

# Affin Hwang

## Select Balanced Fund

Annual Report  
31 March 2021

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



**AFFIN HWANG**  
CAPITAL

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

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

# AFFIN HWANG SELECT BALANCED FUND

## Annual Report and Audited Financial Statements For the Financial Year Ended 31 March 2021

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## FUND INFORMATION

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

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 MARCH 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	602	1,688
5,001 to 10,000	595	4,318
10,001 to 50,000	1,378	31,232
50,001 to 500,000	482	55,047
500,001 and above	33	302,676
<b>Total</b>	<b>3,090</b>	<b>394,961</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Mar 2021 (%)	As at 31 Mar 2020 (%)	As at 31 Mar 2019 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Consumer products & services	7.24	2.53	5.91
- Energy	-	-	2.71
- Financials services	4.87	-	7.35
- Industrial products & services	5.14	4.80	5.92
- Healthcare	-	2.24	-
- Technology	4.96	3.91	-
- Telecommunications & media	4.06	-	0.47
- Utilities	-	-	2.16
<b>Total quoted equities – local</b>	<b>26.27</b>	<b>13.48</b>	<b>24.52</b>
<b>Quoted equities – foreign</b>			
- Consumer discretionary	9.38	-	-
- Consumer staples	1.95	-	-
- Consumer goods	-	4.04	4.20
- Consumer services	-	3.92	2.08
- Financial services	4.60	6.42	9.06
- Healthcare	-	-	0.74
- Industrials	1.97	2.23	1.58
- Oil & gas	-	-	3.72
- Real estate	1.16	-	-
- Technology	10.37	10.1	2.40
- Telecommunications	-	-	0.53
- Utilities	-	-	1.02
<b>Total quoted equities – foreign</b>	<b>29.43</b>	<b>26.71</b>	<b>25.33</b>
<b>Unquoted fixed income securities – local</b>	<b>39.01</b>	<b>42.84</b>	<b>42.56</b>
<b>Collective investment scheme</b>	<b>-</b>	<b>-</b>	<b>0.68</b>
<b>Cash and cash equivalent</b>	<b>5.29</b>	<b>16.97</b>	<b>6.91</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	307.517	214.848	266.000
NAV per Unit (RM)	0.7777	0.6050	0.6478
Unit in Circulation (million)	395.422	355.119	410.598
Highest NAV	0.8108	0.6633	0.6939
Lowest NAV	0.6017	0.5854	0.6199
Return of the Fund (%) <sup>iii</sup>	33.90	-2.18	-1.15
- Capital Growth (%) <sup>i</sup>	28.55	-6.61	-5.60
- Income Distribution (%) <sup>ii</sup>	4.17	4.74	4.71
Gross Distribution per Unit (sen)	3.00	3.00	3.00
Net Distribution per Unit (sen)	3.00	3.00	3.00
Management Expense Ratio (%) <sup>1</sup>	1.61	1.60	1.64
Portfolio Turnover Ratio (times) <sup>2</sup>	1.19	1.17	0.84

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

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

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

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

An illustration of the above would be as follow:-

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

## MANAGER'S REPORT

### Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Jun-20	17-Jun-20	0.7051	0.0100	0.6965
15-Dec-20	16-Dec-20	0.7578	0.0200	0.7429

No unit splits were declared for the financial year ended 31 March 2021.

### Performance Review

For the period 1 April 2020 to 31 March 2021, the Fund registered a 33.90% return compared to the benchmark return of 12.32%. The Fund thus outperformed the Benchmark by 21.58%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2021 was RM0.7777 while the NAV as at 31 March 2020 was RM0.6050. During the period under review, the Fund has declared a total gross income distribution of RM0.0300 per unit.

Since commencement, the Fund has registered a return of 392.40% compared to the benchmark return of 109.99%, outperforming by 282.41%. The fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (18/8/03 - 31/3/21)
<b>Fund</b>	<b>33.90%</b>	<b>30.06%</b>	<b>54.33%</b>	<b>392.40%</b>
<b>Benchmark</b>	<b>12.32%</b>	<b>(1.64%)</b>	<b>6.82%</b>	<b>109.99%</b>
<b>Outperformance</b>	<b>21.58%</b>	<b>31.70%</b>	<b>47.51%</b>	<b>282.41%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (18/8/03 - 31/3/21)
<b>Fund</b>	<b>33.90%</b>	<b>9.15%</b>	<b>9.06%</b>	<b>9.46%</b>
<b>Benchmark</b>	<b>12.32%</b>	<b>(0.55%)</b>	<b>1.33%</b>	<b>4.30%</b>
<b>Outperformance</b>	<b>21.58%</b>	<b>9.70%</b>	<b>7.73%</b>	<b>5.16%</b>

