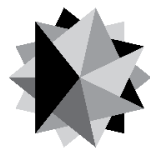


# Affin Hwang Select Asia (ex Japan) Opportunity Fund

Annual Report  
31 January 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
HSBC (Malaysia) Trustee Berhad  
193701000084 (1281-T)

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

## Annual Report and Audited Financial Statements For The Financial Year Ended 31 January 2021

<b>Content</b>	<b>Page</b>
FUND INFORMATION .....	III
FUND PERFORMANCE DATA.....	V
MANAGER'S REPORT .....	VII
TRUSTEE'S REPORT .....	XVI
FINANCIAL STATEMENTS	
DIRECTORY OF SALES OFFICE	

## FUND INFORMATION

Fund Name	Affin Hwang Select Asia (ex Japan) Opportunity Fund
Fund Type	Growth
Fund Category	Equity
Investment Objective	The Fund seeks to provide capital appreciation over the medium to long-term by investing in equities and Equity-linked instruments in Asian markets (ex Japan)
Benchmark	MSCI AC Asia Ex Japan Index
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever appropriate.

### BREAKDOWN OF UNITHOLDERS BY MYR CLASS SIZE AS AT 31 JANUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1,669	4,523
5,001 to 10,000	1,502	10,815
10,001 to 50,000	3,898	90,524
50,001 to 500,000	1,444	166,080
500,001 and above	76	948,472
<b>Total</b>	<b>8,589</b>	<b>1,220,414</b>

\* Note : Excluding Manager's stock

### BREAKDOWN OF UNITHOLDERS BY AUD CLASS SIZE AS AT 31 JANUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	2	68
50,001 to 500,000	5	1,119
500,001 and above	2	1,972
<b>Total</b>	<b>9</b>	<b>3,159</b>

\* Note : Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY GBP CLASS SIZE AS AT 31 JANUARY 2021**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	7	149
50,001 to 500,000	2	245
500,001 and above	1	571
<b>Total</b>	<b>10</b>	<b>965</b>

\* Note : Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY SGD CLASS SIZE AS AT 31 JANUARY 2021**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	-	-
5,001 to 10,000	2	18
10,001 to 50,000	6	188
50,001 to 500,000	5	949
500,001 and above	3	4,278
<b>Total</b>	<b>16</b>	<b>5,433</b>

\* Note : Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY USD CLASS SIZE AS AT 31 JANUARY 2021**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	3	100
50,001 to 500,000	7	1,222
500,001 and above	3	3,788
<b>Total</b>	<b>13</b>	<b>5,110</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Jan 2021 (%)	As at 31 Jan 2020 (%)	As at 31 Jan 2019 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Consumer product & services	-	-	3.79
- Financials	-	-	2.00
- Trading / services	-	-	-
- Utilities	-	-	1.81
<b>Total quoted equities - local</b>	<b>0.00</b>	<b>0.00</b>	<b>7.60</b>
<b>Quoted equities – foreign</b>			
- Basic materials	-	0.33	0.35
- Consumer goods	7.47	10.90	5.78
- Consumer services	21.79	5.68	8.64
- Financial services	14.97	23.93	29.97
- Healthcare	2.79	-	0.48
- Industrials	7.74	7.84	7.15
- Oil & Gas	2.29	1.91	2.46
- Preference shares	5.42	7.77	-
- REITs	-	-	9.16
- Technology	29.32	32.46	13.90
- Telecommunications	-	-	1.02
- Utilities	1.53	-	3.71
<b>Total quoted equities - foreign</b>	<b>93.32</b>	<b>90.82</b>	<b>82.62</b>
<b>Exchange-traded funds - foreign</b>	<b>-</b>	<b>-</b>	<b>4.33</b>
<b>Cash and cash equivalent</b>	<b>6.68</b>	<b>9.18</b>	<b>5.45</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Category	As at 31 Jan 2021 (%)					As at 31 Jan 2020 (%)					As at 31 Jan 2019 (%)				
	MYR Class	AUD Class	GBP Class	SGD Class	USD Class	MYR Class	AUD Class	GBP Class	SGD Class	USD Class	MYR Class	AUD Class	GBP Class	SGD Class	USD Class
Total NAV (million)	1,217.347	2.125	0.645	3.702	3.070	635.196	1.435	0.590	15.227	0.014	763.999	0.794	0.199	4.148	0.518
NAV per Unit (in respective currencies)	0.9953	0.6723	0.6660	0.6810	0.6003	0.7227	0.5507	0.4974	0.5006	0.4298	0.6675	0.4688	0.4570	0.4570	0.4632
Unit in Circulation (million)	1,223.041	3.161	0.969	5.436	5.113	878.951	0.347	0.041	3.373	0.002	1,144.567	0.570	0.081	2.987	0.273
Highest NAV	1.0657	0.7126	0.7123	0.7271	0.6420	0.7730	0.5787	0.5433	0.5340	0.5010	0.7752	0.5037	0.5030	0.5034	0.5053
Lowest NAV	0.6477	0.5189	0.4594	0.4431	0.3572	0.6641	0.4688	0.4570	0.4570	0.3985	0.6201	0.4441	0.4342	0.4254	0.4253
Return of the Fund (%) <sup>iii</sup>	37.72	22.08	33.90	36.04	39.67	8.27	17.47	8.84	9.54	-7.21	-13.89	-6.24	-8.60	-8.60	-7.36
- Capital Growth (%) <sup>i</sup>	37.72	22.08	33.90	36.04	39.67	8.27	17.47	8.84	9.54	-7.21	-13.89	-6.24	-8.60	-8.60	-7.36
- Income Distribution (%) <sup>ii</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Management Expense Ratio (%) <sup>1</sup>			1.65					1.61					1.62		
Portfolio Turnover Ratio (times) <sup>2</sup>			2.12					2.03					2.49		

**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

<sup>1</sup>The MER of the Fund was higher than previous year due to higher expenses incurred during the financial year.

<sup>2</sup>The Fund recorded a higher PTR than previous year due to higher trading activities during the financial year.

## **MANAGER'S REPORT**

### **Income Distribution / Unit Split**

No income distribution or unit split were declared for the financial year ended 31 January 2021.

### **MYR Class**

For the year 1 February 2020 to 31 January 2021, the Fund registered a 37.72% return compared to the benchmark return of 31.47%. The Fund thus outperformed the Benchmark by 6.25%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2021 was RM0.9953 while the NAV as at 31 January 2020 was RM0.7227.

Since commencement, the Fund has registered a return of 128.54% compared to the benchmark return of 91.32%, outperforming by 37.22%. We believe the Fund has met its investment objective.

### **AUD Class**

For the year 1 February 2020 to 31 January 2021, the Fund registered a 22.08% return compared to the benchmark return of 16.80%. The Fund thus outperformed the Benchmark by 5.28%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2021 was RM0.6723 while the NAV as at 31 January 2020 was RM0.5507.

Since commencement, the Fund has registered a return of 34.46% compared to the benchmark return of 27.38%, outperforming by 7.08%. We believe the Fund has met its investment objective.

### **GBP Class**

For the year 1 February 2020 to 31 January 2021, the Fund registered a 33.90% return compared to the benchmark return of 28.34%. The Fund thus outperformed the Benchmark by 5.56%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2021 was RM0.6660 while the NAV as at 31 January 2020 was RM0.4974.

Since commencement, the Fund has registered a return of 33.20% compared to the benchmark return of 25.39%, outperforming by 7.81%. We believe the Fund has met its investment objective.

### **SGD Class**

For the year 1 February 2020 to 31 January 2021, the Fund registered a 36.04% return compared to the benchmark return of 29.82%. The Fund thus outperformed the Benchmark by 6.22%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2021 was RM0.6810 while the NAV as at 31 January 2020 was RM0.5006.

Since commencement, the Fund has registered a return of 36.20% compared to the benchmark return of 28.15%, outperforming by 8.05%. We believe the Fund has met its investment objective.

### **USD Class**

For the year 1 February 2020 to 31 January 2021, the Fund registered a 39.67% return compared to the benchmark return of 33.30%. The Fund thus outperformed the Benchmark by 6.37%. The Net Asset Value per unit ("NAV") of the Fund as at 31 January 2021 was RM0.6003 while the NAV as at 31 January 2020 was RM0.4298.

Since commencement, the Fund has registered a return of 20.06% compared to the benchmark return of 31.58%, underperforming by 11.52%. We believe the Fund has met its investment objective.

