

Affin Hwang

Select Asia Pacific (ex Japan) REITs Fund

Interim Report
31 October 2021

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

FUND INFORMATION

Fund Name	Affin Hwang Select Asia Pacific (ex Japan) REITs Fund
Fund Type	Income & Growth
Fund Category	Fund-of-Funds
Investment Objective	The Fund seeks to provide both income and capital appreciation over the medium to long-term by investing in real estate investment trusts (REITs), in the Asia Pacific (ex Japan)
Benchmark	FTSE EPRA Nareit Asia ex Japan REITs Index
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis. However, the amount available for distribution may fluctuate from time to time

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

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	75	189
5,001 to 10,000	47	326
10,001 to 50,000	182	3,927
50,001 to 500,000	73	10,517
500,001 and above	17	101,205
Total	394	116,164

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Oct 2021 (%)	As at 31 Oct 2020 (%)	As at 31 Oct 2019 (%)
Portfolio composition			
Quoted equities – local			
- REITs	3.08	5.42	4.58
Total quoted equities – local	3.08	5.42	4.58
Quoted equities – foreign			
- Consumer services	-	-	2.95
- Financial services	90.03	91.93	8.11
- Healthcare	-	-	2.27
- REITs	-	-	59.17
- Technology	-	-	4.00
- Telecommunications	-	-	3.22
- Utilities	-	-	6.41
Total quoted equities – foreign	90.03	91.93	86.13
Cash & cash equivalent	6.89	2.65	9.29
Total	100.00	100.00	100.00
Total NAV (RM'million)	54.370	56.796	80.996
NAV per Unit (RM)	0.4680	0.4406	0.5044
Unit in Circulation (million)	116.168	128.902	160.594
Highest NAV	0.4848	0.4850	0.5086
Lowest NAV	0.4493	0.4263	0.4590
Return of the Fund (%) ⁱⁱⁱ	-0.13	-1.10	5.94
- Capital Growth (%) ⁱ	-0.13	-1.10	5.94
- Income Distribution (%) ⁱⁱ	Nil	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil
Management Expense Ratio (%) ¹	0.99	1.07	0.99
Portfolio Turnover Ratio (times) ²	0.35	0.88	0.32

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

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

An illustration of the above would be as follow:-

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

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

²The Fund's PTR was lower than previous period under review due to lesser trading activities during the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distributions or unit splits were declared for the financial period ended 31 October 2021.

Performance Review

For the period 1 May 2021 to 31 October 2021, the Fund has registered a return of -0.13% as compared to the benchmark return of 0.39%. The Fund thus underperformed the benchmark by 0.52%. The Net Asset Value (NAV) per unit of the Fund as at 31 October 2021 was RM0.4680 while the NAV per unit on 30 April 2021 was RM0.4686.

Since commencement, the Fund has outperformed the benchmark by 0.54% with returns of 34.42% compared to the benchmark return of 33.88%. The Fund has converted into a pure REITs fund in March 2020. To date, the new mandate as well as the Fund has met its investment objective, though in the short term the performance was slightly negative.

Table 1: Performance of the Fund

	6 Months (1/5/21 - 31/10/21)	1 Year (1/11/20 - 31/10/21)	3 Years (1/11/18 - 31/10/21)	5 Years (1/11/16 - 31/10/21)	Since Commencement (16/5/07 - 31/10/21)
Fund	(0.13%)	11.00%	11.30%	3.43%	34.42%
Benchmark	0.39%	16.00%	6.39%	1.50%	33.88%
Outperformance	(0.52%)	(5.00%)	4.91%	1.93%	0.54%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/11/20 - 31/10/21)	3 Years (1/11/18 - 31/10/21)	5 Years (1/11/16 - 31/10/21)	Since Commencement (16/5/07 - 31/10/21)
Fund	11.00%	3.63%	0.68%	2.06%
Benchmark	16.00%	2.08%	0.30%	2.04%
Outperformance	(5.00%)	1.55%	0.38%	0.02%