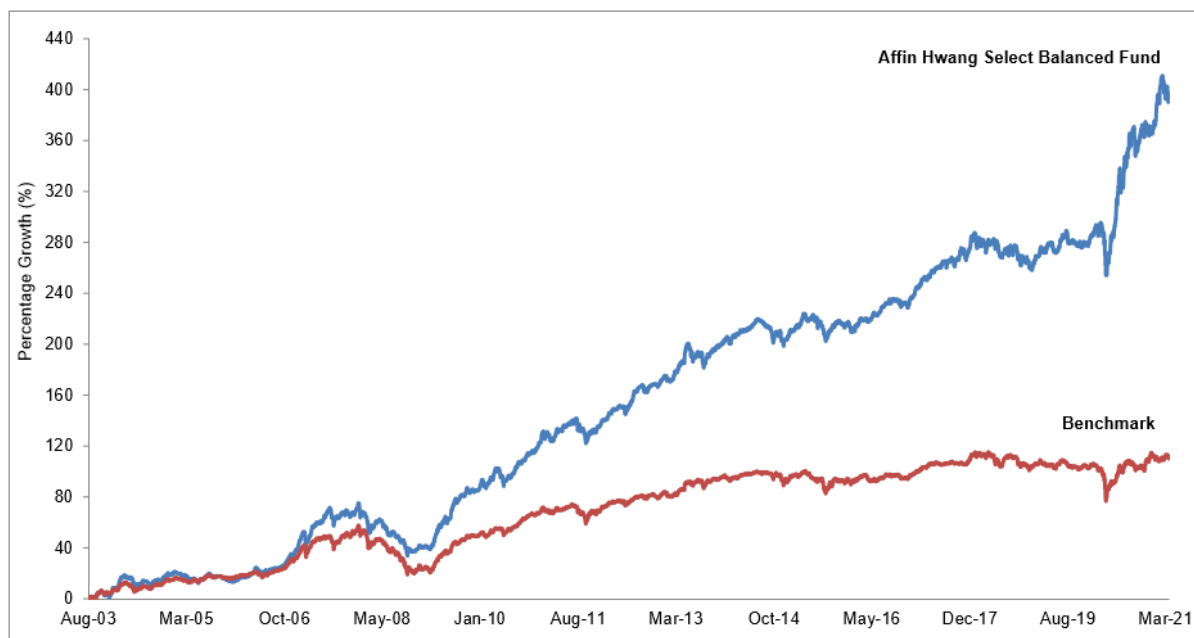
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)	FYE 2017 (1/4/16 - 31/3/17)
<b>Fund</b>	<b>33.90%</b>	<b>(2.18%)</b>	<b>(1.15%)</b>	<b>7.75%</b>	<b>10.13%</b>
<b>Benchmark</b>	<b>12.32%</b>	<b>(8.70%)</b>	<b>(4.07%)</b>	<b>5.12%</b>	<b>3.31%</b>
<b>Outperformance</b>	<b>21.58%</b>	<b>6.52%</b>	<b>2.92%</b>	<b>2.63%</b>	<b>6.82%</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: 50% FTSE Bursa Malaysian Top 100 Index + 50% Maybank 12-month fixed deposit rate*

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

### **Asset Allocation**

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

As at 31 March 2021, asset allocation of the Fund stood at 55.70% in equities, 39.01% in fixed income securities, and the balance was held in cash and cash equivalent. During the period under review, the Manager had added exposure towards financial services and healthcare sector while exited the healthcare sectors within the domestic. Invested level within the fixed income securities were slightly lower than previous year. Correspondingly, cash levels of the Fund were reduced to a lower level of 5.29% over the same period, as the volatility in the market was reduced.

### **Strategies Employed**

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

## **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. 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.

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

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter.

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.

Malaysia's Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. 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. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

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

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

## **Investment Outlook**

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

Earnings momentum will continue in 2021 with earnings growth projected to rise 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.

Back home, 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.

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

## **State of Affairs of the Fund**

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

## **Soft Commissions received from Brokers**

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

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

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

## **Cross Trade**

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



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

We have acted as Trustee of Affin Hwang Select Balanced Fund ("the Fund") for the financial year ended 31 March 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.

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Senior Manager, Investment Compliance Monitoring

Kuala Lumpur  
17 May 2021

**AFFIN HWANG SELECT BALANCED FUND**

**FINANCIAL STATEMENTS**

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

# **AFFIN HWANG SELECT BALANCED FUND**

## **FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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## AFFIN HWANG SELECT BALANCED FUND

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

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		3,223,846	3,526,065
Interest income from financial assets at amortised cost		192,619	276,568
Interest income from financial assets at fair value through profit or loss		4,552,510	5,540,268
Net (loss)/gain on foreign currency exchange		(371,596)	478,168
Net gain/(loss) on financial assets at fair value through profit or loss	8	68,781,600	(8,485,345)
		<u>76,378,979</u>	<u>1,335,724</u>
<b>EXPENSES</b>			
Management fee	4	(3,874,441)	(3,839,057)
Trustee fee	5	(181,456)	(180,643)
Auditors' remuneration		(10,500)	(10,500)
Tax agent's fee		(17,413)	(7,026)
Transaction costs		(1,713,026)	(1,326,145)
Other expenses		(206,286)	(169,355)
		<u>(6,003,122)</u>	<u>(5,532,726)</u>
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		70,375,857	(4,197,002)
Taxation	6	-	-
<b>NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>70,375,857</u>	<u>(4,197,002)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		45,698,837	6,619,772
Unrealised amount		24,677,020	(10,816,774)
		<u>70,375,857</u>	<u>(4,197,002)</u>

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

## AFFIN HWANG SELECT BALANCED FUND

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

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	11,036,616	44,540,703
Dividends receivable		678,212	473,628
Amount due from brokers		7,143,902	-
Amount due from Manager - creation of units		1,278,764	58,268
Financial assets at fair value through profit or loss	8	291,243,063	178,375,151
<b>TOTAL ASSETS</b>		<u>311,380,557</u>	<u>223,447,750</u>
<b>LIABILITIES</b>			
Amount due to brokers		3,407,457	8,263,689
Amount due to Manager - management fee		391,032	284,982
Amount due to Trustee		18,248	13,299
Auditors' remuneration		10,500	10,500
Tax agent's fee		3,217	3,767
Other payables and accruals		32,688	23,370
<b>TOTAL LIABILITIES</b>		<u>3,863,142</u>	<u>8,599,607</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>307,517,415</u>	<u>214,848,143</u>
<b>EQUITY</b>			
Unitholders' capital		243,930,962	211,319,107
Retained earnings		63,586,453	3,529,036
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>307,517,415</u>	<u>214,848,143</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>395,422,000</u>	<u>355,119,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7777</u>	<u>0.6050</u>