## MYR Class

Table 1: Performance of the Fund

	<b>1 Year</b> <b>(1/2/20 -</b> <b>31/1/21)</b>	<b>3 Years</b> <b>(1/2/18 -</b> <b>31/1/21)</b>	<b>5 Years</b> <b>(1/2/16 -</b> <b>31/1/21)</b>	<b>Since Commencement</b> <b>(11/8/06 -</b> <b>31/1/21)</b>
<b>Fund</b>	<b>37.72%</b>	<b>28.39%</b>	<b>96.93%</b>	<b>128.54%</b>
<b>Benchmark</b>	<b>31.47%</b>	<b>18.33%</b>	<b>84.95%</b>	<b>91.32%</b>
<b>Outperformance</b>	<b>6.25%</b>	<b>10.06%</b>	<b>11.98%</b>	<b>37.22%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/2/20 -</b> <b>31/1/21)</b>	<b>3 Years</b> <b>(1/2/18 -</b> <b>31/1/21)</b>	<b>5 Years</b> <b>(1/2/16 -</b> <b>31/1/21)</b>	<b>Since Commencement</b> <b>(11/8/06 -</b> <b>31/1/21)</b>
<b>Fund</b>	<b>37.72%</b>	<b>8.68%</b>	<b>14.50%</b>	<b>5.87%</b>
<b>Benchmark</b>	<b>31.47%</b>	<b>5.76%</b>	<b>13.07%</b>	<b>4.58%</b>
<b>Outperformance</b>	<b>6.25%</b>	<b>2.92%</b>	<b>1.43%</b>	<b>1.29%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021</b> <b>(1/2/20 -</b> <b>31/1/21)</b>	<b>FYE 2020</b> <b>(1/2/19 -</b> <b>31/1/20)</b>	<b>FYE 2019</b> <b>(1/2/18 -</b> <b>31/1/19)</b>	<b>FYE 2018</b> <b>(1/2/17 -</b> <b>31/1/18)</b>	<b>FYE 2017</b> <b>(1/2/16 -</b> <b>31/1/17)</b>
<b>Fund</b>	<b>37.72%</b>	<b>8.27%</b>	<b>(13.89%)</b>	<b>26.85%</b>	<b>20.91%</b>
<b>Benchmark</b>	<b>31.47%</b>	<b>2.73%</b>	<b>(12.39%)</b>	<b>23.70%</b>	<b>26.36%</b>
<b>Outperformance</b>	<b>6.25%</b>	<b>5.54%</b>	<b>(1.50%)</b>	<b>3.15%</b>	<b>(5.45%)</b>

Source of Benchmark: Bloomberg

## AUD Class

Table 1: Performance of the Fund

	<b>1 Year</b> <b>(1/2/20 - 31/1/21)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/1/21)</b>
<b>Fund</b>	<b>22.08%</b>	<b>34.46%</b>
<b>Benchmark</b>	<b>16.80%</b>	<b>27.38%</b>
<b>Outperformance</b>	<b>5.28%</b>	<b>7.08%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/2/20 - 31/1/21)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/1/21)</b>
<b>Fund</b>	<b>22.08%</b>	<b>12.35%</b>
<b>Benchmark</b>	<b>16.80%</b>	<b>9.99%</b>
<b>Outperformance</b>	<b>5.28%</b>	<b>2.36%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021</b> <b>(1/2/20 - 31/1/21)</b>	<b>FYE 2020</b> <b>(01/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>22.08%</b>	<b>17.47%</b>	<b>(6.24%)</b>
<b>Benchmark</b>	<b>16.80%</b>	<b>11.55%</b>	<b>(2.24%)</b>
<b>Outperformance</b>	<b>5.28%</b>	<b>5.92%</b>	<b>(4.00%)</b>

Source of Benchmark: Bloomberg



## GBP Class

Table 1: Performance of the Fund

	<b>1 Year</b> <b>(1/2/20 - 31/1/21)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/1/21)</b>
<b>Fund</b>	<b>33.90%</b>	<b>33.20%</b>
<b>Benchmark</b>	<b>28.34%</b>	<b>25.39%</b>
<b>Outperformance</b>	<b>5.56%</b>	<b>7.81%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/2/20 - 31/1/21)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/1/21)</b>
<b>Fund</b>	<b>33.90%</b>	<b>11.94%</b>
<b>Benchmark</b>	<b>28.34%</b>	<b>9.31%</b>
<b>Outperformance</b>	<b>5.56%</b>	<b>2.63%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021</b> <b>(1/2/20 - 31/1/21)</b>	<b>FYE 2020</b> <b>(1/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>33.90%</b>	<b>8.84%</b>	<b>(8.60%)</b>
<b>Benchmark</b>	<b>28.34%</b>	<b>2.16%</b>	<b>(4.36%)</b>
<b>Outperformance</b>	<b>5.56%</b>	<b>6.68%</b>	<b>(4.24%)</b>

Source of Benchmark: Bloomberg

## SGD Class

Table 1: Performance of the Fund

	<b>1 Year</b> <b>(1/2/20 - 31/1/21)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/1/21)</b>
<b>Fund</b>	<b>36.04%</b>	<b>36.20%</b>
<b>Benchmark</b>	<b>29.82%</b>	<b>28.15%</b>
<b>Outperformance</b>	<b>6.22%</b>	<b>8.05%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/2/20 - 31/1/21)</b>	<b>Since Commencement</b> <b>(19/7/18 - 31/1/21)</b>
<b>Fund</b>	<b>36.04%</b>	<b>12.92%</b>
<b>Benchmark</b>	<b>29.82%</b>	<b>10.25%</b>
<b>Outperformance</b>	<b>6.22%</b>	<b>2.67%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021</b> <b>(1/2/20 - 31/1/21)</b>	<b>FYE 2020</b> <b>(1/2/19 - 31/1/20)</b>	<b>FYE 2019</b> <b>(19/7/18 - 31/1/19)</b>
<b>Fund</b>	<b>36.04%</b>	<b>9.54%</b>	<b>(8.60%)</b>
<b>Benchmark</b>	<b>29.82%</b>	<b>4.16%</b>	<b>(5.23%)</b>
<b>Outperformance</b>	<b>6.22%</b>	<b>5.38%</b>	<b>(3.37%)</b>

Source of Benchmark: Bloomberg

**USD Class**

Table 1: Performance of the Fund

	1 Year (1/2/20 - 31/1/21)	Since Commencement (19/7/18 - 31/1/21)
<b>Fund</b>	<b>39.67%</b>	<b>20.06%</b>
<b>Benchmark</b>	<b>33.30%</b>	<b>31.58%</b>
<b>Outperformance</b>	<b>6.37%</b>	<b>(11.52%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/20 - 31/1/21)	Since Commencement (19/7/18 - 31/1/21)
<b>Fund</b>	<b>39.67%</b>	<b>7.46%</b>
<b>Benchmark</b>	<b>33.30%</b>	<b>11.40%</b>
<b>Outperformance</b>	<b>6.37%</b>	<b>(3.94%)</b>