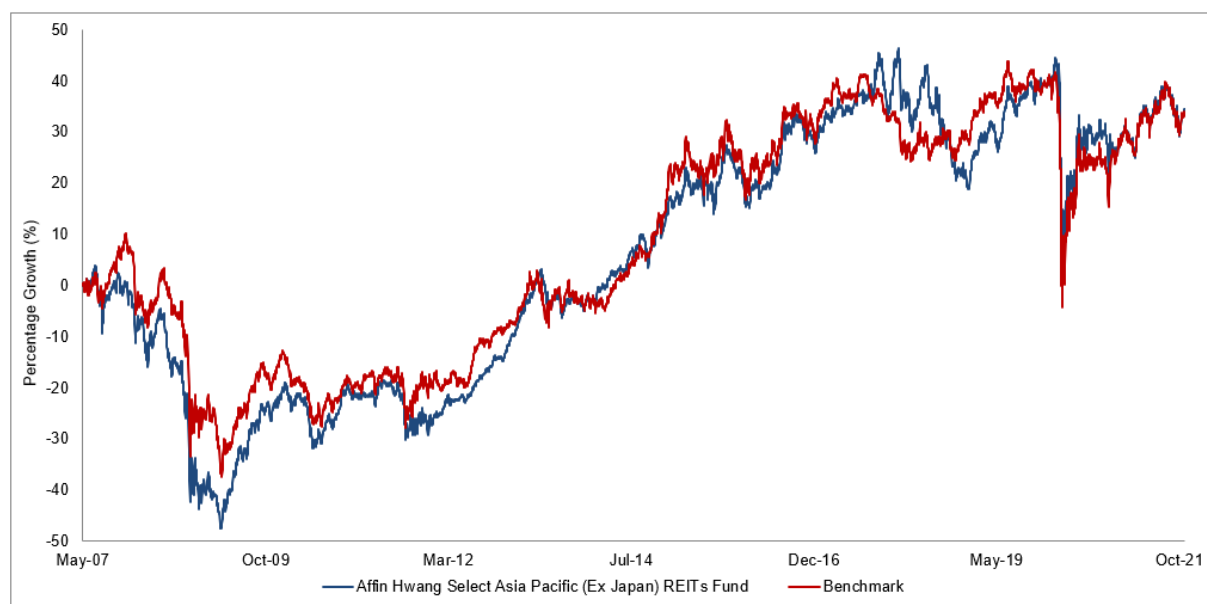
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2021 (1/5/20 - 30/4/21)	FYE 2020 (1/5/19 - 30/4/20)	FYE 2019 (1/5/18 - 30/4/19)	FYE 2018 (1/5/17 - 30/4/18)	FYE 2017 (1/5/16 - 30/4/17)
Fund	9.92%	(6.43%)	(4.13%)	0.95%	13.66%
Benchmark	12.93%	(13.84%)	6.52%	(5.63%)	10.50%
Outperformance	(3.01%)	7.41%	(10.65%)	6.58%	3.16%

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: FTSE EPRA Nareit Asia ex Japan REITs 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 October 2021, the asset allocation of the Fund stood at 90.71% in equities while the balance was held in cash and cash equivalent.

During the period under review, the Fund's exposure in REITs stood at 93.11%, with 90.03% in the foreign market, 3.08% in domestic market while the balance was held in cash and cash equivalent. During the period under review, there are not much changes to the Fund's allocation. Cash and cash equivalent was increased to 6.89%.

Strategies Employed

Over the period under review, the Manager focus on REITs that are less directly impacted from trade tariffs as well as defensive high yields sectors and slowly shifted the allocations towards recovery beneficiaries.

Market Review

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

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite

directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and “stay at home” trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

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

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

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

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

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

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

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

The Malaysian bond market saw an unwinding of “rate cut” bets at the end of January following BNM’s announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields 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, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

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

On the monetary policy side, Bank Negara Malaysia (“BNM”) kept Overnight Policy Rates (“OPR”) at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia’s growth

outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

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

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

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

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

Investment Outlook

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

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

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

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

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

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

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

We have acted as Trustee of Affin Hwang Select Asia Pacific (ex Japan) REITs Fund ("the Fund") for the financial period ended 31 October 2021. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
15 December 2021

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

CONTENTS	PAGE(S)
UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME	1
UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION	2
UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED INTERIM STATEMENT OF CASH FLOWS	4
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5 - 11
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS	11 - 29
STATEMENT BY THE MANAGER	30

