

Affin Hwang

Select Dividend Fund

Interim Report
31 March 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
CIMB Islamic Trustee Berhad (167913-M)

AFFIN HWANG SELECT DIVIDEND FUND

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 March 2021

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FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY SIZE RM CLASS AS AT 31 MARCH 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	712	1,970
5,001 to 10,000	713	5,399
10,001 to 50,000	1,721	40,506
50,001 to 500,000	593	64,643
500,001 and above	33	305,142
Total	3,772	417,660

* 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			
Quoted equities – local			
- Construction	-	1.84	2.47
- Consumer products & services	7.55	3.17	10.96
- Financial services	14.87	15.79	26.09
- Healthcare	-	-	1.42
- Industrial products & services	12.18	6.05	6.34
- Plantation	3.20	0.96	0.41
- Preference shares	1.64	1.56	1.24
- Properties	1.89	1.50	2.00
- REITs	3.84	4.93	6.72
- Technology	8.36	2.16	1.41
- Telecommunications & media	12.79	5.49	2.06
- Transportation & logistics	-	-	1.92
- Utilities	-	4.87	5.23
Total quoted equities – local	66.32	48.32	68.27
Quoted equities – foreign			
- Consumer Discretionary	4.25	-	-
- Consumer Staples	0.97	-	-
- Consumer products	-	0.50	0.29
- Consumer services	-	5.03	0.83
- Financials	6.19	9.67	20.15
- Industrials	1.18	-	3.52
- Preference share	3.04	3.12	-
- Real Estate	1.05	-	-
- Technology	10.57	8.08	1.42
Total quoted equities – foreign	27.25	26.40	26.21
Cash & cash equivalent	6.43	25.28	5.52
Total	100.00	100.00	100.00
Total NAV (RM'million)	323.450	322.364	491.965
NAV per Unit (RM)	0.7739	0.5579	0.6546
Unit in Circulation (million)	417.962	577.799	751.588
Highest NAV	0.7900	0.6661	0.6724
Lowest NAV	0.6875	0.5223	0.6191
Return of the Fund (%) ⁱⁱⁱ	14.84	-12.29	-0.94
- Capital Growth (%) ⁱ	12.58	-13.60	-2.49
- Income Distribution (%) ⁱⁱ	1.02	1.52	1.59
Gross Distribution per Unit (sen)	1.50	1.00	1.00
Net Distribution per Unit (sen)	1.50	1.00	1.00
Management Expense Ratio (%) ¹	0.80	0.82	0.80
Portfolio Turnover Ratio (times) ²	0.63	0.75	0.53

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

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

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

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

An illustration of the above would be as follow:-

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

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
15 Dec 2020	16 Dec 2020	0.7582	0.0150	0.7492

No unit split were declared for the financial period ended 31 March 2021.

Performance Review

For the period 1 October 2020 to 31 March 2021, the Fund registered a 14.84% return compared to the benchmark return of 11.15%. The Fund thus outperformed the Benchmark by 3.69%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2021 was RM0.7739 while the NAV as at 30 September 2020 was RM0.6874. During the period under review, the Fund has declared a gross income distribution of RM0.0150 per unit.

Since commencement, the Fund has registered a return of 140.28% compared to the benchmark return of 21.00%, outperforming by 119.28%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	6 Months (1/10/20 - 31/3/21)	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 (18/4/11 - 31/3/21)
Fund	14.84%	42.59%	20.75%	51.19%	140.28%
Benchmark	11.15%	24.74%	(6.93%)	6.62%	21.00%
Outperformance	3.69%	17.85%	27.68%	44.57%	119.28%

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 (18/4/11 - 31/3/21)
Fund	42.59%	6.48%	8.61%	9.20%
Benchmark	24.74%	(2.36%)	1.29%	1.93%
Outperformance	17.85%	8.84%	7.32%	7.27%