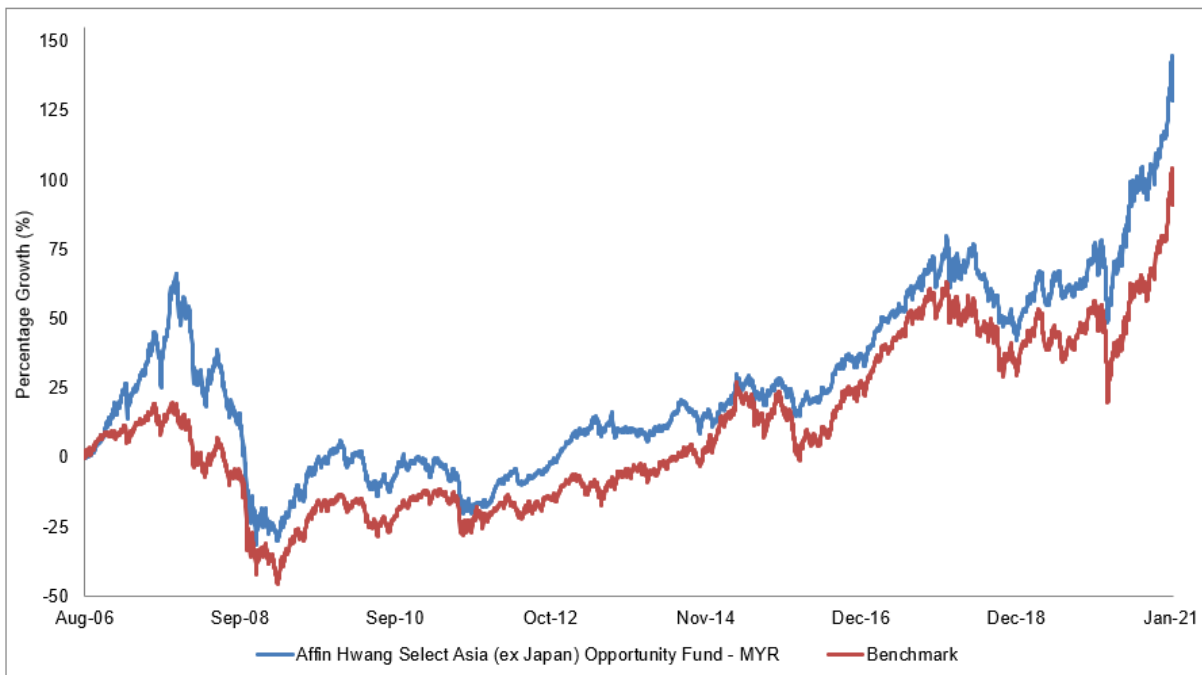
Source of Benchmark: Bloomberg

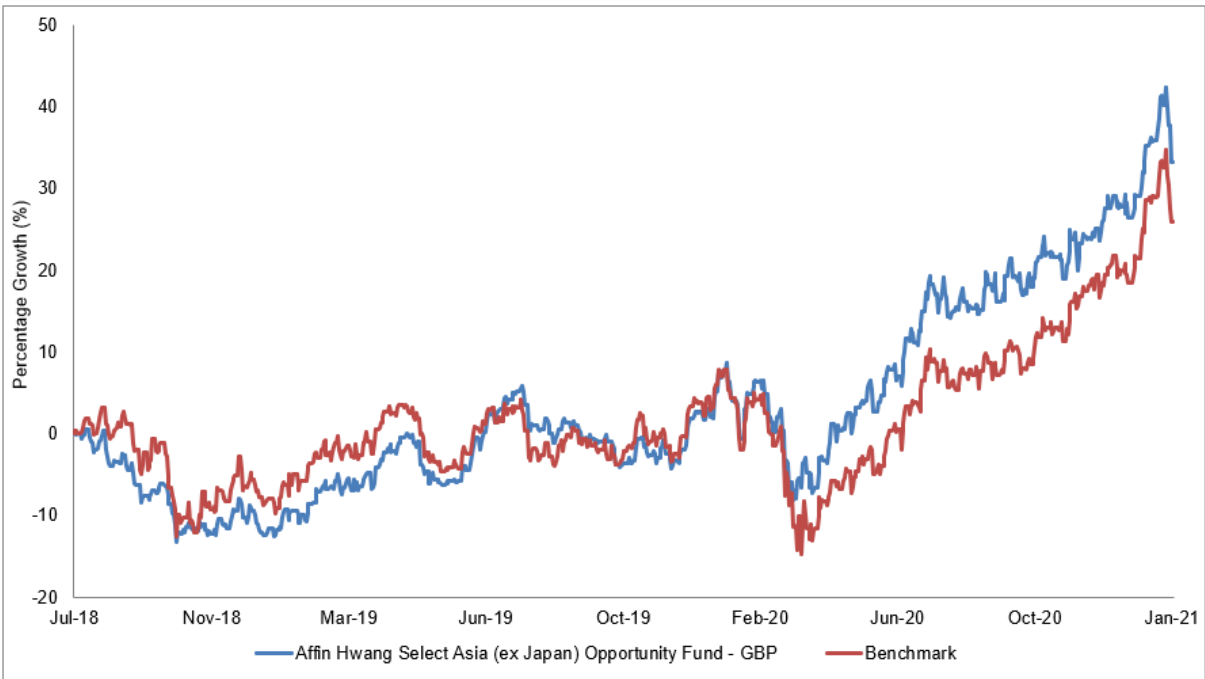
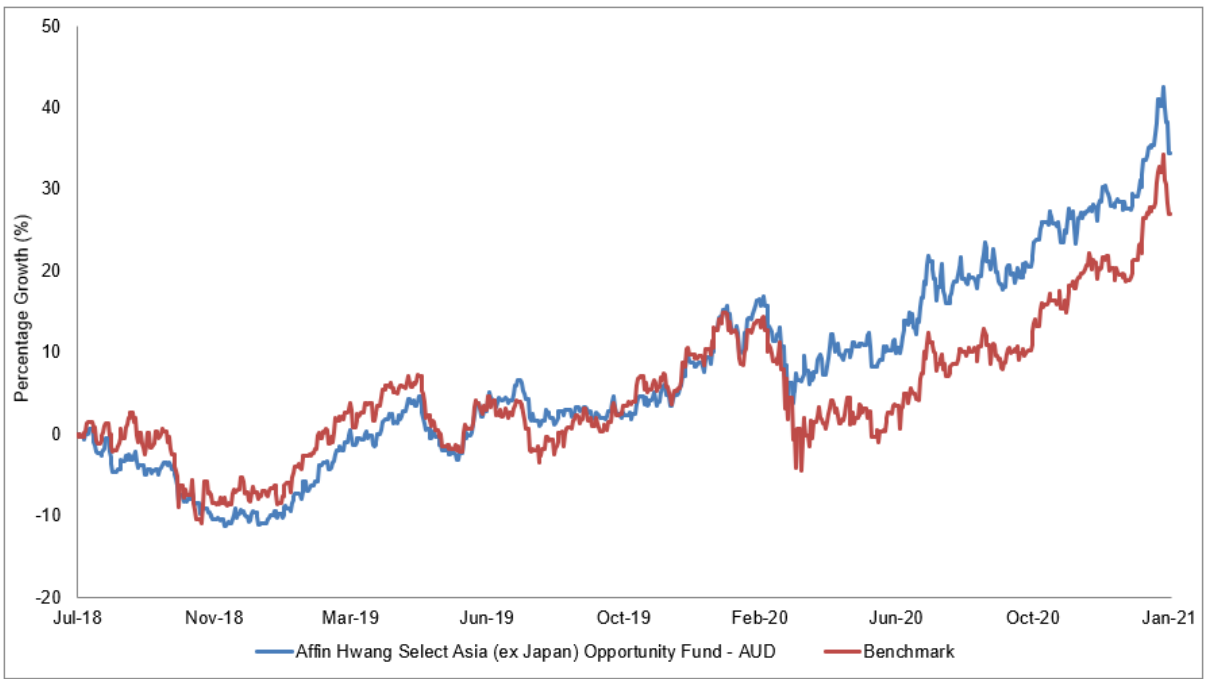
Table 3: Annual Total Return