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

## AFFIN HWANG SELECT BALANCED FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2020	211,319,107	3,529,036	214,848,143
Total comprehensive income for the financial year	-	70,375,857	70,375,857
Distributions (Note 7)	-	(10,318,440)	(10,318,440)
Movement in unitholders' capital			
Creation of units arising from applications	68,754,427	-	68,754,427
Creation of units arising from distributions	10,106,307	-	10,106,307
Cancellation of units	(46,248,879)	-	(46,248,879)
Balance as at 31 March 2021	<u>243,930,962</u>	<u>63,586,453</u>	<u>307,517,415</u>
Balance as at 1 April 2019	246,396,856	19,602,888	265,999,744
Total comprehensive loss for the financial year	-	(4,197,002)	(4,197,002)
Distributions (Note 7)	-	(11,876,850)	(11,876,850)
Movement in unitholders' capital			
Creation of units arising from applications	22,011,986	-	22,011,986
Creation of units arising from distributions	11,636,847	-	11,636,847
Cancellation of units	(68,726,582)	-	(68,726,582)
Balance as at 31 March 2020	<u>211,319,107</u>	<u>3,529,036</u>	<u>214,848,143</u>

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

## AFFIN HWANG SELECT BALANCED FUND

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

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		300,630,410	336,593,449
Purchase of investments		(358,573,087)	(265,960,237)
Dividends received		3,019,262	3,537,072
Interest received		4,888,334	6,133,770
Rebate of management fee received		13,904	31,854
Management fee paid		(3,782,295)	(3,925,228)
Trustee fee paid		(176,507)	(183,178)
Payment for other fees and expenses		(225,431)	(185,793)
Net realised loss on foreign currency exchange		(84,936)	(129,254)
Tax refund		-	20,580
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(54,290,346)	75,933,035
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		67,533,931	22,399,620
Payments for cancellation of units		(46,248,879)	(68,726,582)
Payment for distributions		(212,133)	(240,003)
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		21,072,919	(46,566,965)
		<hr/>	<hr/>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(33,217,427)	29,366,070
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		(286,660)	607,422
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		44,540,703	14,567,211
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	11,036,616	44,540,703
		<hr/> <hr/>	<hr/> <hr/>

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

## **AFFIN HWANG SELECT BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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



## **AFFIN HWANG SELECT BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

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

##### Realised gain and loss 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.

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

#### **C TRANSACTION COSTS**

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

#### **D DISTRIBUTION**

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

## **AFFIN HWANG SELECT BALANCED FUND**

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

#### **E TAXATION**

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

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

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

#### **F FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **G FOREIGN CURRENCY TRANSLATIONS**

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

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions.

## **AFFIN HWANG SELECT BALANCED FUND**

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

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

(i) Classification (continued)

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

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

(ii) Recognition and measurement

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

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

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

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

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

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.

## AFFIN HWANG SELECT BALANCED FUND

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

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

(ii) Recognition and measurement (continued)

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.

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

## **AFFIN HWANG SELECT BALANCED FUND**

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

#### **H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### (iii) Impairment (continued)

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

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

###### Quantitative criteria:

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

###### Qualitative criteria:

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

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

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

###### Write-off

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

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

#### **I CASH AND CASH EQUIVALENTS**

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

#### **J AMOUNT DUE FROM/(TO) BROKERS**

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

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

## **AFFIN HWANG SELECT BALANCED FUND**

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

#### **K UNITHOLDERS' CAPITAL**

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

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

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

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

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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

#### **M REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX**

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

## **AFFIN HWANG SELECT BALANCED FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

#### **1 INFORMATION ON THE FUND**

The Unit Trust Fund was constituted under the name HwangDBS Select Balanced Fund (the “Fund”) pursuant to the execution of a Deed dated 1 July 2003, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 15 October 2008, Fourth Supplemental deed dated 18 January 2012, Fifth Supplemental deed dated 27 June 2014, Sixth Supplemental deed dated 28 April 2017 and Seventh Supplemental Deed dated 5 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”). The Fund has changed its name from HwangDBS Select Balanced Fund to Hwang Select Balanced Fund as amended by the Fourth Supplemental Deed dated 18 January 2012 and from Hwang Select Balanced Fund to Affin Hwang Select Balanced Fund as amended by Fifth Supplemental Deed dated 27 June 2014.

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

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

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

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

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

The financial statements were authorised for issue by the Manager on 17 May 2021.

## AFFIN HWANG SELECT BALANCED FUND

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

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2021</u>	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>Financial assets</u>				
Cash and cash equivalents	9	11,036,616	-	11,036,616
Dividends receivable		678,212	-	678,212
Amount due from brokers		7,143,902	-	7,143,902
Amount due from Manager				
- creation of units		1,278,764	-	1,278,764
Quoted equities	8	-	171,281,635	171,281,635
Unquoted fixed income securities	8	-	119,961,428	119,961,428
Total		<u>20,137,494</u>	<u>291,243,063</u>	<u>311,380,557</u>
<u>Financial liabilities</u>				
Amount due to brokers		3,407,457	-	3,407,457
Amount due to Manager				
- management fee		391,032	-	391,032
Amount due to Trustee		18,248	-	18,248
Auditors' remuneration		10,500	-	10,500
Tax agent's fee		3,217	-	3,217
Other payables and accruals		32,688	-	32,688
Total		<u>3,863,142</u>	<u>-</u>	<u>3,863,142</u>
<u>2020</u>				
<u>Financial assets</u>				
Quoted equities	8	-	86,336,161	86,336,161
Unquoted fixed income securities	8	-	92,038,990	92,038,990
Cash and cash equivalents	9	44,540,703	-	44,540,703
Dividends receivable		473,628	-	473,628
Amount due from Manager				
- creation of units		58,268	-	58,268
Total		<u>45,072,599</u>	<u>178,375,151</u>	<u>223,447,750</u>



## AFFIN HWANG SELECT BALANCED FUND

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

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to brokers		8,263,689	-	8,263,689
Amount due to Manager				
- management fee		284,982	-	284,982
Amount due to Trustee		13,299	-	13,299
Auditors' remuneration		10,500	-	10,500
Tax agent's fee		3,767	-	3,767
Other payables and accruals		23,370	-	23,370
Total		<u>8,599,607</u>	<u>-</u>	<u>8,599,607</u>

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

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

#### Market risk

##### (a) Price risk

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

## AFFIN HWANG SELECT BALANCED FUND

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

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

##### Market risk (continued)

##### (a) Price risk (continued)

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

	<u>2021</u> RM	<u>2020</u> RM
<b>Quoted investments</b>		
Quoted equities	171,281,635	86,336,161
	<u>                    </u>	<u>                    </u>
<b>Unquoted investments*</b>		
Unquoted fixed income securities	119,961,428	92,038,990
	<u>                    </u>	<u>                    </u>

\* Includes interest receivable of RM1,426,428 (2020: RM1,299,600).