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

	Note	6 months financial period ended 31.10.2021 RM	6 months financial period ended 31.10.2020 RM
INVESTMENT INCOME			
Dividend income		1,123,066	1,052,974
Interest income for financial assets at amortised cost		240	1,253
Net (loss)/gain on foreign currency exchange		(2,382)	135,813
Net loss on financial assets at fair value through profit or loss	7	(703,801)	(688,777)
		<u>417,123</u>	<u>501,263</u>
EXPENSES			
Management fee	4	(532,195)	(560,279)
Trustee fee	5	(20,699)	(21,881)
Auditors' remuneration		(3,781)	(3,781)
Tax agent's fee		(1,916)	(36,259)
Transaction cost		(108,974)	(260,317)
Other expenses		127,257	(109,367)
		<u>(540,308)</u>	<u>(991,884)</u>
NET LOSS BEFORE TAXATION		(123,185)	(490,621)
Taxation	6	-	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(123,185)</u>	<u>(490,621)</u>
Net loss after taxation is made up of the following:			
Realised amount		2,543,992	3,643,524
Unrealised amount		(2,667,177)	(4,134,145)
		<u>(123,185)</u>	<u>(490,621)</u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2021

	Note	2021 RM	2020 RM
ASSETS			
Cash and cash equivalents	8	8,083,855	1,690,474
Amount due from brokers		-	65,242
Amount due from Manager			
- creation of units		2,787	-
Dividends receivable		52,709	210,155
Financial assets at fair value through profit or loss	7	50,624,800	55,290,760
TOTAL ASSETS		<u>58,764,151</u>	<u>57,256,631</u>
LIABILITIES			
Amount due to brokers		3,973,314	49,928
Amount due to Manager			
- management fee		84,063	92,720
- cancellation of units		196,649	188,984
Amount due to Trustee		3,269	3,606
Auditors' remuneration		3,881	3,881
Tax agent's fee		111,191	112,100
Other payables and accruals		21,870	9,303
TOTAL LIABILITIES		<u>4,394,237</u>	<u>460,522</u>
NET ASSET VALUE OF THE FUND		<u>54,369,914</u>	<u>56,796,109</u>
EQUITY			
Unitholders' capital		158,458,560	164,504,818
Accumulated losses		(104,088,646)	(107,708,709)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>54,369,914</u>	<u>56,796,109</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>116,168,000</u>	<u>128,902,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4680</u>	<u>0.4406</u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 May 2021	164,182,418	(103,965,461)	60,216,957
Total comprehensive loss for the financial period	-	(123,185)	(123,185)
Movement in unitholders' capital:			
Creation of units arising from applications	745,330	-	745,330
Cancellation of units	(6,469,188)	-	(6,469,188)
Balance as at 31 October 2021	<u>158,458,560</u>	<u>(104,088,646)</u>	<u>54,369,914</u>
Balance as at 1 May 2020	167,570,399	(107,218,088)	60,352,311
Total comprehensive loss for the financial period	-	(490,621)	(490,621)
Movement in unitholders' capital:			
Creation of units arising from applications	2,946,156	-	2,946,156
Cancellation of units	(6,011,737)	-	(6,011,737)
Balance as at 31 October 2020	<u>164,504,818</u>	<u>(107,708,709)</u>	<u>56,796,109</u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

	Note	6 months financial period ended 31.10.2021 RM	6 months financial period ended 31.10.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		24,644,026	58,016,296
Purchase of investments		(13,736,614)	(54,351,291)
Dividends received		1,267,947	1,054,879
Interest received		240	1,253
Management fee paid		(536,849)	(554,743)
Trustee fee paid		(20,880)	(21,614)
Payment for other fees and expenses		18,331	(387,021)
Net realised gain on foreign exchange		346,935	516,700
Net cash flows generated from operating activities		<u>11,983,136</u>	<u>4,274,459</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		742,543	2,983,400
Payments for cancellation of units		(6,283,360)	(5,824,931)
Net cash flows used in financing activities		<u>(5,540,817)</u>	<u>(2,841,531)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,442,319	1,432,928
EFFECTS OF FOREIGN CURRENCY EXCHANGE		5,503	(38,063)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>1,636,033</u>	<u>295,609</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8	<u><u>8,083,855</u></u>	<u><u>1,690,474</u></u>

Cash and cash equivalents as at 31 October 2020 comprise of bank balances.