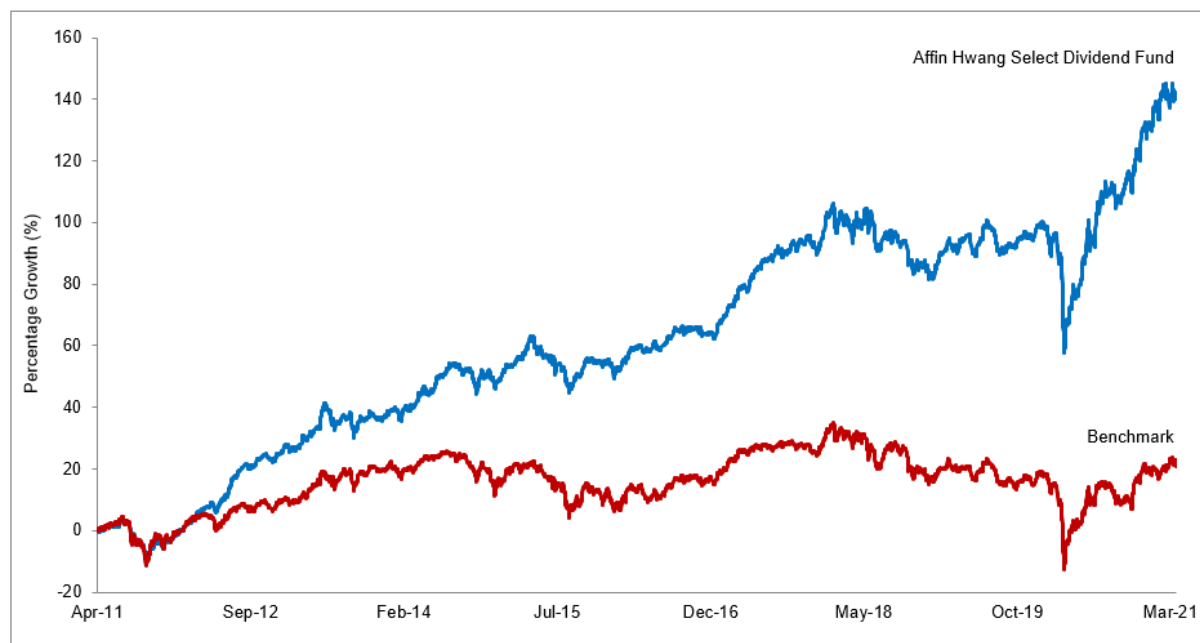
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (1/10/19 - 30/9/20)	FYE 2019 (1/10/18 - 30/9/19)	FYE 2018 (1/10/17 - 30/9/18)	FYE 2017 (1/10/16 - 30/9/17)	FYE 2016 (1/10/15 - 30/9/16)
Fund	8.91%	(0.80%)	1.59%	15.75%	9.80%
Benchmark	(5.53%)	(9.05%)	0.16%	8.71%	7.25%
Outperformance	14.44%	8.25%	1.43%	7.04%	2.55%

Source of Benchmark: Bloomberg

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



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

Benchmark: 70% FTSE Bursa Malaysia Top 100 Index + 30% MSCI AC Asia Pacific ex Japan High Dividend Yield Index

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

Asset Allocation

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

As at 31 March 2021, the asset allocation of the Fund stood at 93.57% in equities, while the balanced was held in cash and cash equivalent. Compared to last year's equity exposure of 74.72%, the Fund's exposure into equities was significantly increased, by almost 20 percentage points. The increase in investment levels comes from redeployment of cash mainly within the domestic space, where the exposure was increased about 20 percentage points, mainly from across the board, specifically on the consumer, industrials and telecommunication sector. The invested level was relatively unchanged within the foreign space.

Strategies Employed

After the extreme volatility in markets, the Manager redeployed the cash holdings cautiously with a focus on quality and increased the Fund's invested levels through exposures across the board. 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 DIVIDEND FUND

We, **CIMB Islamic Trustee Berhad** being the Trustee of **Affin Hwang Select Dividend Fund (the "Fund")**, are of the opinion that **Affin Hwang Asset Management Berhad ("the Manager")**, acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the 6 months financial period ended 31 March 2021.

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

For and on behalf of
CIMB Islamic Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur, Malaysia
17 May 2021

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

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AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