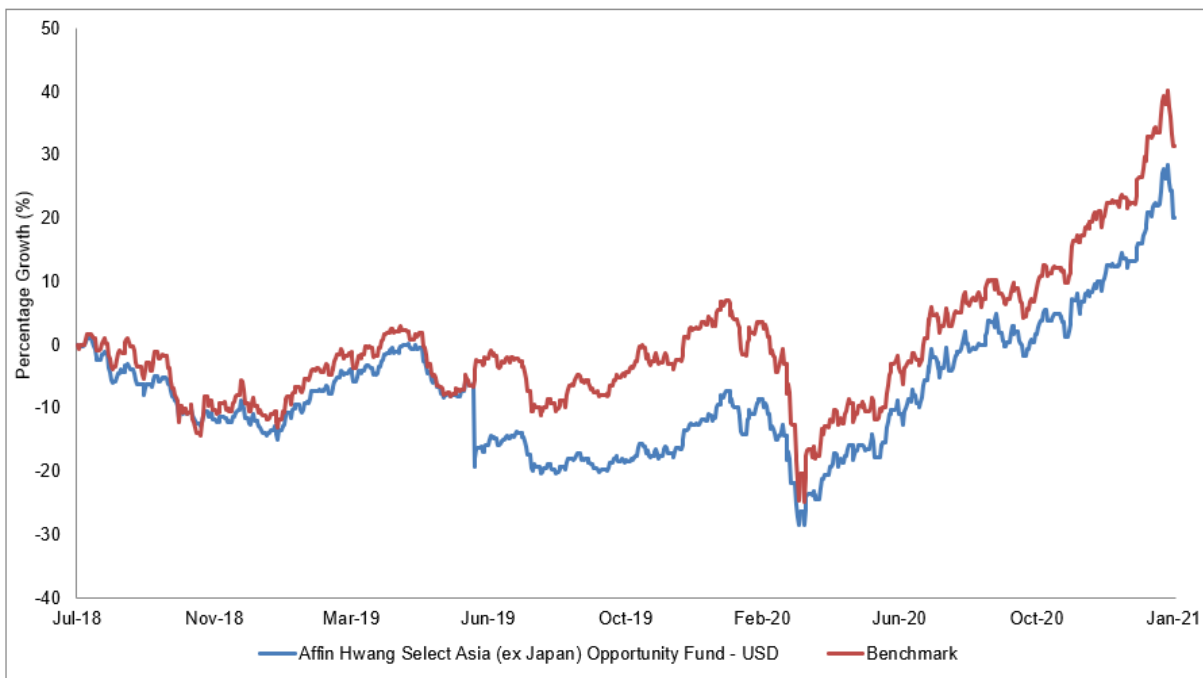
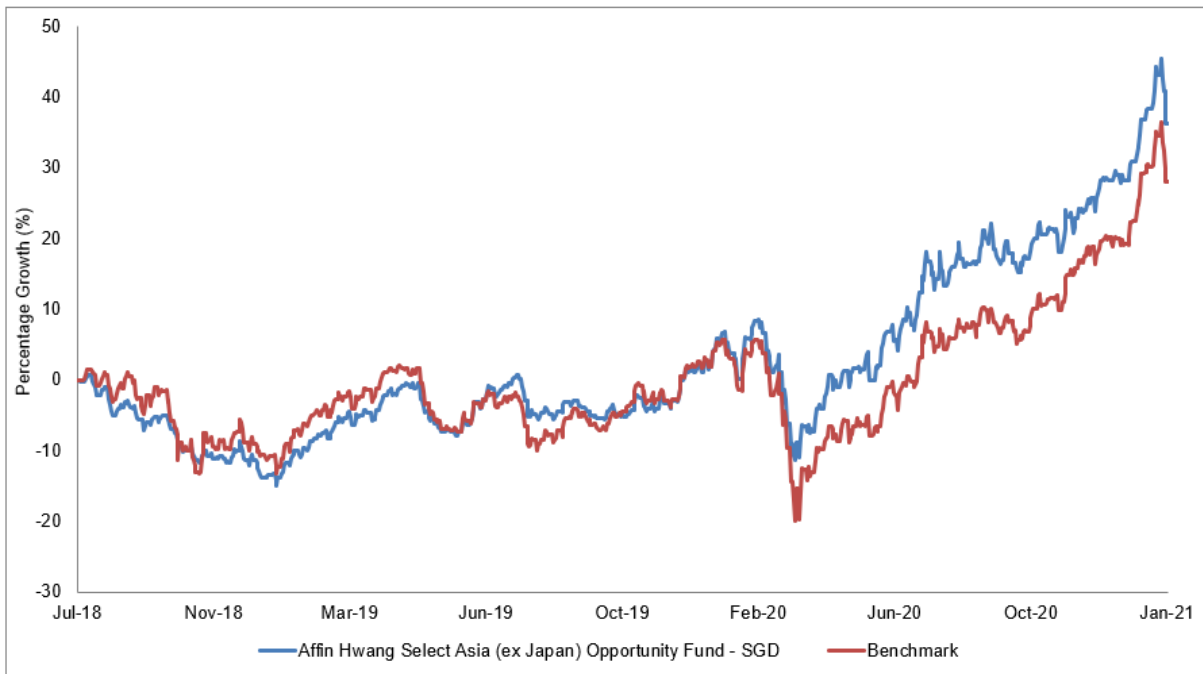
	FYE 2021 (1/2/20 - 31/1/21)	FYE 2020 (1/2/19 - 31/1/20)	FYE 2019 (19/7/18 - 31/1/19)
<b>Fund</b>	<b>39.67%</b>	<b>(7.21%)</b>	<b>(7.36%)</b>
<b>Benchmark</b>	<b>33.30%</b>	<b>2.73%</b>	<b>(3.91%)</b>
<b>Outperformance</b>	<b>6.37%</b>	<b>(9.94%)</b>	<b>(3.45%)</b>

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: MSCI AC Asia Ex Japan 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 year under review, please refer to Fund Performance Data.

As at 31 January 2021, the Manager had slightly increased its equity exposure to 93.32% from 90.82% a year ago. During the year under review, the Fund's exposure into foreign equities were increased especially for the consumer services sectors. Consumer goods, financial services and technology sectors, on the other

hand were reduced from the portfolio. Overall, cash level of the Fund stood at 6.68%, lower than a year ago as the Manager deployed cash into the market during the year.

### **Strategy Employed**

Our Manager continues to add exposure towards the foreign exposure and redeployed some of the cash into corrected and quality names, namely in the foreign consumer services names. The Manager took profit on some of the technology names after rally within the sector. However, with the volatility still remaining in markets, the Fund hold moderate cash and continue to stay vigilant towards market development. The Fund will remain focus on domestic-driven sectors.

### **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. By the end of January however, we saw a divergence in equity performance as emerging markets ended the month higher compared to US markets which declined towards the end of the month.

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. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. 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. This led to market jitters resulting in the S&P 500 closing 0.63% lower. Asian markets fared better, as the MSCI Asia ex-Japan index was up 4.48% in the month, largely ignoring the US retail frenzy and focusing instead on the region's improving economic conditions and gradual recovery, stemming from better pandemic controls.

Tensions between China and the US remain icy as Biden settles into the White House to handle domestic affairs and China moved forward to impose sanctions on Mike Pompeo and 27 other former officials who worked for the Trump administration.

Commodities saw strong returns in the month, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed and livestock markets. With rallying commodity prices, talks about a commodity super cycle in 2021 have surfaced, stemming from increased Chinese demand and supportive stimulus boosting inflation expectations.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. The KLCI ended 2020 with a 2.4% gain, buoyed by the liquidity-driven rally that was seen throughout the year.

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's latest Consumer Price Index (CPI) came in at -1.4%. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y.

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 rise whilst longer-tenured papers remained resilient. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut has decreased.

The primary market continues to see strong interest despite a strong supply outlook, with the auction of a 10-year MGS at a size of RM 4 billion that was 2.0x covered. Corporate issuances were slow in the month, up

till the final week which saw Pengurusan Air SPB Berhad raise RM 8000 million across two Sukuk tranches of 7 and 15 years at 3.02% and 3.90% respectively. Both rated AAA. The corporate space is expected to pick up in the following months.

### **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 following the low death rates despite the rise in infections. With most markets recovering the year's losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500 surpasses far beyond its historical P/E average of 15x -17x. It would not be far fetched to assume that correction will take place very soon.

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. 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.

Lack of communication between US and China will only prolong market instability. We expect dialogue to resume shortly but given Biden is taking a more assertive stance, markets will remain largely sensitive to any indication of deteriorating relations. Both countries will have to be pragmatic in their approach as cooler heads prevail.

Economic recovery continues to be delayed by Covid-19 as cases surge throughout the country/ 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. Political risk has been delayed with the declaration of state of emergency until August 2021

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. 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.

### **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 year 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 year 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 year.

## **TRUSTEE’S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

We have acted as Trustee of Affin Hwang Select Asia (Ex Japan) Opportunity Fund (“the Fund”) for the financial year ended 31 January 2021. To the best of our knowledge, Affin Hwang Asset Management Berhad (“the Management Company”), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Senior Manager, Investment Compliance Monitoring

Kuala Lumpur  
15 March 2021



**AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

# **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

<b>CONTENTS</b>	<b>PAGE(S)</b>
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2 - 3
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	4
STATEMENT OF CASH FLOWS	5
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	6 - 12
NOTES TO THE FINANCIAL STATEMENTS	13 - 39
STATEMENT BY THE MANAGER	40
INDEPENDENT AUDITORS' REPORT	41 – 44

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		11,704,376	14,871,046
Interest income from financial assets at amortised cost		156,039	486,107
Net gain/(loss) on foreign currency exchange		1,857,043	(102,718)
Net loss on forward foreign currency contracts at fair value through profit or loss		(1,019,768)	(5,679,945)
Net gain on financial assets at fair value through profit or loss	7	270,338,342	71,430,918
		<u>283,036,032</u>	<u>81,005,408</u>
<b>EXPENSES</b>			
Management fee	4	(11,853,746)	(10,853,808)
Trustee fee	5	(555,898)	(511,536)
Auditors' remuneration		(10,000)	(10,000)
Tax agent's fee		(51,945)	(13,509)
Transaction costs		(8,800,066)	(6,101,884)
Other expenses		(1,923,942)	(1,229,909)
		<u>(23,195,597)</u>	<u>(18,720,646)</u>
<b>NET PROFIT BEFORE TAXATION</b>		259,840,435	62,284,762
Taxation	6	(698,692)	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>259,141,743</u>	<u>62,284,762</u>
Increase in net asset attributable to unitholders comprise the following:			
Realised amount		118,146,289	25,384,682
Unrealised amount		140,995,454	36,900,080
		<u>259,141,743</u>	<u>62,284,762</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 ASIA (EX JAPAN) OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	42,228,292	18,576,613
Financial assets at fair value through profit or loss	7	1,167,544,149	582,044,628
Dividends receivable		1,616,934	411,714
Amount due from brokers		11,403,031	43,037,154
Amount due from Manager			
- creation of units		43,851,822	-
Forward foreign currency contracts at fair value through profit or loss	8	699,992	-
<b>TOTAL ASSETS</b>		<b>1,267,344,220</b>	<b>644,070,109</b>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		1,531,615	876,132
- cancellation of units		1,706,587	2,033,752
Amount due to brokers		12,870,502	200,352
Amount due to Trustee		71,475	40,886
Auditors' remuneration		13,455	13,455
Tax agent's fee		731	1,281
Other payables and accruals		10,655	170
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>16,205,020</b>	<b>3,166,028</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>1,251,139,200</b>	<b>640,904,081</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>1,251,139,200</b>	<b>640,904,081</b>