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note K.

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

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

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

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

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

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

B INCOME RECOGNITION

Dividend income

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

Interest income

Interest income from short-term deposits with licensed financial institutions is recognised based on effective interest rate method on an 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 the 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 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 recognized and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

E FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

F 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

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

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

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

(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 139, 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

Significant increase in credit risk

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

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

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

Write-off

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

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

H CASH AND CASH EQUIVALENTS

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

I AMOUNT DUE FROM/(TO) BROKERS

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

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

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

J 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 year if unitholder exercises the right to put the unit back to the Fund.

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

K 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 content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and 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.

L 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 ASIA PACIFIC (EX JAPAN) REITS FUND

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

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Global Infrastructure Fund (the “Fund”) pursuant to the execution of a Deed dated 15 March 2007 and modified by First Supplemental Deed dated 18 June 2007, Second Supplemental Deed dated 15 October 2008, Third Supplemental Deed dated 18 January 2012, Fourth Supplemental Deed dated 2 May 2012, Fifth Supplemental Deed dated 8 May 2013, Sixth Supplemental Deed dated 27 June 2014, Seventh Supplemental Deed dated 28 April 2017, Eighth Supplemental Deed dated 19 September 2017, Ninth Supplemental Deed dated 5 October 2018 and Tenth Supplemental Deed dated 9 October 2019 (“the Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustees Berhad (the “Trustee”). The Fund has changed its name from HwangDBS Global Infrastructure Fund to Hwang Global Infrastructure Fund dated 18 January 2012, from Hwang Global Infrastructure Fund to Hwang Asia Pacific (Ex-Japan) Infrastructure Fund dated 2 May 2012, from Hwang Asia Pacific (Ex-Japan) Infrastructure Fund to Hwang Asia Pacific (Ex-Japan) REITS and Infrastructure Fund dated 8 May 2013, from Hwang Asia Pacific (Ex-Japan) REITS and Infrastructure Fund to Affin Hwang Select Asia Pacific (Ex-Japan) REITS and Infrastructure Fund dated 27 June 2014 and from Affin Hwang Asia Pacific (Ex-Japan) REITS and Infrastructure Fund to Affin Hwang Select Asia Pacific (Ex-Japan) REITS Fund dated 9 October 2019.

The Fund commenced operations on 16 May 2007 and will continue its operation until terminated by the Manager or Trustee as provided under Clause 12.3 of the Deed.

The Fund may invest in any of the following investments:

- a) Collective investment schemes;
- b) Money market instruments;
- c) Deposits;
- d) Derivatives; and
- e) Any other 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 both income and capital appreciation over the medium to long-term by investing real estate investment trusts (REITs) in the Asia Pacific (ex Japan).

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

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	8,083,855	-	8,083,855
Amount due from Manager				
- creation of units		2,787	-	2,787
Dividends receivable		52,709	-	52,709
Quoted equities	7	-	50,624,800	50,624,800
Total		<u>8,139,351</u>	<u>50,624,800</u>	<u>58,764,151</u>
<u>Financial liabilities</u>				
Amount due to brokers		3,973,314	-	3,973,314
Amount due to Manager				
- management fee		84,063	-	84,063
- cancellation of units		196,649	-	196,649
Amount due to Trustee		3,269	-	3,269
Auditor's remuneration		3,881	-	3,881
Tax agent's fee		111,191	-	111,191
Other payables and accruals		21,870	-	21,870
Total		<u>4,394,237</u>	<u>-</u>	<u>4,394,237</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	8	1,690,474	-	1,690,474
Amount due from brokers		65,242	-	65,242
Dividends receivable		210,155	-	210,155
Quoted equities	7	-	55,290,760	55,290,760
Total		<u>1,965,871</u>	<u>55,290,760</u>	<u>57,256,631</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to brokers		49,928	-	49,928
Amount due to Manager				
- management fee		92,720	-	92,720
- cancellation of units		188,984	-	188,984
Amount due to Trustee		3,606	-	3,606
Auditor's remuneration		3,881	-	3,881
Tax agent's fee		112,100	-	112,100
Other payables and accruals		9,303	-	9,303
Total		<u>460,522</u>	<u>-</u>	<u>460,522</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>50,624,800</u>	<u>55,290,760</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