	<u>Note</u>	6 months financial period ended <u>31.3.2021</u> RM	6 months financial period ended <u>31.3.2020</u> RM
INVESTMENT INCOME/(LOSS)/			
Dividend income		4,522,568	6,685,582
Interest income from financial assets at amortised cost		67,450	143,006
Net gain on foreign currency exchange		62,922	708,941
Net loss on forward foreign currency contracts at fair value through profit or loss		-	(323,601)
Net gain/(loss) on financial assets at fair value through profit or loss	8	44,043,168	(50,374,089)
Other income		-	27,302
		<u>48,696,108</u>	<u>(43,132,859)</u>
EXPENSES			
Management fee	4	(2,408,320)	(3,273,548)
Trustee fee	5	(128,444)	(175,623)
Auditors' remuneration		(4,481)	(3,755)
Tax agent's fee		(1,743)	(33,270)
Transaction cost		(1,137,635)	(1,673,282)
Other expenses		(224,106)	(212,507)
		<u>(3,904,729)</u>	<u>(5,371,985)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		44,791,379	(48,504,844)
Taxation	7	(213,782)	(17,380)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>44,577,597</u>	<u>(48,522,224)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		(1,189,894)	(5,102,122)
Unrealised amount		45,767,491	(43,420,102)
		<u>44,577,597</u>	<u>(48,522,224)</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	9	12,866,773	83,176,566
Amount due from brokers		4,714,221	173,485
Amount due from Manager			
- creation of units		2,298,326	-
Dividends receivable		1,363,498	1,984,024
Financial assets at fair value through profit or loss	8	302,651,665	240,874,385
Tax recoverable		2,966	2,966
TOTAL ASSETS		<u>323,897,449</u>	<u>326,211,426</u>
LIABILITIES			
Amount due to brokers		-	2,567,414
Amount due to Manager			
- management fee		412,463	440,950
- cancellation of units		-	803,648
Amount due to Trustee		21,998	23,517
Auditors' remuneration		4,481	3,755
Tax agent's fee		5,243	5,252
Other payables and accruals		2,849	2,503
TOTAL LIABILITIES		<u>447,034</u>	<u>3,847,039</u>
NET ASSET VALUE OF THE FUND		<u>323,450,415</u>	<u>322,364,387</u>
EQUITY			
Unitholders' capital		247,887,405	357,265,535
Retained earnings/(Accumulated losses)		75,563,010	(34,901,148)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>323,450,415</u>	<u>322,364,387</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>417,962,000</u>	<u>577,799,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.7739</u>	<u>0.5579</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

	Unitholders' <u>capital</u> RM	Retained earnings/ (Accumulated <u>losses</u>) RM	<u>Total</u> RM
Balance as at 1 October 2020	281,173,197	37,394,913	318,568,110
Total comprehensive income for the financial period	-	44,577,597	44,577,597
Distribution (Note 6)	-	(6,409,500)	(6,409,500)
Movement in unitholders' capital:			
Creation of units arising from application	13,737,148	-	13,737,148
Creation of units arising from distribution	6,333,757	-	6,333,757
Cancellation of units	(53,356,697)	-	(53,356,697)
Balance as at 31 March 2021	<u>247,887,405</u>	<u>75,563,010</u>	<u>323,450,415</u>
Balance as at 1 October 2019	449,585,351	20,593,646	470,178,997
Total comprehensive loss for the financial period	-	(48,522,224)	(48,522,224)
Distribution (Note 6)	-	(6,972,570)	(6,972,570)
Movement in unitholders' capital:			
Creation of units arising from application	9,097,248	-	9,097,248
Creation of units arising from distribution	6,892,800	-	6,892,800
Cancellation of units	(108,309,864)	-	(108,309,864)
Balance as at 31 March 2020	<u>357,265,535</u>	<u>(34,901,148)</u>	<u>322,364,387</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

	6 months financial period ended <u>31.3.2021</u> RM	6 months financial period ended <u>31.3.2020</u> RM
	<u>Note</u>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	217,867,446	400,406,516
Purchase of investments	(187,305,447)	(248,972,734)
Dividend received	3,935,996	7,096,842
Interest received	67,450	143,006
Other income received	-	27,302
Management fee paid	(2,391,217)	(3,412,662)
Trustee's fee paid	(127,532)	(183,043)
Payment for other fees and expenses	(232,835)	(298,909)
Realised loss on forward foreign currency contracts	-	(323,601)
Net realised (loss)/gain foreign currency exchange	(1,404,306)	2,692,496
Tax paid	(213,782)	(17,380)
	<hr/>	<hr/>
Net cash generated from operating activities	30,195,773	157,157,833
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	11,438,822	9,176,608
Payments for cancellation of units	(55,173,495)	(108,183,581)
Payment for distribution	(75,743)	(79,770)
	<hr/>	<hr/>
Net cash used in financing activities	(43,810,416)	(99,086,743)
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(13,614,643)	58,071,090
EFFECTS OF FOREIGN CURRENCY EXCHANGE	304,411	176,765
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<hr/>	<hr/>
	26,177,005	24,928,711
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	83,176,566
	<hr/>	<hr/>

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

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

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

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

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 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 gains and losses on sale of investments

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

C TRANSACTION COSTS

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

D TAXATION

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

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

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

E 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 DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATION

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

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 receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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

(iii) Impairment

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

The debtor meets 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 period.

I CASH AND CASH EQUIVALENTS

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

J AMOUNTS DUE FROM/(TO) BROKERS

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

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

K DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

L UNIT HOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net 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 period if unitholder exercises the right to put the unit back to the Fund.