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021 (CONTINUED)

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS</b>			
- MYR class		1,217,346,688	635,196,367
- AUD class		6,575,227	523,735
- GBP class		3,570,130	109,672
- SGD class		11,249,439	5,070,786
- USD class		12,397,716	3,521
		<u>1,251,139,200</u>	<u>640,904,081</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>			
- MYR class	10 (a)	1,223,041,000	878,951,000
- AUD class	10 (b)	3,161,000	347,000
- GBP class	10 (c)	969,000	41,000
- SGD class	10 (d)	5,436,000	3,373,000
- USD class	10 (e)	5,113,000	2,000
		<u>1,237,720,000</u>	<u>882,714,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>			
- MYR class		0.9953	0.7227
- AUD class		2.0801	1.5093
- GBP class		3.6843	2.6749
- SGD class		2.0694	1.5033
- USD class		2.4247	1.7605
		<u>0.9953</u>	<u>0.7227</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- MYR class		RM0.9953	RM0.7227
- AUD class		AUD0.6723	AUD0.5507
- GBP class		GBP0.6660	GBP0.4974
- SGD class		SGD0.6810	SGD0.5006
- USD class		USD0.6003	USD0.4298
		<u>RM0.9953</u>	<u>RM0.7227</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 ASIA (EX JAPAN) OPPORTUNITY FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	<u>2021</u> RM	<u>2020</u> RM
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	640,904,081	769,657,497
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	521,534,050	25,422,166
- MYR class	487,394,045	24,574,181
- AUD class	7,694,435	175,002
- GBP class	3,225,137	77,094
- SGD class	7,941,249	595,889
- USD class	15,279,184	-
Cancellation of units	(170,440,674)	(216,460,344)
- MYR class	(161,364,636)	(215,218,063)
- AUD class	(2,098,871)	(530,902)
- GBP class	(72,494)	(180,658)
- SGD class	(3,678,357)	-
- USD class	(3,226,316)	(530,721)
Net increase in net assets attributable to unitholders	259,141,743	62,284,762
- MYR class	256,120,912	61,841,373
- AUD class	455,928	85,210
- GBP class	307,815	14,434
- SGD class	1,915,761	327,194
- USD class	341,327	16,551
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<u>1,251,139,200</u>	<u>640,904,081</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 ASIA (EX JAPAN) OPPORTUNITY FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		1,618,660,507	1,596,434,626
Purchase of investments		(1,889,517,413)	(1,414,845,559)
Dividend received		10,499,156	14,836,476
Interest received		156,039	486,107
Management fee paid		(11,198,263)	(10,909,390)
Trustee fee paid		(525,309)	(514,130)
Payment for other fees and expenses		(10,776,018)	(7,350,711)
Realised loss on foreign currency exchange		(2,136,718)	(1,330,752)
Realised loss on forward foreign currency contracts		(1,719,760)	(5,242,583)
Tax paid		(698,692)	-
Net cash (used in)/generated from operating activities		<u>(287,256,471)</u>	<u>171,564,084</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		477,682,228	26,181,570
Payments for cancellation of units		(170,767,839)	(214,443,042)
Net cash generated from/(used in) financing activities		<u>306,914,389</u>	<u>(188,261,472)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		19,657,918	(16,697,388)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		3,993,761	1,228,034
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>18,576,613</u>	<u>34,045,967</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u><u>42,228,292</u></u>	<u><u>18,576,613</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 ASIA (EX JAPAN) OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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 M.

(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 ASIA (EX JAPAN) OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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 are recognised based on effective interest rate method on an accrual basis.

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

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

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

#### **C TRANSACTION COSTS**

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

#### **D TAXATION**

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

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

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

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

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)**

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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.

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

##### **(a) 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 Manager, dividends receivable and amount due from brokers as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

##### **(b) Recognition and measurement**

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

##### (b) Recognition and measurement (continued)

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 de-recognised 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 de-recognised 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 are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the financial 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.

##### (c) Impairment

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

##### (c) Impairment (continued)

###### Significant increase in credit risk

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

###### Definition of default and credit-impaired financial assets

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.

#### H CASH AND CASH EQUIVALENTS

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

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)**

#### **I CREATION AND CANCELLATION OF UNITS**

The unitholders' capital to the Fund meets the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in five classes of units, known respectively as the MYR class, AUD class, GBP class, SGD class and USD class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

#### **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 G for accounting policy on recognition and measurement.

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

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

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

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

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

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

## **AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)**

#### **L INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Income not distributed is included in net assets attributable to unitholders.

#### **M 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 of the estimates, certain key variables that are anticipated to have material impact 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.

#### **N REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

The analysis of realised and unrealised increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

# AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

### 1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Global Opportunities Fund (“Fund”) pursuant to the execution of a Master Deed dated 20 March 2006, as modified by first Supplemental Deed dated 13 December 2006, Second Supplemental Master Deed dated 18 June 2007, Third Supplemental Master Deed dated 28 August 2008, Fourth Supplemental Master Deed dated 27 September 2011, Fifth Supplemental Master Deed dated 18 January 2012, Sixth Supplemental Deed dated 2 May 2012, Seventh Supplemental Deed dated 27 June 2014 and Eight Supplemental Deed dated 28 April 2017 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”), HSBC (Malaysia) Trustee Berhad (the “Trustee”) and the registered unitholders of the Fund. The Fund has changed its name from Hwang Global Opportunities Fund to Hwang Select Asia (Ex Japan) Opportunity Fund as amended by the Sixth Supplemental Deed dated 2 May 2012, and from Hwang Select Asia (Ex Japan) Opportunity Fund to Affin Hwang Select Asia (Ex Japan) Opportunity Fund as amended by the Seventh Supplemental Deed dated 27 June 2014.

The Fund commenced operations on 19 July 2006 and will continue its operations until terminated by the Trustee as provided under Clause 12.2 of the Deeds.

The Fund has introduced other classes of units in accordance with the unitholders’ resolution passed on 8 December 2017.

The Fund may invest in any of the following investments:

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

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

The main objective of the Fund is to provide capital appreciation over the medium to long term by investing in equities and equity-linked investments in Asian markets (ex Japan).

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

The financial statements were authorised for issue by the Manager on 15 March 2021.

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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	42,228,292	-	42,228,292
Dividends receivable		1,616,934	-	1,616,934
Amount due from brokers		11,403,031	-	11,403,031
Amount due from Manager - creation of units		43,851,822	-	43,851,822
Quoted equities	7	-	1,167,544,149	1,167,544,149
Forward foreign currency contracts	8	-	699,992	699,992
Total		99,100,079	1,168,244,141	1,267,344,220
<u>Financial liabilities</u>				
Amount due to Manager - management fee		1,531,615	-	1,531,615
- cancellation of units		1,706,587	-	1,706,587
Amount due to brokers		12,870,502	-	12,870,502
Amount due to Trustee		71,475	-	71,475
Auditors' remuneration		13,455	-	13,455
Tax agent's fee		731	-	731
Other payables and accruals		10,655	-	10,655
Total		16,205,020	-	16,205,020
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	18,576,613	-	18,576,613
Dividends receivable		411,714	-	411,714
Amount due from brokers		43,037,154	-	43,037,154
Quoted equities	7	-	582,044,628	582,044,628
Total		62,025,481	582,044,628	644,070,109



## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		876,132	-	876,132
- cancellation of units		2,033,752	-	2,033,752
Amount due to brokers		200,352	-	200,352
Amount due to Trustee		40,886	-	40,886
Auditors' remuneration		13,455	-	13,455
Tax agent's fee		1,281	-	1,281
Other payables and accruals		170	-	170
Total		<u>3,166,028</u>	<u>-</u>	<u>3,166,028</u>

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

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

#### Market risk

##### (a) Price risk

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

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

	<u>2021</u> RM	<u>2020</u> RM
<b>Quoted investments</b>		
Quoted equities	<u>1,167,544,149</u>	<u>582,044,628</u>



## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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:

	<u>Quoted equities</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>					
<u>Financial assets</u>					
Australian Dollar	-	-	1,246,682	662,633	1,909,315
Chinese Yuan	-	-	3,871	-	3,871
Hong Kong Dollar	506,442,693	-	1,593	11,403,031	517,847,317
Indonesian Rupiah	-	-	1	-	1
Indian Rupee	53,364,097	-	5,976,477	8,464	59,349,038
Korean Won	125,559,126	-	-	1,529,840	127,088,966
Pound Sterling	-	-	646,413	108,431	754,844
Singapore Dollar	48,950,438	-	1,729,399	-	50,679,837
Taiwan Dollar	168,796,577	-	-	-	168,796,577
United States Dollar	264,431,218	699,992	28,067,039	2,416,206	295,614,455
	<u>1,167,544,149</u>	<u>699,992</u>	<u>37,671,475</u>	<u>16,128,605</u>	<u>1,222,044,221</u>
				<u>Net assets attributable to unitholders</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>		<u>Amount due to brokers</u> RM	<u>Amount due to Manager</u> RM		
Australian Dollar	-	-	-	6,575,227	6,575,227
Pound Sterling	-	-	-	3,570,130	3,570,130
Singapore Dollar	-	-	374,462	11,249,439	11,623,901
United States Dollar	12,870,502	-	-	12,397,716	25,268,218
		<u>12,870,502</u>	<u>374,462</u>	<u>33,792,512</u>	<u>47,037,476</u>

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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:  
(continued)

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Australian Dollar	2,089,707	17,011	-	2,106,718
China Renminbi	13,196,800	7,077	-	13,203,877
Hong Kong Dollar	201,537,386	1,807,507	12,531,035	215,875,928
Indian Rupee	12,258,154	-	-	12,258,154
Indonesian Rupiah	14,443,485	1	-	14,443,486
Korea Won	75,260,612	-	334,526	75,595,138
Pound Sterling	-	53,211	-	53,211
Singapore Dollar	68,575,876	30,410	21,708,451	90,314,737
Taiwan Dollar	95,932,376	-	8,674,856	104,607,232
United States Dollar	98,750,232	15,415,964	-	114,166,196
	<u>582,044,628</u>	<u>17,331,181</u>	<u>43,248,868</u>	<u>642,624,677</u>
		<u>Amount due to brokers</u> RM	<u>Net assets attributable to unitholders</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Australian Dollar	-	-	523,735	523,735
Pound Sterling	-	-	109,672	109,672
Singapore Dollar	-	-	5,070,786	5,070,786
United States Dollar	-	200,352	3,521	203,873
		<u>200,352</u>	<u>5,707,714</u>	<u>5,908,066</u>

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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 <u>price</u> %	Impact on profit after <u>tax/NAV</u> RM
<u>2021</u>		
Australian Dollar	+/- 13.33	-/+ 621,966
China Renminbi	+/- 5.35	+/-207
Hong Kong Dollar	+/- 6.22	+/- 32,201,103
Indian Rupee	+/- 5.99	+/- 3,555,007
Korea Won	+/- 6.83	+/- 8,680,176
Pound Sterling	+/- 9.93	-/+ 2799,558
Singapore Dollar	+/- 4.57	+/- 1,784,856
Taiwan Dollar	+/- 5.51	+/- 9,300,691
United States Dollar	+/- 6.28	+/- 16,977,744
<u>2020</u>		
Australian Dollar	+/- 5.72	+/- 90,547
China Renminbi	+/- 3.68	+/- 485,903
Hong Kong Dollar	+/- 3.20	+/- 6,908,030
Indian Rupee	+/- 5.16	+/- 632,521
Indonesian Rupiah	+/- 3.66	+/- 528,632
Korea Won	+/- 5.38	+/- 4,067,018
Pound Sterling	+/- 7.69	-/+ 4,342
Singapore Dollar	+/- 2.55	+/- 2,173,721
Taiwan Dollar	+/- 3.19	+/- 3,336,971
United States Dollar	+/- 3.19	+/- 3,635,398

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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 interest, principals and proceeds from realisation of investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

Credit risk arising from placements 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:

	<u>Forward foreign currency contracts</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>				
Consumer Goods				
- NR	-	-	6,794,048	6,794,048
Financial Services				
- AAA	-	42,228,292	-	42,228,292
- NR	699,992	-	78,630	778,622
Preference share				
- NR	-	-	1,149,478	1,149,478
Real Estate				
- NR	-	-	4,608,983	4,608,983
Technology				
- NR	-	-	388,826	388,826
Others				
- NR	-	-	43,851,822	43,851,822
	<u>699,992</u>	<u>42,228,292</u>	<u>56,871,787</u>	<u>99,800,071</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

##### Credit risk (continued)

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

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>			
Financial Services			
- AAA	18,576,613	-	18,576,613
- NR	-	42,914,342	42,914,342
Industrial			
- NR	-	24,901	24,901
Technology			
- NR	-	309,625	309,625
Others			
- NR	-	200,000	200,000
	<u>18,576,613</u>	<u>43,448,868</u>	<u>62,025,481</u>

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

##### 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 ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 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.

	<u>Within one month RM</u>	<u>Between one month to one year RM</u>	<u>Total RM</u>
<u>2021</u>			
Amount due to brokers	12,870,502	-	12,870,502
Amount due to Manager			
- management fee	1,531,615	-	1,531,615
- cancellation of units	1,706,587	-	1,706,587
Amount due to Trustee	71,475	-	71,475
Auditor's remuneration	-	13,455	13,455
Tax agent's fee	-	731	731
Other payables and accruals	-	10,655	10,655
Net assets attributable to unitholders*	1,251,139,200	-	1,251,139,200
	<u>1,267,319,379</u>	<u>24,841</u>	<u>1,267,344,220</u>
<u>2020</u>			
Amount due to brokers	200,352	-	200,352
Amount due to Manager			
- management fee	876,132	-	876,132
- cancellation of units	2,033,752	-	2,033,752
Amount due to Trustee	40,886	-	40,886
Auditor's remuneration	-	13,455	13,455
Tax agent's fee	-	1,281	1,281
Other payables and accruals	-	170	170
Net assets attributable to unitholders*	640,904,081	-	640,904,081
	<u>644,055,203</u>	<u>14,906</u>	<u>644,070,109</u>

\* Outstanding units are redeemed on demand at the unitholder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of the instruments typically retain them for the medium to long term.



## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

##### Capital risk

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

#### 3 FAIR VALUE ESTIMATION

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

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	1,167,544,149	-	-	1,167,544,149
- forward foreign currency contracts	-	699,992	-	699,992
	<u>1,167,544,149</u>	<u>699,992</u>	<u>-</u>	<u>1,168,244,141</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	582,044,628	-	-	582,044,628
	<u>582,044,628</u>	<u>-</u>	<u>-</u>	<u>582,044,628</u>

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

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

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

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 4 MANAGEMENT FEE

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

For the financial year ended 31 January 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 Fund's Prospectus.

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

#### 5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee, inclusive of local custodian fees, at a rate not exceeding 0.30% per annum on the NAV of the Fund for local investments, excluding foreign sub-custodian fees, if the Fund invests in both local and foreign investments.

For the financial year ended 31 January 2021, the Trustee fee is recognised at a rate of 0.07% (2020: 0.07%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on daily basis as stated in the Fund's Prospectus.