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 7.5% and decreased by 7.5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit/(loss) after tax/NAV RM
<u>2021</u>		
-7.5%	268,080,387	(21,736,248)
0%	289,816,635	-
+7.5%	311,552,883	21,736,248
	<u>                    </u>	<u>                    </u>
<u>2020</u>		
-7.5%	163,794,885	(13,280,666)
0%	177,075,551	-
+7.5%	190,356,217	13,280,666
	<u>                    </u>	<u>                    </u>

## AFFIN HWANG SELECT BALANCED FUND

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

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

##### Market risk (continued)

##### (b) Interest rate risk

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

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

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

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 2% (2020: 2%) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2021</u>	<u>2020</u>
	RM	RM
+ 2%	(513,133)	(403,707)
- 2%	517,870	407,351

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

## AFFIN HWANG SELECT BALANCED FUND

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

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

##### Market risk (continued)

##### (c) Currency risk

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

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Amount due from brokers</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM
<u>2021</u>					
<u>Financial assets</u>					
Australian Dollar	-	33	-	-	33
Chinese Yuan	7,416,803	1,213,020	-	-	8,629,823
Hong Kong Dollar	54,209,606	432,959	5,451,657	-	60,094,222
Korean Won	-	-	-	37,298	37,298
Singapore Dollar	6,568,419	11,397	-	-	6,579,816
Taiwan Dollar	12,452,501	-	-	41,897	12,494,398
United States Dollar	9,849,732	230,651	-	-	10,080,383
	<u>90,497,061</u>	<u>1,888,060</u>	<u>5,451,657</u>	<u>79,195</u>	<u>97,915,973</u>
				<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>					
Hong Kong Dollar				<u>3,407,457</u>	<u>3,407,457</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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>Dividends receivable</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Australian Dollar	-	28	-	28
Chinese Yuan	-	9,020,966	-	9,020,966
Hong Kong Dollar	33,828,332	8,360	-	33,836,692
Singapore Dollar	3,437,833	1,440,369	-	4,878,202
Taiwan Dollar	6,714,321	-	33,820	6,748,141
United States Dollar	13,395,825	12,965,558	-	26,361,383
	<u>57,376,311</u>	<u>23,435,281</u>	<u>33,820</u>	<u>80,845,412</u>
			<u>Amount due to brokers</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>				
Hong Kong Dollar			1,282,195	1,282,195
Taiwan Dollar			1,044,171	1,044,171
United States Dollar			2,588,810	2,588,810
			<u>4,915,176</u>	<u>4,915,176</u>

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/ NAV RM
<u>2021</u>		
Australian Dollar	+/- 11.11	+/- 4
Chinese Yuan	+/- 6.40	+/- 552,309
Hong Kong Dollar	+/- 6.08	+/- 3,446,555
Korean Won	+/- 6.80	+/- 2,536
Singapore Dollar	+/- 4.48	+/- 294,776
Taiwan Dollar	+/- 5.94	+/- 742,167
United States Dollar	+/- 6.14	+/- 618,935
<u>2020</u>		
Australian Dollar	+/- 11.18	+/- 3
Chinese Yuan	+/- 5.86	+/- 528,629
Hong Kong Dollar	+/- 5.44	+/- 1,770,965
Singapore Dollar	+/- 4.03	+/- 196,592
Taiwan Dollar	+/- 5.03	+/- 286,910
United States Dollar	+/- 5.46	+/- 1,297,982

##### Credit risk

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

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

## AFFIN HWANG SELECT BALANCED FUND

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

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

##### Credit risk (continued)

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

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.

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

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

	Unquoted fixed income securities RM	Cash and cash equivalents RM	Other assets* RM	<u>Total</u> RM
<u>2021</u>				
Basic materials				
- NR	-	-	37,298	37,298
Consumer discretionary				
- AA1	7,079,913	-		7,079,913
Consumer products & services				
- NR	-	-	459,349	459,349
Consumer staples				
- AA3	5,168,253	-	-	5,168,253
Financial services				
- AAA	5,508,454	11,036,616	101,140	16,646,210
- AA2	4,999,955	-	-	4,999,955
- AA3	6,987,184	-	1,692,245	8,679,429
- A1	5,211,755	-	-	5,211,755
- NR	-	-	6,730,421	6,730,421
Government				
- SOV	20,842,545	-	-	20,842,545
Health Care				
- AA-	5,106,947	-	-	5,106,947
Industrials				
- AA1	5,629,365	-	-	5,629,365
- AA-	3,605,623	-	-	3,605,623
- C	1,872,287	-	-	1,872,287
Real Estate				
- A2	5,243,504	-	-	5,243,504
- NR	9,297,393	-	-	9,297,393

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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)