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

AFFIN HWANG SELECT DIVIDEND FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

M CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

N REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021

1 INFORMATION ON THE FUND

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

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

The Fund may invest in any of the following investments:

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

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	12,866,773	-	12,866,773
Amount due from brokers		4,714,221	-	4,714,221
Amount due from Manager - creation of units		2,298,326	-	2,298,326
Dividends receivable		1,363,498	-	1,363,498
Quoted equities	8	-	302,651,665	302,651,665
Total		<u>21,242,818</u>	<u>302,651,665</u>	<u>323,894,483</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		412,463	-	412,463
Amount due to Trustee		21,998	-	21,998
Auditors' remuneration		4,481	-	4,481
Tax agent's fee		5,243	-	5,243
Other payables and accruals		2,849	-	2,849
		<u>447,034</u>	<u>-</u>	<u>447,034</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	83,176,566	-	83,176,566
Amount due from brokers		173,485	-	173,485
Dividends receivable		1,984,024	-	1,984,024
Quoted equities	8	-	240,874,385	240,874,385
Total		<u>85,334,075</u>	<u>240,874,385</u>	<u>326,208,460</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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		2,567,414	-	2,567,414
Amount due to Manager				
- management fee		440,950	-	440,950
- cancellation of units		803,648	-	803,648
Amount due to Trustee		23,517	-	23,517
Auditors' remuneration		3,755	-	3,755
Tax agent's fee		5,252	-	5,252
Other payables and accruals		2,503	-	2,503
		<u>3,847,039</u>	<u>-</u>	<u>3,847,039</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2021</u> RM	<u>2020</u> RM
Quoted investments		
Quoted equities	<u>302,651,665</u>	<u>240,874,385</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

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

Market risk (continued)

(b) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (2020: 10%) and decreased by 10% (2020: 10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2021</u>		
-10%	272,386,498	(30,265,167)
0%	302,651,665	-
+10%	<u>332,916,832</u>	<u>30,265,167</u>
<u>2020</u>		
-10%	216,786,946	(24,087,439)
0%	240,874,385	-
+10%	<u>264,961,824</u>	<u>24,087,439</u>

(b) Interest rate risk

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 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>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Australian Dollar	-	2,772	-	2,772
Chinese Yuan	-	209	-	209
Hong Kong Dollar	46,260,482	10,317	3,037,251	49,308,050
Indian Rupee	3,732,938	26,133	-	3,759,071
Korean Won	16,078,859	-	315,147	16,394,006
Singapore Dollar	3,406,273	62,298	-	3,468,571
Taiwan Dollar	18,653,033	-	33,862	18,686,895
United States Dollar	-	8,429,363	-	8,429,363
	<u>88,131,585</u>	<u>8,531,092</u>	<u>3,386,260</u>	<u>100,048,937</u>
<u>2020</u>				
<u>Financial assets</u>				
Australian Dollar	-	2,325	-	2,325
Chinese Yuan	-	202	-	202
Hong Kong Dollar	51,008,450	1,606,806	-	52,615,256
Indian Rupee	-	34,672	-	34,672
Korean Won	10,069,515	-	132,016	10,201,531
Singapore Dollar	17,054,240	7,002,708	-	24,056,948
Taiwan Dollar	6,973,321	-	25,647	6,998,968
United States Dollar	-	25,429,991	-	25,429,991
	<u>85,105,526</u>	<u>34,076,704</u>	<u>157,663</u>	<u>119,339,893</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 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 by 10% (2020: 10%), with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 10% (2020: 10%). 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	+-10	+/- 277
Chinese Yuan	+-10	+/- 21
Hong Kong Dollar	+-10	+/- 4,930,805
Indian Rupee	+-10	+/- 375,907
Korean Won	+-10	+/- 1,639,401
Singapore Dollar	+-10	+/- 346,857
Taiwan Dollar	+-10	+/- 1,868,690
United States Dollar	+-10	+/- 842,936
<u>2020</u>		
Australian Dollar	+/-10	+/- 233
Chinese Yuan	+/-10	+/- 20
Hong Kong Dollar	+/-10	+/- 5,261,526
Indian Rupee	+/-10	+/- 3,467
Korean Won	+/-10	+/- 1,020,153
Singapore Dollar	+/-10	+/- 2,405,695
Taiwan Dollar	+/-10	+/- 699,897
United States Dollar	+/-10	+/- 2,542,999