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

#### 6 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation - foreign	698,692	-

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	259,840,435	62,284,762
Tax at Malaysian statutory rate of 24% (2020: 24%)	62,361,704	14,948,343
Tax effects of:		
Investment income not subject to tax	(67,928,648)	(19,441,298)
Expenses not deductible for tax purposes	2,716,525	1,881,443
Restriction on tax deductible expenses for Unit Trust Funds	2,850,419	2,611,512
Foreign investment income subject to different tax rates	698,692	-
Tax expense	698,692	-

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 7 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 – foreign	1,167,544,149	582,044,628
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	134,036,641	35,321,510
- unrealised gain on changes in fair value	136,301,701	36,109,408
	<u>270,338,342</u>	<u>71,430,918</u>

(a) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 January 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
China Feihe Ltd	2,484,000	27,816,677	29,954,146	2.39
Haier Smart Home Co Ltd	2,101,000	34,524,641	35,130,590	2.81
Nexteer Automotive Group Ltd	2,852,000	10,450,328	18,570,085	1.48
	<u>7,437,000</u>	<u>72,791,646</u>	<u>83,654,821</u>	<u>6.68</u>
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	748,500	82,848,986	96,147,774	7.68
China Yuhua Education Corporation Ltd	2,995,000	8,363,451	10,608,649	0.85
JD.com Inc	100,000	14,838,506	18,002,304	1.44
Netjoy Holdings Ltd	4,189,400	15,290,648	23,742,972	1.90
Yum China Holdings Inc	51,000	11,193,546	11,736,815	0.94
	<u>8,083,900</u>	<u>132,535,137</u>	<u>160,238,514</u>	<u>12.81</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 January 2021 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>HONG KONG</u> (continued)				
<u>Financial Services</u>				
AIA Group Ltd	691,000	29,752,853	33,744,553	2.70
China Overseas Prop Holdings Ltd	6,572,000	17,087,565	16,432,103	1.31
KWG Living Group Holdings Ltd	3,027,000	13,734,278	12,866,397	1.03
Ping An Insurance Group Co China	899,000	41,042,144	42,754,795	3.42
Sun Hung Kai Properties Ltd	244,000	13,272,544	13,459,848	1.08
	<u>11,433,000</u>	<u>114,889,384</u>	<u>119,257,696</u>	<u>9.54</u>
<u>Oil &amp; Gas</u>				
Xinte Energy Co Ltd	2,258,000	31,072,423	28,640,280	2.29
<u>Technology</u>				
Alibaba Health Information Technology	1,364,000	16,896,534	17,229,809	1.38
HKBN Ltd	2,729,000	17,644,145	15,949,635	1.27
Tencent Holdings Ltd	154,200	28,704,261	54,739,975	4.38
Weimob Inc	1,204,000	14,037,495	13,985,748	1.12
Xiaomi Corporation	838,000	12,761,497	12,746,215	1.02
	<u>6,289,200</u>	<u>90,043,932</u>	<u>114,651,382</u>	<u>9.17</u>
<u>INDIA</u>				
<u>Consumer Goods</u>				
Varun Beverages Ltd	201,123	10,468,200	9,917,685	0.79
<u>Financial Services</u>				
HDFC Bank Ltd	86,669	5,641,474	6,674,513	0.53
State Bank India	1,130,332	14,119,001	17,640,165	1.41
	<u>1,217,001</u>	<u>19,760,475</u>	<u>24,314,678</u>	<u>1.94</u>
<u>Utilities</u>				
Petronet LNG Ltd	1,452,832	20,104,370	19,131,734	1.53

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 January 2021 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>SOUTH KOREA</u>				
<u>Industrials</u>				
Samsung Electro-Mechanics Co	16,344	12,861,903	12,036,375	0.96
<u>Preference Shares</u>				
LG Chem Ltd	7,117	12,712,572	12,011,183	0.96
Samsung Electronics Co Ltd	211,187	35,886,664	55,730,349	4.46
	218,304	48,599,236	67,741,532	5.42
<u>Technology</u>				
SK Hynix Inc	103,949	32,130,000	45,781,219	3.66
<u>SINGAPORE</u>				
<u>Financial Services</u>				
DBS Group Holdings Ltd	202,926	15,056,426	15,526,264	1.24
<u>Industrials</u>				
Nanofilm Technologies International PL Venture Corp Ltd	1,705,000	13,621,381	24,867,902	1.99
	142,000	6,635,272	8,556,272	0.68
	1,847,000	20,256,653	33,424,174	2.67
<u>TAIWAN</u>				
<u>Industrials</u>				
Hon Hai Precision Industry Co	1,550,000	21,849,731	24,904,082	1.99

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 January 2021 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>TAIWAN (CONTINUED)</u>				
<u>Technology</u>				
ASE Technology Holding Co Ltd	1,466,000	17,085,742	19,435,055	1.55
Asmedia Technology Inc	43,000	11,997,800	11,772,970	0.94
MediaTek Inc	183,000	18,693,349	23,074,012	1.84
Parade Technologies Ltd	68,000	10,929,341	11,856,548	0.95
Taiwan Semiconductor Manufacturing	913,000	48,165,162	77,753,910	6.21
	<u>2,673,000</u>	<u>106,871,394</u>	<u>143,892,495</u>	<u>11.49</u>
<u>UNITED STATES OF AMERICA</u>				
<u>Consumer Services</u>				
Amazon.com Inc	2,714	27,329,743	35,140,499	2.81
American Eagle Outfitters Inc	375,840	30,943,779	34,428,643	2.75
TJX Cos Inc	71,665	16,579,684	18,516,432	1.48
	<u>450,219</u>	<u>74,853,206</u>	<u>88,085,574</u>	<u>7.04</u>
<u>Financial Services</u>				
JPMorgan Chase & Co	30,901	15,276,411	16,046,711	1.28
Visa Inc	46,575	37,275,142	36,366,667	2.91
	<u>77,476</u>	<u>52,551,553</u>	<u>52,413,378</u>	<u>4.19</u>
<u>Healthcare</u>				
Anthem Inc	14,689	17,528,228	17,604,656	1.41
Laboratory Corporation of America Holding	18,622	14,808,581	17,216,544	1.38
	<u>33,311</u>	<u>32,336,809</u>	<u>34,821,200</u>	<u>2.79</u>
<u>Industrials</u>				
Axon Enterprise Inc	25,114	10,311,304	16,651,643	1.33
PayPal Holdings Inc	10,471	7,680,424	9,904,873	0.79
	<u>35,585</u>	<u>17,991,728</u>	<u>26,556,516</u>	<u>2.12</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 January 2021 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>UNITED STATES OF AMERICA</u>				
(continued)				
<u>Technology</u>				
Apple Inc	31,025	15,615,611	16,515,855	1.32
Baidu Inc	48,523	35,575,264	46,038,695	3.68
	<u>79,548</u>	<u>51,190,875</u>	<u>62,554,550</u>	<u>5.00</u>
Total quoted equities – foreign	<u>45,659,718</u>	978,215,081	<u>1,167,544,149</u>	<u>93.32</u>
Accumulated unrealised gain on quoted equities – foreign		<u>189,329,068</u>		
Total quoted equities – foreign		<u>1,167,544,149</u>		



## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 January 2020 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>AUSTRALIA</u>				
<u>Basic materials</u>				
Hastings Technology Metals Ltd	6,100,000	3,846,075	2,089,707	0.33
<u>CHINA</u>				
<u>Consumer goods</u>				
Midea Group Co Ltd	206,998	7,030,814	6,671,129	1.04
<u>Industrial</u>				
Hangzhou Hikvision Digital Technology Co Ltd	310,000	6,307,772	6,525,671	1.02
<u>HONG KONG</u>				
<u>Consumer services</u>				
Alibaba Group Holding Ltd	200,000	16,854,834	21,146,208	3.30
China Yuhua Education Corp Ltd	3,631,000	9,538,943	10,402,336	1.62
Topsports International Holding	970,000	5,592,909	4,892,540	0.76
	<u>4,801,000</u>	<u>31,986,686</u>	<u>36,441,084</u>	<u>5.68</u>
<u>Financial Services</u>				
AIA Group Ltd	579,400	23,844,454	23,767,509	3.71
A-Living Services Co Ltd	634,250	7,474,129	8,700,388	1.36
CIFI Holdings Group Co Ltd	4,187,000	13,399,775	11,973,112	1.87
Ping An Insurance Group Co China	962,000	41,925,502	45,019,791	7.02
	<u>6,362,650</u>	<u>86,643,860</u>	<u>89,460,800</u>	<u>13.96</u>
<u>Technology</u>				
HKBN Ltd	3,119,500	14,431,767	22,186,034	3.46
Tencent Holdings Ltd	271,600	49,262,112	53,449,468	8.34
	<u>3,391,100</u>	<u>63,693,879</u>	<u>75,635,502</u>	<u>11.80</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 January 2020 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>INDIA</u>				
<u>Oil &amp; gas</u>				
Reliance Industries Ltd	151,550	13,819,642	12,258,154	1.91
<u>INDONESIA</u>				
<u>Financial Services</u>				
Bank Mandiri Persero Tbk PT	6,398,000	13,680,898	14,443,485	2.25
<u>SOUTH KOREA</u>				
<u>Industrial</u>				
Samsung Electro-Mechanics Co	29,807	13,401,958	12,805,832	2.00
<u>Preference shares</u>				
Samsung Electronics Co Ltd	305,000	46,870,652	49,793,537	7.77
<u>Technology</u>				
SK Hynix Inc	39,399	12,181,472	12,661,243	1.98
<u>SINGAPORE</u>				
<u>Financial Services</u>				
Capitaland Ltd	1,251,300	14,155,503	13,602,254	2.12
CapitaLand Retail China Trust	2,468,000	10,926,508	11,487,294	1.79
Mapletree North Asia Com Trust	3,769,000	14,077,210	13,355,157	2.08
United Overseas Bank Ltd	144,000	11,266,890	11,078,539	1.73
	<u>7,632,300</u>	<u>50,426,111</u>	<u>49,523,244</u>	<u>7.72</u>
<u>Industrial</u>				
Singapore Tech Engineering Ltd	874,000	9,370,122	10,760,592	1.68
Venture Corporation Ltd	169,200	8,480,591	8,292,040	1.29
	<u>1,043,200</u>	<u>17,850,713</u>	<u>19,052,632</u>	<u>2.97</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 January 2020 is 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>Consumer goods</u>				
Largan Precision Co Ltd	17,000	9,165,557	11,048,640	1.72
<u>Industrial</u>				
Delta Electronics Inc	400,000	7,609,662	7,744,880	1.21
Sinbon Electronics Co Ltd	237,000	3,974,821	4,123,539	0.64
	<u>637,000</u>	<u>11,584,483</u>	<u>11,868,419</u>	<u>1.85</u>
<u>Technology</u>				
ASE Technology Holding Co Ltd	664,000	6,610,677	6,706,958	1.05
Parade Technologies Ltd	116,000	8,617,004	9,942,151	1.55
Powertech Technology Inc.	512,000	7,138,313	7,452,416	1.16
Sino-American Silicon Products	570,000	7,901,792	7,578,880	1.18
Taiwan Semiconductor Manufac	954,000	29,913,030	41,334,912	6.46
	<u>2,816,000</u>	<u>60,180,816</u>	<u>73,015,317</u>	<u>11.40</u>
<u>UNITED STATES OF AMERICA</u>				
<u>Consumer goods</u>				
Alibaba Group Holding Ltd	53,186	36,477,219	45,008,917	7.02
Trip.com Group Ltd	54,544	8,289,627	7,179,111	1.12
	<u>107,730</u>	<u>44,766,846</u>	<u>52,188,028</u>	<u>8.14</u>
<u>Technology</u>				
Alphabet Inc - Class C	2,684	12,543,118	15,765,519	2.47
Facebook Inc	8,413	7,200,309	6,957,908	1.09
Microsoft Corporation	34,197	15,835,600	23,838,777	3.72
	<u>45,294</u>	<u>35,579,027</u>	<u>46,562,204</u>	<u>7.28</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 31 January 2020 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Total quoted equities – foreign	40,394,028	529,017,261	582,044,628	90.82
Accumulated unrealised gain on quoted equities – foreign		53,027,367		
Total quoted equities – foreign		582,044,628		