	<u>Unquoted fixed income securities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u> (continued)				
Technology				
- NR	-	-	80,425	80,425
Telecommunications				
- AA+	5,531,447	-	-	5,531,447
Utilities				
- AAA	12,190,537	-	-	12,190,537
- AA1	3,211,035	-	-	3,211,035
- AA3	7,567,501	-	-	7,567,501
- AA-	4,907,730	-	-	4,907,730
	<u>119,961,428</u>	<u>11,036,616</u>	<u>9,100,878</u>	<u>140,098,922</u>
<u>2020</u>				
Consumer services				
- AAA	9,239,999	-	-	9,239,999
- NR	-	-	231,561	231,561
Financial services				
- AAA	5,597,247	44,540,703	-	50,137,950
- AA3	10,647,943	-	-	10,647,943
- A1	10,436,237	-	-	10,436,237
- A2	5,121,104	-	-	5,121,104
- NR	-	-	237,734	237,734
Healthcare				
- NR	4,959,647	-	-	4,959,647
Industrials				
- AA1	5,827,423	-	-	5,827,423
- AA-	3,626,250	-	-	3,626,250
- A	4,668,840	-	-	4,668,840
Real Estate				
- NR	9,330,209	-	-	9,330,209



## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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)

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
Technology				
- NR	-	-	62,601	62,601
Telecommunications				
- AA+	5,489,047	-	-	5,489,047
Utilities				
- AAA	6,963,176	-	-	6,963,176
- AA1	3,218,175	-	-	3,218,175
- AA3	2,084,263	-	-	2,084,263
- AA-	4,829,430	-	-	4,829,430
	<u>92,038,990</u>	<u>44,540,703</u>	<u>531,896</u>	<u>137,111,589</u>

\* Other assets consist of dividends receivable, 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 payment and cancellations of units by unitholders. Liquid assets comprise cash at bank, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	391,032	-	391,032
Amount due to Trustee	18,248	-	18,248
Amount due to brokers	3,407,457	-	3,407,457
Auditors' remuneration	-	10,500	10,500
Tax agent's fee	-	3,217	3,217
Other payables and accruals	-	32,688	32,688
	<u>3,816,737</u>	<u>46,405</u>	<u>3,863,142</u>
<u>2020</u>			
Amount due to Manager			
- management fee	284,982	-	284,982
Amount due to Trustee	13,299	-	13,299
Amount due to brokers	8,263,689	-	8,263,689
Auditors' remuneration	-	10,500	10,500
Tax agent's fee	-	3,767	3,767
Other payables and accruals	-	23,370	23,370
	<u>8,561,970</u>	<u>37,637</u>	<u>8,599,607</u>

##### Capital risk

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

## AFFIN HWANG SELECT BALANCED FUND

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

#### 3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

## AFFIN HWANG SELECT BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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	171,281,635	-	-	171,281,635
- unquoted fixed income securities	-	119,961,428	-	119,961,428
	<u>171,281,635</u>	<u>119,961,428</u>	<u>-</u>	<u>291,243,063</u>
<u>2020</u>				
Financial assets at fair value through profit or loss:				
- quoted equities	86,336,161	-	-	86,336,161
- unquoted fixed income securities	-	92,038,990	-	92,038,990
	<u>86,336,161</u>	<u>92,038,990</u>	<u>-</u>	<u>178,375,151</u>

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

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

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

## AFFIN HWANG SELECT BALANCED FUND

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

#### 4 MANAGEMENT FEE

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

For the financial year ended 31 March 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 Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 March 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 but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 6 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation	-	-

## AFFIN HWANG SELECT BALANCED FUND

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

#### 6 TAXATION (CONTINUED)

The numerical reconciliation between net profit/(loss) 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/(loss) before taxation	70,375,857	(4,197,002)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	16,890,206	(1,007,280)
Tax effects of:		
Investment income not subject to tax	(18,330,955)	(320,574)
Expenses not deductible for tax purposes	505,243	400,841
Restrictions on tax deductible expenses for Unit Trust Funds	935,506	927,013
Tax expense	-	-

#### 7 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
Distributions to unitholders are from the following sources:		
Previous years' realised income	8,049,979	10,854,040
Dividend income	992,006	600,616
Interest income	1,276,455	422,194
Gross realised income	10,318,440	11,876,850
Less: expenses	-	-
Gross/net distribution amount	10,318,440	11,876,850

## AFFIN HWANG SELECT BALANCED FUND

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

#### 7 DISTRIBUTIONS (CONTINUED)

During the financial year 31 March 2021, distributions were made as follows:

<u>2021</u>	Gross/Net distribution per unit (sen) RM
17.06.2020	1.00
16.12.2020	2.00
	<hr/>
	3.00
	<hr/> <hr/>

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

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

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

Included in distributions for the financial year is an amount of RM8,049,979 (2020: RM10,854,040) made from previous financial years' realised income.

There are no unrealised losses during the financial year (2020: RM10,816,774).

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities – local	80,784,574	28,959,850
- quoted equities – foreign	90,497,061	57,376,311
- unquoted fixed income securities – local	119,961,428	92,038,990
	<hr/>	<hr/>
	291,243,063	178,375,151
	<hr/> <hr/>	<hr/> <hr/>

## AFFIN HWANG SELECT BALANCED FUND

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

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

	<u>2021</u> RM	<u>2020</u> RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	43,547,887	2,810,433
- unrealised gain/(loss) on changes in fair value	25,233,713	(11,295,778)
	<u>68,781,600</u>	<u>(8,485,345)</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 31 March 2021 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products &amp; Services</u>				
Genting Bhd	2,298,000	11,328,877	11,558,940	3.76
Genting Malaysia Bhd	3,492,500	10,122,036	10,687,050	3.48
	<u>5,790,500</u>	<u>21,450,913</u>	<u>22,245,990</u>	<u>7.24</u>
<u>Financial Services</u>				
CIMB Group Holdings Bhd	2,102,700	9,623,790	9,104,691	2.96
Bursa Malaysia Bhd	658,500	6,182,986	5,886,990	1.91
	<u>2,761,200</u>	<u>15,806,776</u>	<u>14,991,681</u>	<u>4.87</u>
<u>Industrial Products &amp; Services</u>				
SKP Resources Bhd	1,414,200	3,467,536	3,111,240	1.01
Press Metal Aluminium Holding Bhd	1,282,300	8,789,541	12,694,770	4.13
	<u>2,696,500</u>	<u>12,257,077</u>	<u>15,806,010</u>	<u>5.14</u>
<u>Technology</u>				
Frontken Corp Bhd	1,376,000	4,684,770	6,880,000	2.24
Greatech Technology Bhd	1,579,900	5,396,807	8,373,470	2.72
	<u>2,955,900</u>	<u>10,081,577</u>	<u>15,253,470</u>	<u>4.96</u>