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

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

Credit risk

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

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

The settlement terms of 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

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>			
Consumer Products & Services			
- NR	-	513,884	513,884
Financial Services			
- AAA	12,866,773	-	12,866,773
- NR	-	1,783,281	1,783,281
Industrial Products & Services			
- NR	-	17,748	17,748
Others			
- NR	-	2,298,326	2,298,326
Preference Shares			
- NR	-	240,369	240,369
Technology			
- NR	-	235,429	235,429
Telecommunications & Media			
- NR	-	249,757	249,757
Telecommunications			
- NR	-	3,037,251	3,037,251
	<u>12,866,773</u>	<u>8,376,045</u>	<u>21,242,818</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>			
Financial Services			
- AAA	83,176,566	-	83,176,566
- NR	-	408,608	408,608
Industrial Products & Services			
- NR	-	179,910	179,910
Preference Shares			
- NR	-	346,890	346,890
Technology			
- NR	-	84,328	84,328
Utilities			
- NR	-	893,340	893,340
Telecommunications & Media			
- NR	-	244,433	244,433
	<u>83,176,566</u>	<u>2,157,509</u>	<u>85,334,075</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	412,463	-	412,463
Amount due to Trustee	21,998	-	21,998
Auditors' remuneration	-	4,481	4,481
Tax agent's fee	-	5,243	5,243
Other payables and accruals	-	2,849	2,849
	<u>434,461</u>	<u>12,573</u>	<u>447,034</u>
<u>2020</u>			
Amount due to brokers	2,567,414	-	2,567,414
Amount due to Manager			
- management fee	440,950	-	440,950
- cancellation of units	803,648	-	803,648
Amount due to Trustee	23,517	-	23,517
Auditors' remuneration	-	3,755	3,755
Tax agent's fee	-	5,252	5,252
Other payables and accruals	-	2,503	2,503
	<u>3,835,529</u>	<u>11,510</u>	<u>3,847,039</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

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

Capital risk

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

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>302,651,665</u>	<u>-</u>	<u>-</u>	<u>302,651,665</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>240,874,385</u>	<u>-</u>	<u>-</u>	<u>240,874,385</u>

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

- (ii) The carrying values of cash and cash equivalents, 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 DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

4 MANAGEMENT FEE

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

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

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

5 TRUSTEE FEE

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

For the 6 months financial period ended 31 March 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 0.08%) per annum on the NAV of the Fund, exclusive of foreign custodian fees as stated in Fund's Prospectus.

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

6 DISTRIBUTION

	6 months financial period ended <u>31.3.2021</u> RM	6 months financial period ended <u>31.3.2020</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	6,409,500	6,972,570
Net distribution amount	<u>6,409,500</u>	<u>6,972,570</u>
Gross/Net distribution per unit (sen)	<u>1.50</u>	<u>1.00</u>
Ex-date	<u>16.12.2020</u>	<u>18.12.2019</u>

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

Included in distribution for the financial period is an amount of RM6,409,500 (2020:RM6,972,570) made from previous year's realised income.

The Fund has incurred an unrealised loss of RMnil (2020: RM43,420,102)

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

7 TAXATION

	6 months financial period ended <u>31.3.2021</u> RM	6 months financial period ended <u>31.3.2020</u> RM
Current taxation – foreign	213,782	17,380

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:

	6 months financial period ended <u>31.3.2021</u> RM	6 months financial period ended <u>31.3.2020</u> RM
Net profit/(loss) before taxation	44,791,379	(48,504,844)
Tax at Malaysian statutory rate of 24% (2020: 24%)	10,749,931	(11,641,163)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss not brought to tax	(11,687,066)	10,358,439
Expenses not deductible for tax purposes	357,824	500,170
Restrictions on tax deductible expenses for Unit Trust Funds	579,311	782,554
Foreign income subject to foreign tax rate	213,782	17,380
Tax expense	213,782	17,380

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities - local	214,520,080	155,768,859
- quoted equities - foreign	88,131,585	85,105,526
	<u>302,651,665</u>	<u>240,874,385</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised loss on sale of investments	(1,419,912)	(6,777,222)
- unrealised gain/(loss) on changes in fair value	45,463,080	(43,596,867)
	<u>44,043,168</u>	<u>(50,374,089)</u>

(a) Quoted equities - local

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Consumer Products & Services</u>				
Genting Bhd	2,428,900	11,958,449	12,217,367	3.78
Genting Malaysia Bhd	3,989,400	9,898,489	12,207,564	3.77
	<u>6,418,300</u>	<u>21,856,938</u>	<u>24,424,931</u>	<u>7.55</u>
<u>Financial Services</u>				
Bursa Malaysia Berhad	1,254,200	9,509,841	11,212,548	3.47
CIMB Group Holdings Bhd	2,210,200	10,117,021	9,570,166	2.96
Malayan Banking Bhd	1,931,971	17,078,643	15,938,761	4.93
Public Bank Bhd	2,702,000	11,666,577	11,348,400	3.51
	<u>8,098,371</u>	<u>48,372,082</u>	<u>48,069,875</u>	<u>14.87</u>
<u>Industrial Products & Services</u>				
Press Metal Aluminium Hldg Bhd	1,419,800	10,012,464	14,056,020	4.34
Scientex Bhd	3,421,200	9,690,563	13,684,800	4.23
SKP Resources Bhd	1,610,600	3,949,044	3,543,320	1.10
V.S. Industry Bhd	2,845,600	6,984,922	8,109,960	2.51
	<u>9,297,200</u>	<u>30,636,993</u>	<u>39,394,100</u>	<u>12.18</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	451,600	10,831,241	10,359,704	3.20