Market risk (continued)

(a) Price risk (continued)

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

<u>% Change in price</u>	<u>Market value</u> RM	Impact on (loss)/profit after tax/NAV RM
<u>2021</u>		
-10%	45,562,320	(5,062,480)
0%	50,624,800	-
+10%	55,687,280	5,062,480
	<u> </u>	<u> </u>
<u>2020</u>		
-10%	49,761,684	(5,529,076)
0%	55,290,760	-
+10%	60,819,836	5,529,076
	<u> </u>	<u> </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 deposits with a 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 carrying value of the deposits are held on a short-term basis.

(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 a 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

Market risk (continued)

(c) Currency risk (continued)

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividends receivable</u> RM	<u>Total</u> RM	
<u>2021</u>					
<u>Financial assets</u>					
Australian Dollar	791,348	3,276,517	18,250	4,086,115	
Euro	888,494	-	-	888,494	
Hong Kong Dollar	7,107,877	50	-	7,107,927	
Indian Rupee	-	236,417	-	236,417	
Singapore Dollar	36,639,808	3,621,439	34,459	40,295,706	
United States Dollar	3,521,964	2,825	-	3,524,789	
	<u>48,949,491</u>	<u>7,137,248</u>	<u>52,709</u>	<u>56,139,448</u>	
		<u>Amount due to brokers</u> RM	<u>Tax agent's fee payable</u> RM	<u>Total</u> RM	
<u>Financial liabilities</u>					
Singapore Dollar		3,212,111	-	3,212,111	
United States Dollar		761,203	106,026	867,229	
		<u>3,973,314</u>	<u>106,026</u>	<u>4,079,340</u>	
	<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>2020</u>					
<u>Financial assets</u>					
Australian Dollar	1,216,140	138	-	-	1,216,278
Hong Kong Dollar	2,428,967	111	-	-	2,429,078
Singapore Dollar	45,232,609	343,737	15,242	210,155	45,801,743
United States Dollar	3,336,692	1,260,768	-	-	4,597,460
	<u>52,214,408</u>	<u>1,604,754</u>	<u>15,242</u>	<u>210,155</u>	<u>54,044,559</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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):

		Amount due to <u>brokers</u> RM	Tax agent's fee <u>payable</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
United States Dollar	-	-	49,928	106,385
				156,313

The table below summarises the sensitivity of the Fund's (loss)/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 <u>rate</u> %	Impact on (loss)/profit after tax/ <u>NAV</u> RM
<u>2021</u>		
Australian Dollar	+/- 10	+/- 408,612
Euro	+/- 10	+/- 88,849
Hong Kong Dollar	+/- 10	+/- 710,793
Indian Rupee	+/- 10	+/- 23,642
Singapore Dollar	+/- 10	+/- 3,708,360
United States Dollar	+/- 10	+/- 265,756
<u>2020</u>		
Australian Dollar	+/- 10	+/- 121,628
Hong Kong Dollar	+/- 10	+/- 242,908
Singapore Dollar	+/- 10	+/- 4,580,174
United States Dollar	+/- 10	+/- 444,115

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

Credit risk

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

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

Credit risk arising from placements 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 and redemption of units payable to the Manager are governed by the SC's Guidelines on Unit Trust Funds.

The following table sets out the credit risk concentration of the Fund:

	Cash and cash equivalents RM	Amount due from Manager RM	Dividends receivable RM	Total RM
<u>2021</u>				
Financials Services				
- AAA	8,083,855	-	-	8,083,855
REITs				
- NR	-	-	52,709	52,709
Others				
- NR	-	2,787	-	2,787
	<u>8,083,855</u>	<u>2,787</u>	<u>52,709</u>	<u>8,139,351</u>

	Cash and cash equivalents RM	Amount due from brokers RM	Dividends receivable RM	Total RM
<u>2020</u>				
Financials Services				
- AAA	1,690,474	-	-	1,690,474
- A3	-	15,242	-	15,242
- NR	-	-	210,155	210,155
Others				
- A3	-	50,000	-	50,000
	<u>1,690,474</u>	<u>65,242</u>	<u>210,155</u>	<u>1,965,871</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE 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 payment and cancellations of unit 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.