#### 8 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there is 1 (2020: Nil) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM275,610,800 (2020: RMNil). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign quoted investments denominated in United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income.

#### 9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	37,697,575	17,356,521
Deposit with a licensed financial institution	4,530,717	1,220,092
	<u>42,228,292</u>	<u>18,576,613</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>2.75</u>

Deposit with a licensed financial institution has an average maturity of 2 days (2020: 3 days).

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 10 NUMBER OF UNITS IN CIRCULATION

##### (a) MYR class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	878,951,000	1,144,567,000
Creation of units arising from applications	543,178,000	34,984,000
Cancellation of units	(199,088,000)	(300,600,000)
At the end of the financial year	<u>1,223,041,000</u>	<u>878,951,000</u>

##### (b) AUD class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	347,000	570,000
Creation of units arising from applications	3,950,000	118,000
Cancellation of units	(1,136,000)	(341,000)
At the end of the financial year	<u>3,161,000</u>	<u>347,000</u>

##### (c) GBP class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	41,000	81,000
Creation of units arising from applications	957,000	29,000
Cancellation of units	(29,000)	(69,000)
At the end of the financial year	<u>969,000</u>	<u>41,000</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 10 NUMBER OF UNIT IN CIRCULATION (CONTINUED)

(d) SGD class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	3,373,000	2,987,000
Creation of units arising from applications	4,121,000	386,000
Cancellation of units	(2,058,000)	-
At the end of the financial year	<u>5,436,000</u>	<u>3,373,000</u>

(e) USD class units in circulation

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	2,000	273,000
Creation of units arising from applications	6,581,000	-
Cancellation of units	(1,470,000)	(271,000)
At the end of the financial year	<u>5,113,000</u>	<u>2,000</u>

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 11 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the top 10 brokers for the financial year ended 31 January 2021 is as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Robert W.Baird & Co.Inc. Ny	451,392,279	12.94	87,676	1.49
JP Morgan Securities Asia Pacific Ltd	287,496,920	8.24	730,260	12.43
Citigroup Global Mkts Ltd	256,249,435	7.35	561,075	9.55
CLSA Ltd	196,671,956	5.64	226,142	3.85
China Intl Capital Corp HK Sec Ltd	177,703,008	5.09	354,674	6.04
Masterlink Securities Co Ltd Taipei	169,234,065	4.85	423,085	7.2
Macquarie Bank Ltd Hong Kong	144,675,610	4.15	228,779	3.89
CIMB-Gk Securities Pte Ltd	126,033,214	3.61	218,045	3.71
Sanford C.Bernstein and Co LLC	104,427,787	2.99	100,221	1.71
Edel Weiss Securities Ltd	100,112,895	2.87	171,193	2.91
Others	1,473,898,206	42.27	2,774,202	47.22
	<u>3,487,895,375</u>	<u>100.00</u>	<u>5,875,352</u>	<u>100.00</u>

(ii) Details of transactions with the top 10 brokers for the financial year ended 31 January 2020 is as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Macquarie Bank Ltd Hong Kong	387,280,889	12.88	273,845	6.30
CLSA Ltd	376,183,241	12.51	266,197	6.12
China Intl Capital Corp HK Sec Ltd	373,760,398	12.43	439,490	10.11
Robert W.Baird & Co.Inc. Ny	235,315,733	7.83	84,017	1.93
Citigroup Global Mkts Ltd Ldn	151,490,890	5.04	304,363	7.00
Credit Suisse First Boston (HK) Ltd	102,202,883	3.40	252,258	5.80
CCB International Securities Ltd	90,628,648	3.02	191,278	4.40
Affin Hwang Investment Bank Bhd#	82,520,547	2.75	200,614	4.61
CLSA Singapore Pte Ltd	77,657,743	2.58	135,967	3.13
Credit Lyonnais Secs Seoul	75,969,667	2.53	50,683	1.16
Others	1,052,911,564	35.03	2,149,731	49.44
	<u>3,005,922,203</u>	<u>100.00</u>	<u>4,348,443</u>	<u>100.00</u>

# Included in transactions with brokers are trades with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting to RMNil (2020: RM82,520,547). 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.

## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

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

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

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

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)				
- MYR class	2,625,109	2,612,771	380,777	275,188
- AUD class	2,901	6,034	2,718	4,102
- GBP class	3,171	11,683	2,211	5,914
- SGD class	3,128	6,473	2,256	3,391
- USD class	3,635	8,814	2,000	3,521
	<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)				
- MYR class	2,822,633	2,809,367	2,307,284	1,667,474
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>



## AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021 (CONTINUED)

#### 13 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	1.65	1.61

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
- F = 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 RM790,620,620 (2020: RM731,047,161)

#### 14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2021</u>	<u>2020</u>
PTR (times)	2.12	2.03

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 = RM1,902,187,563 (2020: RM1,394,984,306)  
total disposal for the financial year = RM1,452,989,745 (2020: RM1,576,775,102)

#### 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 ASIA (EX JAPAN) OPPORTUNITY FUND**

### **STATEMENT BY THE MANAGER**

I, 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 as the Manager, the financial statements set out on pages 1 to 39 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2021 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 January 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

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

Kuala Lumpur  
15 March 2021

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA (EX JAPAN) OPPORTUNITY FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the financial statements of Affin Hwang Select Asia (ex Japan) Opportunity Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 January 2021 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of net assets attributable to unitholders as at 31 January 2021, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders 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’ International 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 ASIA (EX JAPAN) OPPORTUNITY 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, 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 ASIA (EX JAPAN) OPPORTUNITY 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 ASIA (EX JAPAN) OPPORTUNITY 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 March 2021

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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

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

### **PENANG**

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

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

### **PERAK**

Affin Hwang Asset Management Berhad  
1, Persiaran Greentown 6  
Greentown Business Centre  
30450 Ipoh Perak

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

### **MELAKA**

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

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

### **JOHOR**

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

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

### **SABAH**

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

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

## **DIRECTORY OF SALES OFFICE (CONTINUED)**

### **SARAWAK**

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

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

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

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



[www.affinhwangam.com](http://www.affinhwangam.com)

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)