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Quoted equities – local (continued)

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Preference Shares</u>				
SP Setia Bhd Group -PA	6,763,800	7,278,782	5,309,583	1.64
<u>Property</u>				
UOA Development Bhd	3,404,100	8,274,713	6,127,380	1.89
<u>REITs</u>				
Axis Real Estate Invt Trust	1,773,964	2,582,437	3,459,230	1.07
IGB REIT	5,147,800	8,885,216	8,957,172	2.77
	<u>6,921,764</u>	<u>11,467,653</u>	<u>12,416,402</u>	<u>3.84</u>
<u>Technology</u>				
Frontken Corp Bhd	2,189,700	7,998,368	10,948,500	3.38
Greatech Technology Bhd	1,777,000	7,132,731	9,418,100	2.91
Inari Amertron Bhd	2,045,200	3,550,199	6,687,804	2.07
	<u>6,011,900</u>	<u>18,681,298</u>	<u>27,054,404</u>	<u>8.36</u>
<u>Telecommunications & Media</u>				
Telekom Malaysia Bhd	3,330,100	20,753,366	20,413,513	6.31
TIME dotCom Berhad	1,467,100	14,926,821	20,950,188	6.48
	<u>4,797,200</u>	<u>35,680,187</u>	<u>41,363,701</u>	<u>12.79</u>
Total quoted equities – local	<u>52,164,235</u>	<u>193,079,887</u>	<u>214,520,080</u>	<u>66.32</u>
Accumulated unrealised gain on quoted equities – local		<u>21,440,193</u>		
Total quoted equities – local		<u>214,520,080</u>		

AFFIN HWANG SELECT DIVIDEND FUND

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Gamuda Bhd	592,000	1,664,542	1,675,360	0.52
IJM Corporation Bhd	2,690,200	6,075,558	4,250,516	1.32
	<u>3,282,200</u>	<u>7,740,100</u>	<u>5,925,876</u>	<u>1.84</u>
<u>Consumer Products & Services</u>				
Esthetics Intl Group Bhd	3,112,900	2,805,012	1,431,934	0.44
Heineken Malaysia Bhd	237,600	5,189,260	5,198,688	1.61
Hong Leong Industries Bhd	488,900	4,840,276	3,622,749	1.12
	<u>3,839,400</u>	<u>12,834,548</u>	<u>10,253,371</u>	<u>3.17</u>
<u>Financial Services</u>				
Aeon Credit Service M Bhd	590,097	7,787,512	4,956,815	1.54
Allianz Malaysia Berhad	541,400	3,815,969	6,756,672	2.10
Bursa Malaysia Berhad	1,327,600	8,719,393	6,691,104	2.07
CIMB Group Holdings Bhd	2,135,360	12,056,706	7,644,589	2.37
Hong Leong Bank Bhd	471,000	7,544,778	6,339,660	1.97
Hong Leong Financial Group Bhd	303,000	5,575,200	4,145,040	1.28
Malayan Banking Bhd	1,432,798	13,248,699	10,674,345	3.31
Public Bank Bhd	36,000	472,835	570,960	0.18
RHB Bank Bhd	666,000	3,580,044	3,116,880	0.97
	<u>7,503,255</u>	<u>62,801,136</u>	<u>50,896,065</u>	<u>15.79</u>
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	1,474,700	12,142,778	7,285,018	2.26
Scientex Bhd	808,700	6,726,132	6,024,815	1.87
Sunway Bhd	3,997,999	5,983,932	6,196,898	1.92
	<u>6,281,399</u>	<u>24,852,842</u>	<u>19,506,731</u>	<u>6.05</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	149,103	3,224,965	3,089,414	0.96
<u>Preference Shares</u>				
SP Setia Bhd Group -PA	6,763,800	7,278,782	5,039,031	1.56

