	10,167,900	15,553,495	10,045,944	3.15

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 September 2020 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>REITs</u>				
Axis Real Estate Invst Trust	1,763,645	2,563,037	3,809,473	1.20
IGB REIT	4,041,200	6,970,798	7,314,572	2.30
Sunway REIT	1,597,300	2,792,945	2,475,815	0.78
	<u>7,402,145</u>	<u>12,326,780</u>	<u>13,599,860</u>	<u>4.28</u>
<u>Technology</u>				
Frontken Corp Bhd	1,997,900	7,156,692	7,192,440	2.26
Greatech Technology Bhd	1,651,700	10,736,050	11,215,043	3.52
Inari Amertron Bhd	4,851,500	8,421,568	11,012,905	3.46
	<u>8,501,100</u>	<u>26,314,310</u>	<u>29,420,388</u>	<u>9.24</u>
<u>Telecommunications & Media</u>				
Digi.Com Bhd	1,438,600	7,135,435	5,783,172	1.81
TIME dotCom Bhd	1,575,700	15,339,656	18,908,400	5.94
	<u>3,014,300</u>	<u>22,475,091</u>	<u>24,691,572</u>	<u>7.75</u>
<u>Transportation & Logistics</u>				
Malaysia Airports Holdings Bhd	1,416,700	7,930,029	6,715,158	2.11
<u>Utilities</u>				
Tenaga Nasional Bhd	1,873,100	25,342,588	19,667,550	6.17
Total quoted equities – local	<u>55,297,103</u>	<u>228,061,789</u>	<u>210,314,913</u>	<u>66.02</u>
Accumulated unrealised loss on quoted equities – local		<u>(17,746,876)</u>		
Total quoted equities – local		<u>210,314,913</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 30 September 2021 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Australia</u>				
<u>Financial Services</u>				
Bank of Queensland Ltd	36,322	1,076,761	1,023,621	0.32
Macquarie Group Ltd	6,200	3,400,033	3,378,686	1.05
	<u>42,522</u>	<u>4,476,794</u>	<u>4,402,307</u>	<u>1.37</u>
<u>Industrials</u>				
Amcor PLC Depositary Receipt	75,932	3,807,432	3,753,413	1.17
<u>China</u>				
<u>Industrials</u>				
Nari Technology Co Ltd	160,900	3,154,630	3,748,998	1.17
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	32,100	3,742,402	2,454,396	0.76
Haier Smart Home Co Ltd	365,800	6,830,773	5,389,324	1.68
JD.com Inc	20,950	3,488,150	3,187,943	0.99
Li Ning Company Ltd	46,500	2,187,286	2,251,525	0.70
Shenzhou Intl Group Holdings	19,800	1,645,589	1,759,860	0.55
Yum China Holdings Inc	3,850	1,001,420	953,509	0.30
	<u>489,000</u>	<u>18,895,620</u>	<u>15,996,557</u>	<u>4.98</u>
<u>Consumer Staples</u>				
China Mengniu Dairy Co Ltd	277,000	6,583,229	7,447,145	2.32
<u>Financial Services</u>				
AIA Group Ltd	193,600	8,723,151	9,358,475	2.91
Prudential Plc	39,350	3,043,157	3,175,890	0.99
	<u>232,950</u>	<u>11,766,308</u>	<u>12,534,365</u>	<u>3.90</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 September 2021 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Hong Kong (continued)</u>				
<u>Health Care</u>				
Hangzhou Tigermed Consulting	26,800	2,546,978	2,387,797	0.74
<u>Technology</u>				
Baidu Inc	29,050	3,273,249	2,316,473	0.72
Tencent Holdings Ltd	11,900	2,535,087	2,952,328	0.92
	40,950	5,808,336	5,268,801	1.64
<u>India</u>				
<u>Financial Services</u>				
HDFC Bank Ltd	44,060	3,403,926	3,957,461	1.23
SBI Cards & Payment Services	61,438	3,284,174	3,560,913	1.11
	105,498	6,688,100	7,518,374	2.34
<u>Indonesia</u>				
<u>Consumer Staples</u>				
Unilever Indonesia Tbk PT	1,074,600	1,588,944	1,241,142	0.39
<u>Technology</u>				
Bukalapak.com PT Tbk	1,646,700	407,171	411,678	0.13
<u>Singapore</u>				
<u>REITs</u>				
CapitaLand China Trust	812,500	3,360,931	3,074,077	0.96
CapitaLand Integrated Comm Trust	501,400	3,128,083	3,130,882	0.97
	1,313,900	6,489,014	6,204,959	1.93

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 September 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Taiwan</u>				
<u>Technology</u>				
ASE Technology Holding Co Ltd	116,000	2,211,770	1,901,658	0.59
Taiwan Semiconductor Manufacturing Co Ltd	139,000	6,385,170	12,125,248	3.78
	<u>255,000</u>	<u>8,596,940</u>	<u>14,026,906</u>	<u>4.37</u>
<u>United States</u>				
<u>Consumer Discretionary</u>				
Yum China Holdings Inc	13,660	3,310,956	3,321,234	1.03
	<u>5,755,412</u>	<u>84,120,452</u>	<u>88,263,676</u>	<u>27.48</u>
Total quoted equities – foreign				
Accumulated unrealised gain on quoted equities – foreign		<u>4,143,224</u>		
Total quoted equities – foreign		<u>88,263,676</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 September 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Services</u>				
Yum China Holdings Inc	15,100	3,327,098	3,214,358	1.01
<u>Hong Kong</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	115,200	13,025,882	17,011,524	5.34
Topsports International Holdings	649,000	3,152,560	3,723,534	1.17
	764,200	16,178,442	20,735,058	6.51
<u>Financial Services</u>				
AIA Group Ltd	85,800	3,532,528	3,491,852	1.10
A-Living Services Co Ltd	239,500	6,000,664	5,027,639	1.58
Ping An Insurance Group Co China	248,500	12,233,488	10,593,033	3.32
Shimao Group Holdings Ltd	189,500	3,526,148	3,251,517	1.02
	763,300	25,292,828	22,364,041	7.02
<u>Technology</u>				
HKBN Ltd	47,700	4,137,455	5,742,139	1.80
Tencent Holdings Ltd	728,500	8,426,032	13,082,502	4.11
	776,200	12,563,487	18,824,641	5.91