	Within one month RM	Between one month to one year RM	Total RM
<u>2021</u>			
Amount due to brokers	3,973,314	-	3,973,314
Amount due to Manager			
- management fee	84,063	-	84,063
- cancellation of units	196,649	-	196,649
Amount due to Trustee	3,269	-	3,269
Auditors' remuneration	-	3,881	3,881
Tax agent's fee	-	111,191	111,191
Other payables and accruals	-	21,870	21,870
	<u>4,257,295</u>	<u>136,942</u>	<u>4,394,237</u>
<u>2020</u>			
Amount due to brokers	49,928	-	49,928
Amount due to Manager			
- management fee	92,720	-	92,720
- cancellation of units	188,984	-	188,984
Amount due to Trustee	3,606	-	3,606
Auditors' remuneration	-	3,881	3,881
Tax agent's fee	-	112,100	112,100
Other payables and accruals	-	9,303	9,303
	<u>335,238</u>	<u>125,284</u>	<u>460,522</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and net of accumulated losses. 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 shareholders. 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 shareholders 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 defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorized 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 ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 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>50,624,800</u>	<u>-</u>	<u>-</u>	<u>50,624,800</u>
<u>2020</u>				
Financial assets at fair value through profit or loss - quoted equities	<u>55,290,760</u>	<u>-</u>	<u>-</u>	<u>55,290,760</u>

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

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

4 MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 2.50% per annum of the NAV of the Fund, calculated on a daily basis.

For the 6 months financial period ended 31 October 2021, the management fee is recognised at a rate of 1.80% (2020: 1.80%) per annum of 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 1.00% per annum of the NAV of the Fund, exclusive of foreign sub-custodian fee.

For the 6 months financial period ended 31 October 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 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 TAXATIONS

	6 months financial period ended 31.10.2021 RM	6 months financial period ended 31.10.2020 RM
Current taxation	-	-

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

	6 months financial period ended 31.10.2021 RM	6 months financial period ended 31.10.2020 RM
Net loss before taxation	(123,185)	(490,621)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(29,564)	(117,749)
Tax effects of:		
Investment income not subject to tax	(100,110)	(120,302)
Expenses not deductible for tax purposes	(533)	101,216
Restriction on tax deductible expenses for Unit Trust Funds	130,207	136,835
Tax expense	-	-

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities - local	1,675,309	3,076,352
- quoted equities - foreign	48,949,491	52,214,408
	<u>50,624,800</u>	<u>55,290,760</u>
Net loss on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	1,968,879	3,407,305
- unrealised loss on changes in fair value	(2,672,680)	(4,096,082)
	<u>(703,801)</u>	<u>(688,777)</u>

(a) Quoted equities - local

(i) Quoted equities - local as at 31 October 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>REITs</u>				
Axis Real Estate Investment Trust	452,200	872,644	859,180	1.58
IGB Real Estate Investment Trust	488,700	673,431	816,129	1.50
Total quoted equities - local	<u>940,900</u>	<u>1,546,075</u>	<u>1,675,309</u>	<u>3.08</u>
Accumulated unrealised gain on quoted equities - local		129,234		
Total quoted equities - local		<u>1,675,309</u>		

(ii) Quoted equities - local as at 31 October 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>REITs</u>				
IGB Real Estate Investment Trust	1,040,800	1,434,227	1,727,728	3.04
Axis Real Estate Investment Trust	642,202	1,104,377	1,348,624	2.38
Total quoted equities - local	<u>1,683,002</u>	<u>2,538,604</u>	<u>3,076,352</u>	<u>5.42</u>
Accumulated unrealised gain on quoted equities - local		537,748		
Total quoted equities - local		<u>3,076,352</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