AFFIN HWANG SELECT DIVIDEND FUND

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Property</u>				
UOA Development Bhd	3,110,000	7,839,444	4,820,500	1.50
<u>REITs</u>				
Axis Real Estate Invst Trust	1,763,645	2,563,037	3,209,834	1.00
Sunway REIT	5,113,000	8,940,292	8,078,540	2.51
YTL Hospitality REIT	5,014,300	5,494,077	4,588,085	1.42
	<u>11,890,945</u>	<u>16,997,406</u>	<u>15,876,459</u>	<u>4.93</u>
<u>Technology</u>				
Inari Amertron Bhd	3,969,000	7,208,744	4,921,560	1.53
JHM Consolidation Bhd	2,876,100	4,567,011	2,042,031	0.63
	<u>6,845,100</u>	<u>11,775,755</u>	<u>6,963,591</u>	<u>2.16</u>
<u>Telecommunications & Media</u>				
Axiata Group Bhd	1,460,313	6,056,764	4,775,223	1.48
Digi.Com Berhad	1,438,600	7,135,435	6,257,910	1.94
TIME dotCom Bhd	728,000	6,496,417	6,661,200	2.07
	<u>3,626,913</u>	<u>19,688,616</u>	<u>17,694,333</u>	<u>5.49</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	1,315,200	18,720,315	15,703,488	4.87
Total quoted equities – local	<u>54,607,315</u>	<u>193,753,909</u>	<u>155,768,859</u>	<u>48.32</u>
Accumulated unrealised loss on quoted equities – local		(37,985,050)		
Total quoted equities – local		<u>155,768,859</u>		

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

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

(b) Quoted equities – foreign

(i) Quoted equities - foreign as at 31 March 2021 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG</u>				
<u>Consumer Discretionary</u>				
Alibaba Group Holding Ltd	36,600	4,138,431	4,291,716	1.33
Haier Smart Home Co Ltd	365,800	6,830,773	6,063,610	1.88
Sands China Ltd	162,800	3,403,117	3,366,769	1.04
	<u>565,200</u>	<u>14,372,321</u>	<u>13,722,095</u>	<u>4.25</u>
<u>Consumer Staples</u>				
China Mengniu Dairy Co Ltd	132,000	3,187,018	3,130,842	0.97
<u>Financials</u>				
AIA Group Ltd	193,600	8,723,151	9,730,704	3.01
BOC Hong Kong Holdings Ltd	248,500	3,653,466	3,596,031	1.11
Ping An Insurance Grp Co China	60,500	3,166,350	2,984,413	0.92
	<u>502,600</u>	<u>15,542,967</u>	<u>16,311,148</u>	<u>5.04</u>
<u>Technology</u>				
Baidu Inc	14,850	1,631,524	1,685,906	0.52
HKBN Ltd	728,500	4,137,455	4,387,683	1.36
Tencent Holdings Ltd	21,600	3,815,562	7,022,808	2.17
	<u>764,950</u>	<u>9,584,541</u>	<u>13,096,397</u>	<u>4.05</u>
<u>INDIA</u>				
<u>Financials</u>				
HDFC Bank Ltd	44,060	3,403,926	3,732,938	1.15
<u>KOREA</u>				
<u>Preference Shares</u>				
Samsung Electronics Co Ltd - Pref Shares	36,819	6,312,776	9,836,494	3.04
<u>Technology</u>				
SK Hynix Inc	12,922	4,026,071	6,242,365	1.93

AFFIN HWANG SELECT DIVIDEND FUND

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>SINGAPORE</u>				
<u>Real Estate</u>				
CapitaLand China Trust	812,500	3,360,931	3,406,273	1.05
<u>TAIWAN</u>				
<u>Industrials</u>				
Hon Hai Precision Industry Co	211,000	3,565,375	3,801,629	1.18
<u>TECHNOLOGY</u>				
MediaTek Inc	34,000	3,411,980	4,787,054	1.48
Taiwan Semiconductor Manufac	118,000	4,480,087	10,064,350	3.11
	152,000	7,892,067	14,851,404	4.59
Total quoted equities – foreign	<u>3,234,051</u>	<u>71,247,993</u>	<u>88,131,585</u>	<u>27.25</u>
Accumulated unrealised gain on quoted equities – foreign		<u>16,883,592</u>		
Total quoted equities – foreign		<u>88,131,585</u>		