## AFFIN HWANG SELECT BALANCED FUND

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

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

(a) Quoted equities – local (continued)

(i) Quoted equities – local as at 31 March 2021 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunication &amp; Media</u> Telekom Malaysia Bhd	2,037,100	12,655,712	12,487,423	4.06
Total quoted equities – local	16,241,200	72,252,055	80,784,574	26.27
Accumulated unrealised gain on quoted equities – local		8,532,519		
Total quoted equities – local		80,784,574		

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

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products &amp; Services</u> Genting Malaysia Bhd	2,724,100	8,767,309	5,448,200	2.53
<u>Health Care</u> Supermax Corp Bhd	2,842,700	4,508,648	4,804,163	2.24
<u>Industrial Products &amp; Services</u> Petronas Chemicals Group Bhd	782,200	5,495,045	3,864,068	1.80
Sunway Bhd	4,156,433	6,207,870	6,442,471	3.00
	4,938,633	11,702,915	10,306,539	4.80

## AFFIN HWANG SELECT BALANCED FUND

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

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

(a) Quoted equities – local (continued)

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

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Technology</u>				
Inari Amertron Bhd	4,718,700	8,029,447	5,851,188	2.72
Globetronics Technology	512,300	819,168	829,926	0.39
Pentamaster Corporation Bhd	451,400	1,343,811	1,719,834	0.80
	<u>5,682,400</u>	<u>10,192,426</u>	<u>8,400,948</u>	<u>3.91</u>
Total quoted equities – local	<u>16,187,833</u>	<u>35,171,298</u>	<u>28,959,850</u>	<u>13.48</u>
Accumulated unrealised loss on quoted equities – local		<u>(6,211,448)</u>		
Total quoted equities – local		<u>28,959,850</u>		

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 31 March 2021 are as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>China</u>				
<u>Consumer Discretionary</u>				
China International Travel Service Corp Ld	20,000	2,388,843	3,865,052	1.26
<u>Consumer Staples</u>				
Kweichow Moutai Co Ltd	2,800	3,641,880	3,551,751	1.15

## AFFIN HWANG SELECT BALANCED FUND

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

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2021 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	66,092	7,290,469	7,749,948	2.52
Haier Smart Home Co Ltd	171,600	2,829,311	2,844,493	0.93
JD.com Inc	16,000	2,754,054	2,744,310	0.89
Shenzhou International Group Holdings	38,700	2,052,426	3,323,026	1.08
Wynn Macau Limited	598,400	4,761,442	4,822,482	1.57
Xtep International Holding Ltd	178,000	360,278	430,728	0.14
Yum China Holdings Inc	12,550	2,765,237	3,036,874	0.99
	<u>1,081,342</u>	<u>22,813,217</u>	<u>24,951,861</u>	<u>8.12</u>
<u>Consumer Staples</u>				
China Mengniu Dairy Co Ltd	104,000	2,512,027	2,466,724	0.80
<u>Financial Services</u>				
China Construction Bank Corp	996,000	3,145,721	3,466,568	1.13
Ping An Insurance Group Co China	82,000	3,482,334	4,044,990	1.32
AIA Group Ltd	62,000	2,681,446	3,116,238	1.01
	<u>1,140,000</u>	<u>9,309,501</u>	<u>10,627,796</u>	<u>3.46</u>
<u>Real Estate</u>				
Sun Hung Kai Properties Ltd	57,000	2,938,655	3,578,882	1.16
<u>Technology</u>				
Meituan Dianping	21,300	3,407,198	3,383,164	1.10
Tencent Holdings Ltd	28,300	5,022,292	9,201,179	2.99
	<u>49,600</u>	<u>8,429,490</u>	<u>12,584,343</u>	<u>4.09</u>

## AFFIN HWANG SELECT BALANCED FUND

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

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 31 March 2021 are as follows: (continued)

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Financial Services</u>				
DBS Group Holdings Ltd	39,500	3,377,277	3,505,548	1.14
<u>Technology</u>				
AEM Holdings Ltd	240,000	3,031,664	3,062,871	1.00
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing Company Ltd	146,000	6,418,450	12,452,501	4.05
<u>United States</u>				
<u>Industrials</u>				
Visa Inc	6,913	5,936,211	6,072,658	1.97
<u>Technology</u>				
Baidu Inc	4,192	3,225,700	3,777,074	1.23
Total quoted equities – foreign	2,891,347	74,022,915	90,497,061	29.43
Accumulated unrealised gain on quoted equities – foreign		16,474,146		
Total quoted equities – foreign		90,497,061		

## AFFIN HWANG SELECT BALANCED FUND

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

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

(b) Quoted equities – foreign (continued)

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

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Staples</u>				
China Mengniu Dairy Co Ltd	85,000	1,280,405	1,275,948	0.59
<u>Consumer Discretionary</u>				
Li Ning Company Ltd	320,500	3,822,013	4,034,518	1.88
Shenzhen Intl Group Holdings	73,600	4,038,363	3,378,005	1.57
	394,100	7,860,376	7,412,523	3.45
<u>Financial Services</u>				
AIA Group Ltd	67,400	2,860,723	2,633,557	1.23
China Resources Land Ltd	130,000	2,352,746	2,302,638	1.07
CIFI Holdings Group Co Ltd	808,000	2,639,024	2,520,314	1.17
Longfor Group Holdings Ltd	53,500	1,067,016	1,123,441	0.52
Ping An Insurance Grp Co China	123,000	5,148,084	5,213,687	2.43
	1,181,900	14,067,593	13,793,637	6.42
<u>Industrials</u>				
China Resources Cement Holding	264,000	1,302,545	1,360,194	0.63
<u>Technology</u>				
Meituan Dianping	25,900	1,277,354	1,350,302	0.63
Tencent Holdings Ltd	40,800	7,240,619	8,635,728	4.02
	66,700	8,517,973	9,986,030	4.65