(b) Quoted equities - foreign

(i) Quoted equities - foreign as at 31 October 2021 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Australia</u>				
<u>Financials Services</u>				
Centuria Industrial Real Estate Investment Trust	69,685	756,444	791,348	1.45
<u>Hong Kong</u>				
<u>Financials Services</u>				
Champion Real Estate Investment Trust	474,000	1,218,262	1,031,561	1.90
Link Real Estate Investment Trust	165,500	6,076,625	6,076,316	11.18
	639,500	7,294,887	7,107,877	13.08
<u>Singapore</u>				
<u>Financials Services</u>				
Ascendas Real Estate Investment Trust	387,858	3,796,919	3,688,206	6.78
CapitaLand China Trust	147,000	525,993	551,901	1.02
CapitaLand Integrated Comm Trust	811,108	5,551,997	5,366,623	9.87
Cromwell European Real Estate Investment Trust	70,600	905,246	888,494	1.63
ESR-Real Estate Investment Trust	814,962	1,167,655	1,203,823	2.21
Frasers Centrepoint Trust	430,931	2,927,029	3,182,753	5.85
Frasers Logistics & Commercial Trust	902,460	3,857,742	4,221,390	7.76
Keppel DC Real Estate Investment Trust	290,400	2,448,546	2,135,888	3.93
Keppel Real Estate Investment Trust	342,800	1,196,148	1,181,524	2.17
Lendlease Global Commercial Real Estate Investment Trust	649,900	1,756,218	1,750,002	3.22
Mapletree Commercial Trust	163,800	1,001,777	1,093,849	2.01
Mapletree Industrial Trust	561,305	5,297,210	4,750,240	8.74
Mapletree Logistics Trust	494,715	2,901,471	3,075,321	5.66
Mapletree North Asia Commercial Trust	643,101	1,959,221	1,998,870	3.68
Suntec Real Estate Investment Trust	535,600	2,498,025	2,439,418	4.49
	7,246,540	37,791,197	37,528,302	69.02

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

(b) Quoted equities - foreign (continued)

(i) Quoted equities - foreign as at 31 October 2021 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>United States</u>				
<u>Financials Services</u>				
Crown Castle International Corp	4,720	3,295,312	3,521,964	6.48
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total quoted equities - foreign	<u>7,960,445</u>	<u>49,137,840</u>	<u>48,949,491</u>	<u>90.03</u>
Accumulated unrealised loss on quoted equities - foreign		(188,349)		
Total quoted equities - foreign		<u>48,949,491</u>		

(ii) Quoted equities - foreign as at 31 October 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Australia</u>				
<u>Financials Services</u>				
Waypoint REIT Ltd	155,934	1,055,160	1,216,140	2.14
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Hong Kong</u>				
<u>Financials Services</u>				
Link REIT	76,800	2,983,877	2,428,967	4.28
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

(b) Quoted equities - foreign (continued)

(ii) Quoted equities - foreign as at 31 October 2020 are as follows: (continued)

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Singapore</u>				
<u>Financials Services</u>				
Ascendas REIT	779,324	7,746,220	6,828,300	12.02
CapitaLand Integrated Commercial Trust	398,808	2,712,882	2,098,998	3.70
CapitaLand Retail China Trust	534,251	2,244,914	1,901,662	3.35
Fraser's Centrepoint Trust	885,331	6,013,468	5,683,164	10.01
Fraser's Logistics & Commercial Trust	641,260	1,940,420	2,399,613	4.22
Keppel DC REIT	846,900	7,157,632	7,471,919	13.16
Lendlease Global Commercial REIT	905,200	1,965,525	1,679,873	2.96
Mapletree Commercial Trust	434,200	2,662,018	2,272,063	4.00
Mapletree Industrial Trust	689,800	6,569,972	6,379,679	11.23
Mapletree Logistics Trust	925,000	5,446,725	5,459,407	9.61
Mapletree Logistics Trust - Rights	14,915	-	-	-
Mapletree North Asia Commercial Trust	468,100	1,450,446	1,238,967	2.18
Parkway Life REIT	149,100	1,528,385	1,818,964	3.20
	<u>7,672,189</u>	<u>47,438,607</u>	<u>45,232,609</u>	<u>79.64</u>
<u>United States</u>				
<u>Financials Services</u>				
Crown Castle International Corp	5,144	3,519,834	3,336,692	5.87
Total quoted equities - foreign	<u>7,910,067</u>	<u>54,997,478</u>	<u>52,214,408</u>	<u>91.93</u>
Accumulated unrealised loss on quoted equities - foreign		<u>(2,783,070)</u>		
Total quoted equities - foreign		<u>52,214,408</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