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 September 2020 are 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>Technology</u>				
Samsung Electronics Co Ltd				
- Preference Shares	23,305	3,462,345	4,178,592	1.31
SK Hynix Inc	22,300	6,894,142	6,650,797	2.09
	<u>45,605</u>	<u>10,356,487</u>	<u>10,829,389</u>	<u>3.40</u>
<u>Taiwan</u>				
<u>Technology</u>				
MediaTek Inc	34,000	3,411,980	2,949,170	0.92
Taiwan Semiconductor Manufacturing Co Ltd	118,000	4,480,087	7,301,333	2.29
	<u>152,000</u>	<u>7,892,067</u>	<u>10,250,503</u>	<u>3.21</u>
Total quoted equities – foreign	<u>2,516,405</u>	75,610,409	<u>86,217,990</u>	<u>27.06</u>
Accumulated unrealised gain on quoted equities – foreign		<u>10,607,581</u>		
Total quoted equities – foreign		<u>86,217,990</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	9,762,632	21,901,047
Deposits with licensed financial institutions	8,018,030	4,275,958
	<u>17,780,662</u>	<u>26,177,005</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposits with licensed financial institutions	<u>1.75</u>	<u>1.75</u>

Deposits with licensed financial institutions have an average maturity of 1 day (2020: 1 day).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	463,413,000	728,142,000
Creation of units arising from applications	37,898,031	15,935,803
Creation of units arising from distributions	19,620,967	14,761,495
Cancellation of units	(91,901,998)	(295,426,298)
At the end of the financial year	<u>429,030,000</u>	<u>463,413,000</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the financial year ended 30 September 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Hwang Investment Bank Bhd#	118,651,802	17.85	296,687	19.81
Macquarie Securities Ltd	40,043,761	6.02	77,489	5.17
Maybank Investment Bank Bhd	31,603,266	4.75	79,008	5.28
CLSA Ltd	30,784,830	4.63	88,578	5.91
CGS-CIMB Securities Sdn Bhd	29,108,043	4.38	62,491	4.17
Public Investment Bank Bhd	23,608,579	3.55	59,021	3.94
RHB Investment Bank Bhd	22,965,780	3.46	57,414	3.83
Macquarie Capital Sec (M) Sdn Bhd	22,830,906	3.43	53,267	3.56
TA Securities Holdings Bhd	20,868,575	3.14	52,206	3.49
CICC HK Securities Ltd	19,577,319	2.95	48,943	3.27
Others	304,742,161	45.84	622,434	41.57
	<u>664,785,022</u>	<u>100.00</u>	<u>1,497,538</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers for the financial year ended 30 September 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Hwang Investment Bank Bhd#	227,004,675	19.62	564,308	24.38
CLSA Indonesia	162,169,720	14.01	89,928	3.89
CLSA Ltd	66,166,093	5.72	61,493	2.66
Macquarie Securities Ltd	60,734,549	5.25	69,924	3.02
Maybank Investment Bank Bhd	57,249,335	4.95	143,124	6.18
Public Investment Bank Bhd	43,203,679	3.73	108,009	4.67
CLSA Securities M Sdn Bhd	35,548,187	3.07	88,748	3.83
Credit Suisse Sec (M) Sdn Bhd	32,048,458	2.77	80,121	3.46
MasterLink Securities Co	31,878,966	2.75	79,697	3.44
RHB Investment Bank Bhd	29,998,632	2.59	69,300	2.99
Others	411,168,529	35.54	959,803	41.48
	<u>1,157,170,823</u>	<u>100.00</u>	<u>2,314,455</u>	<u>100.00</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM118,651,802 (2020: RM227,004,675). 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.

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

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

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

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

	<u>2021</u>		<u>2020</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	113,159	84,710	195,014	134,053
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Parties related to the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	-	-	1,544,685	1,061,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

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

		2021		2020
	No. of units	RM	No. of units	RM
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	401,959	300,907	-	-
AXA Affin Life Insurance Berhad (The units are held beneficially)	103,055,369	77,147,250	77,754,150	53,448,203

13 MANAGEMENT EXPENSE RATIO ("MER")

	2021	2020
	%	%
MER	1.61	1.63

MER is derived from the following calculation:

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

- A = Management fee, excluding management fee rebates
- B = Trustee fees
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses, excluding sales and 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 year calculated on a daily basis is RM319,843,820 (2020:RM390,490,860).

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>1.04</u>	<u>1.44</u>

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 = RM315,731,406 (2020: RM493,257,100)
total disposal for the financial year = RM350,181,049 (2020: RM632,646,687)

15 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

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, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 39 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 September 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 September 2021 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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 November 2021



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Dividend Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 September 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 39.

Basis for opinion

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

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

Independence and other ethical responsibilities

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



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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 DIVIDEND 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 judgment 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 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 DIVIDEND FUND (CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants

Kuala Lumpur
15 November 2021

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