AFFIN HWANG SELECT DIVIDEND FUND

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG</u>				
<u>Consumer Goods</u>				
Techtronic Industries Co	57,500	2,158,060	1,601,375	0.50
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	93,400	10,324,445	9,541,165	2.96
Meituan Dianping	71,400	3,559,536	3,722,453	1.16
Topsports International Hld	649,000	3,152,561	2,928,093	0.91
	<u>813,800</u>	<u>17,036,542</u>	<u>16,191,711</u>	<u>5.03</u>
<u>Financials</u>				
CIFI Holdings Group Co Ltd	1,152,000	3,333,623	3,593,318	1.12
Ping An Insurance Grp Co China	248,500	12,233,488	10,533,344	3.27
	<u>1,400,500</u>	<u>15,567,111</u>	<u>14,126,662</u>	<u>4.39</u>
<u>Technology</u>				
HKBN Ltd	1,319,000	7,491,151	8,992,520	2.79
Tencent Holdings Ltd	47,700	8,426,031	10,096,182	3.13
	<u>1,366,700</u>	<u>15,917,182</u>	<u>19,088,702</u>	<u>5.92</u>
<u>KOREA</u>				
<u>Preference Shares</u>				
Samsung Electronics Co Ltd - Pref Shares	70,895	10,289,789	10,069,515	3.12
<u>SINGAPORE</u>				
<u>Financials</u>				
Ascendas Real Estate InvTrust	708,600	6,803,715	5,976,651	1.85
CapitaLand Retail China Trust	1,825,100	7,872,865	6,676,126	2.07
Frasers Centrepoint Trust	183,600	1,172,905	1,232,191	0.38
Mapletree North Asia Com Trust	1,302,300	4,353,584	3,169,272	0.98
	<u>4,019,600</u>	<u>20,203,069</u>	<u>17,054,240</u>	<u>5.28</u>

AFFIN HWANG SELECT DIVIDEND FUND

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>TAIWAN</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufac	179,000	6,796,065	6,973,321	2.16
Total quoted equities – foreign	<u>7,907,995</u>	<u>87,967,818</u>	<u>85,105,526</u>	<u>26.40</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(2,862,292)</u>		
Total quoted equities – foreign		<u>85,105,526</u>		

9 CASH AND CASH EQUIVALENTS

	<u>2021 RM</u>	<u>2020 RM</u>
Cash and bank balances	9,042,420	34,400,196
Deposits with licensed financial institutions	3,824,353	48,776,370
	<u>12,866,773</u>	<u>83,176,566</u>

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

	<u>2021 %</u>	<u>2020 %</u>
Deposits with licensed financial institutions	<u>1.75</u>	<u>2.55</u>

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

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 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 period	463,413,000	728,142,000
Creation of units arising from applications	18,439,031	13,987,803
Creation of units arising from distribution	8,542,969	10,472,197
Cancellation of units during the financial period	(72,433,000)	(174,803,000)
At the end of the financial period	<u>417,962,000</u>	<u>577,799,000</u>

11 TRANSACTIONS WITH BROKERS

- (i) Detail of transaction with the top 10 brokers for the 6 months financial period ended 31 March 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	86,043,830	21.20	215,167	23.74
Maybank Inv Bank Bhd	30,629,204	7.55	76,573	8.45
TA Securities Holdings Bhd	20,628,335	5.08	51,606	5.69
Macquarie Securities Limited	19,805,852	4.88	34,028	3.76
CLSA Ltd	17,286,659	4.26	36,463	4.02
Macquarie Capital Sec (M) Sb	17,161,595	4.23	42,904	4.73
Hong Leong Investment Bk Bhd	14,287,552	3.52	35,719	3.94
CICC Hk Securities Ltd	13,066,675	3.22	32,667	3.60
CLSA Indonesia	11,985,979	2.95	8,382	0.93
UOB Kay Hian Securities (M) Sb	11,534,294	2.84	28,836	3.18
Others	163,478,401	40.27	344,122	37.96
	<u>405,908,376</u>	<u>100.00</u>	<u>906,467</u>	<u>100.00</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

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

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

#Included in the transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM86,043,830 (2020: RM91,196,263) The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

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

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

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

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

	<u>2021</u>		<u>2020</u>	
	<u>No. of Units</u>	<u>RM</u>	<u>No. of Unit</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>302,847</u>	<u>234,373</u>	<u>91,189</u>	<u>50,874</u>
<u>Parties related to the Manager:</u>				
Director of Affin Hwang Asset Management Berhad (The units are held beneficially)	<u>-</u>	<u>-</u>	<u>1,540,147</u>	<u>859,248</u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
AXA Affin Life Insurance Berhad (The units are held beneficially)	<u>95,288,004</u>	<u>73,743,386</u>	<u>77,065,763</u>	<u>42,994,989</u>

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

13 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>31.3.2021</u> %	6 months financial period ended <u>31.3.2020</u> %
MER	<u>0.80</u>	<u>0.82</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM322,456,894 (2020: RM439,036,865)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>31.3.2021</u>	6 months financial period ended <u>31.3.2020</u>
PTR (times)	<u>0.63</u>	<u>0.75</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM184,632,079 (2020: RM249,148,985)

total disposal for the financial period = RM222,838,762 (2020: RM410,489,043)

AFFIN HWANG SELECT DIVIDEND FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONTINUED)

15 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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

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

AFFIN HWANG SELECT DIVIDEND FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 37 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2021 and of its financial performance, changes in equity and cash flows for the 6 months financial period ended 31 March 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 May 2021

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