## AFFIN HWANG SELECT BALANCED FUND

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

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

(b) Quoted equities – foreign (continued)

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

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Industrials</u>				
Singapore Tech Engineering Ltd	251,400	2,674,551	2,371,223	1.10
Venture Corp Ltd	26,000	1,302,095	1,066,610	0.50
	<u>277,400</u>	<u>3,976,646</u>	<u>3,437,833</u>	<u>1.60</u>
<u>Taiwan</u>				
<u>Technology</u>				
MediaTek Inc	22,000	1,042,297	1,026,584	0.48
Taiwan Semiconductor Manufacturing Company Ltd	146,000	6,418,450	5,687,737	2.65
	<u>168,000</u>	<u>7,460,747</u>	<u>6,714,321</u>	<u>3.13</u>
<u>United States</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	8,424	4,963,451	7,065,720	3.29
<u>Technology</u>				
Alphabet Inc - Class C	286	1,303,243	1,434,275	0.67
Facebook Inc	4,748	3,679,260	3,418,905	1.59
Microsoft Corporation	2,170	1,501,022	1,476,925	0.69
	<u>7,204</u>	<u>6,483,525</u>	<u>6,330,105</u>	<u>2.95</u>
Total quoted equities – foreign	<u>2,452,728</u>	<u>55,913,261</u>	<u>57,376,311</u>	<u>26.71</u>
Accumulated unrealised gain on quoted equities – foreign		<u>1,463,050</u>		
Total quoted equities – foreign		<u>57,376,311</u>		

## AFFIN HWANG SELECT BALANCED FUND

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

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

(c) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 March 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Bonds</u>				
7.10% BGS Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,226,277	5,447,725	1.77
4.10% Bumitama Agri Ltd 22.07.2024 (AA3)	5,000,000	5,223,695	5,168,253	1.68
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,152,474	5,531,447	1.80
3.42% Danum Capital Bhd 21.02.2035 (AAA)	5,000,000	5,017,681	4,457,153	1.45
4.30% Danum Capital Bhd 13.02.2026 (AAA)	1,000,000	1,030,467	1,051,301	0.34
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,071,715	9,297,393	3.02
5.85% Edra Solar Sdn Bhd 05.01.2026 (AA3)	5,000,000	5,590,282	5,495,118	1.79
4.78% GENM Capital Bhd 31.03.2022 (AA1)	5,000,000	5,000,648	5,045,455	1.64
4.86% Genting Capital Bhd 08.06.2027 (AA1)	2,000,000	2,030,335	2,034,458	0.66
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1 )	5,000,000	5,087,402	5,211,755	1.69
5.73% IJM Land Berhad Call: 19.03.2027 (A2 )	5,000,000	5,010,203	5,243,504	1.71
2.97% Imtiaz Sukuk II Bhd 07.10.2025 (AA2)	5,000,000	5,080,999	4,999,955	1.63
3.885% MGS 15.08.2029 (SOV)	6,000,000	6,667,833	6,290,097	2.05
3.828% MGS 05.07.2034 (SOV)	5,000,000	5,375,300	5,005,471	1.63
4.13% GII 09.07.2029 (SOV)	9,000,000	9,956,957	9,546,977	3.11
6.40% MEX II Sdn Bhd 28.04.2034 (C)	5,000,000	5,587,439	1,872,287	0.61
4.00% Pengurusan Air SPV Bhd 30.10.2034 (AAA)	5,000,000	5,083,703	4,838,536	1.57
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,590	1,539,459	0.50
4.47% Sarawak Hidro Sdn Bhd 11.08.2027 (AAA)	5,000,000	5,483,666	5,266,054	1.71
5.04% Southern Power Generation SB 28.04.2028 (AA-)	4,500,000	4,595,044	4,907,730	1.60

## AFFIN HWANG SELECT BALANCED FUND

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

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

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

(i) Unquoted fixed income securities – local as at 31 March 2021 are as follows:  
(continued)

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,018,315	2,072,383	0.67
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,018,257	5,106,947	1.66
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,999,964	2,085,947	0.68
5.90% TRIpIc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,516,513	5,629,365	1.83
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,065,819	3,083,336	1.00
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	512,562	522,287	0.17
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,061,823	3,211,035	1.04
Total unquoted fixed income securities – local	<u>118,500,000</u>	<u>123,965,963</u>	<u>119,961,428</u>	<u>39.01</u>
Accumulated unrealised loss on unquoted fixed income securities – local		<u>(4,004,535)</u>		
Total unquoted fixed income securities – local		<u>119,961,428</u>		

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

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
7.10% BGSM Management Sdn Bhd 28.12.2022 (AA3)	5,000,000	5,297,416	5,503,052	2.56
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	5,000,000	5,158,652	5,489,047	2.56
5.80% CIMB Group Holdings Bhd Call: 25.05.2021 (A1)	5,000,000	5,153,683	5,216,449	2.43