8 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	7,163,679	1,690,474
Deposits with a licensed financial institution	920,176	-
	<u>8,083,855</u>	<u>1,690,474</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>-</u>

Deposit with a licensed financial institution has an average maturity of 1 day (2020: Nil day).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
As at the beginning of the financial period	128,505,000	135,471,000
Creation of units arising from applications	1,559,000	6,373,000
Cancellation of units	(13,896,000)	(12,942,000)
As at the end of the financial period	<u>116,168,000</u>	<u>128,902,000</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

10 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 October 2021 are as follows:

Name of brokers	Value of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage %
DBS Securities (S) Pte Ltd	9,473,736	22.35	23,684	26.37
Citigroup Global Markets Ltd London	4,665,611	11.01	9,331	10.39
UBS Securities Asia Ltd	3,997,492	9.43	7,995	8.90
Credit Suisse First Boston (HK) Ltd	3,979,346	9.39	9,948	11.07
CIMB-GK Securities Pte Ltd	3,895,950	9.19	5,642	6.28
Macquarie Bank Ltd Sydney	3,381,643	7.98	6,763	7.53
CMB International Securities Ltd	2,262,255	5.34	4,525	5.04
Morgan Stanley and CO. International Plc	1,849,632	4.36	3,699	4.12
Affin Hwang Investment Bank Berhad#	1,528,151	3.61	3,821	4.25
UOB Kay Hian Pte Ltd	1,507,608	3.56	3,769	4.20
Others	5,842,196	13.78	10,640	11.85
	<u>42,383,620</u>	<u>100.00</u>	<u>89,817</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 October 2020 are as follows:

Name of brokers	Value of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage %
Macquarie Bank (HK) Ltd	20,862,539	19.94	38,472	17.45
Morgan Stanley and Co. International Plc	15,628,302	14.93	31,257	14.17
Citigroup Global Markets Malaysia Sdn Bhd	14,669,337	14.02	31,941	14.48
CIMB-GK Securities Pte Ltd	14,495,168	13.85	28,990	13.15
DBS Securities (S) Pte Ltd	14,345,480	13.71	42,749	19.38
Sanford C. Bernstein and Co. LLC	5,501,878	5.26	11,004	4.99
CLSA Singapore Pte Ltd	4,379,227	4.19	10,948	4.97
UBS Securities Asia Ltd	4,117,738	3.94	9,426	4.27
The Depository Trust Company	3,563,293	3.40	7,127	3.23
Credit Suisse First Boston (HK) Ltd	2,546,478	2.43	468	0.21
Others	4,530,926	4.33	8,155	3.70
	<u>104,640,366</u>	<u>100.00</u>	<u>220,537</u>	<u>100.00</u>

Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM1,528,151 (2020: RMNil). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

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

The related parties of and its relationships 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
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

The units held by the Manager and party 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 units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>2,975</u>	<u>1,392</u>	<u>3,499</u>	<u>1,542</u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	<u>100,094</u>	<u>46,844</u>	<u>-</u>	<u>-</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

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

12 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended 31.10.2021 %	6 months financial period ended 31.10.2020 %
MER	0.99	1.07

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebate
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sale and services 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 RM58,674,270 (2020: RM62,034,114).

13 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended 31.10.2021	6 months financial period ended 31.10.2020
PTR (times)	0.35	0.88

PTR is derived from the following calculation:

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

where: total acquisitions for the financial period = RM17,709,928 (2020: RM54,401,219)
total disposals for the financial period = RM22,987,079 (2020: RM54,926,715)

14 SIGNIFICANT EVENTS 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 ASIA PACIFIC (EX JAPAN) REITS 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 our opinion as the Manager, the financial statements set out on pages 1 to 29 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 October 2021 and of its financial performance, changes in equity and cash flows for the financial period ended 31 October 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
15 December 2021

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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

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

PENANG

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

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

PERAK

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

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

MELAKA

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

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

JOHOR

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

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

SABAH

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

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

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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

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

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

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

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)