## AFFIN HWANG SELECT BALANCED FUND

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

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

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

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

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u>				
6.35% CIMB Group Holdings Bhd Call: 03.04.2020 (AA3)	3,500,000	3,624,118	3,608,336	1.68
3.42% Danum Capital Bhd 21.02.2035 (AAA)	5,000,000	5,018,616	4,558,490	2.12
4.30% Danum Capital Bhd 13.02.2026 (AAA)	1,000,000	1,035,331	1,038,757	0.48
6.50% Eco World Capital Assets Bhd 12.08.2022 (NR)	9,000,000	9,075,198	9,330,209	4.34
4.78% GENM Capital Bhd 31.03.2022 (AAA)	5,000,000	5,000,648	5,113,505	2.38
4.86% Genting Capital Bhd 08.06.2027 (AAA)	2,000,000	2,030,351	2,101,838	0.98
5.23% Hong Leong Financial Group Bhd Call: 30.11.2022 (A1)	5,000,000	5,088,838	5,219,788	2.43
5.73% IJM Land Call: 19.03.2027 (A2)	5,000,000	5,010,198	5,121,104	2.38
6.40% MEX II Sdn Bhd 28.04.2034 (A)	5,000,000	5,612,516	4,668,840	2.17
4.80% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	2,000,000	2,022,346	2,024,656	0.94
4.00% Pengurusan Air SPV Bhd 30.10.2034 (AAA)	5,000,000	5,084,252	4,899,384	2.28
4.82% RHB Bank Bhd Call: 27.09.2022 (AA3)	1,500,000	1,500,987	1,536,555	0.72
5.04% Southern Power Generation SB 28.04.2028 (AA-)	4,500,000	4,595,062	4,829,430	2.25
5.25% Tanjung Bin Energy Issuer Bhd 15.09.2022 (AA3)	2,000,000	2,027,247	2,084,263	0.97
3.95% TG Excellence Bhd Call: 27.02.2025 (AA-)	5,000,000	5,018,251	4,959,647	2.31
4.055% TNB Northern Energy Bhd 29.11.2023 (AAA)	2,000,000	1,991,069	2,063,792	0.96
5.90% TRIplc Medical Sdn Bhd 23.10.2035 (AA1)	5,000,000	5,534,846	5,827,423	2.71
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	3,000,000	3,067,632	3,103,993	1.45

## AFFIN HWANG SELECT BALANCED FUND

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

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

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

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

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Bonds</u> (continued)				
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	513,078	522,257	0.24
5.05% YTL Power International Bhd 03.05.2027 (AA1)	3,000,000	3,061,840	3,218,175	1.50
Total unquoted fixed income securities – local	<u>89,000,000</u>	<u>91,522,175</u>	<u>92,038,990</u>	<u>42.84</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>516,815</u>		
Total unquoted fixed income securities – local		<u>92,038,990</u>		

#### 9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	2,266,246	33,921,964
Deposit with a licensed financial institution	8,770,370	10,618,739
	<u>11,036,616</u>	<u>44,540,703</u>

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

	<u>2021</u> %	<u>2020</u> %
Deposit with a licensed financial institution	<u>1.75</u>	<u>2.55</u>

Deposit with a licensed financial institution of the Fund have an average maturity of 1 day (2020: 1 day).

## AFFIN HWANG SELECT BALANCED FUND

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

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial year	355,119,000	410,598,000
Creation of units arising from	89,820,000	34,041,000
Creation of units arising from distributions	13,917,768	18,164,906
Cancellation of units	(63,434,768)	(107,684,906)
At the end of the financial year	<u>395,422,000</u>	<u>355,119,000</u>

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS

(i) Details of transactions with the top 10 brokers/dealers for the financial year ended 31 March 2021 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	139,301,170	21.23	338,521	24.20
Macquarie Bank Ltd Hong Kong	30,764,841	4.69	60,868	4.35
China International Capital Corporation HK Securities	27,577,459	4.20	56,779	4.06
CIMB Investment Bnk Bhd	26,971,064	4.11	66,894	4.78
RHB Investment Bank Bhd	25,165,212	3.84	40,773	2.91
Kenanga Investment Bank Bhd	24,499,948	3.73	61,250	4.38
CMB International Securities Ltd	23,538,298	3.59	91,144	6.52
CLSA Ltd	21,912,120	3.34	53,838	3.85
Public Investment Bank Bhd	21,785,079	3.32	54,463	3.89
DBS Securities (S) Pte Ltd	21,695,178	3.31	54,238	3.88
Others	292,834,423	44.64	520,007	37.18
	<u>656,044,792</u>	<u>100.00</u>	<u>1,398,775</u>	<u>100.00</u>

## AFFIN HWANG SELECT BALANCED FUND

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

#### 11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

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

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

#Included in transactions with brokers and dealers are trades conducted with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting RM139,301,170 (2020: RM96,515,625). The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

#### 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>Relationship</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 associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager

## AFFIN HWANG SELECT BALANCED FUND

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

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

The units held by the Manager as at the end of the financial year are as follows:

	<u>2021</u>		<u>2020</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The unit are held legally for booking purpose)	462,115	359,387	15,161	9,172
<u>Party related to the Manager:</u>				
AXA Affin Life Insurance Bhd (The units are held beneficially)	77,872,729	60,561,621	55,697,130	33,696,764

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

	<u>2021</u>	<u>2020</u>
	%	%
MER	1.61	1.60

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 fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses, excluding sales and service tax on transaction costs and withholding tax
- F = Average net asset value of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM259,031,475 (2020: RM257,437,483).

## AFFIN HWANG SELECT BALANCED FUND

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

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

	<u>2021</u>	<u>2020</u>
PTR (times)	1.19	1.17

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 = RM352,895,928 (2020: RM271,633,526)  
total disposal for the financial year = RM265,118,524 (2020: RM329,259,057)

#### 15 NET ASSET VALUE OF THE FUND

The differences between the audited Net Asset Value (“NAV”) of the Fund and the published NAV are due to different valuation methodologies.

#### 16 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 BALANCED FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 43 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

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

Kuala Lumpur  
17 May 2021

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

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

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 43.

### 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 BALANCED FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Information other than the financial statements and auditors' report thereon

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

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

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

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

#### Responsibilities of the Manager for the financial statements

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

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

#### Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
17 May 2021

## **DIRECTORY OF SALES OFFICE**

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