

Affin Hwang

Select Asia Pacific (ex Japan) REITs and Infrastructure Fund

Interim Report
31 October 2019

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 AND INFRASTRUCTURE FUND

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 October 2019

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FUND INFORMATION

Fund Name	Affin Hwang Select Asia Pacific (ex Japan) REITs and Infrastructure Fund
Fund Type	Income & Growth
Fund Category	Mixed assets
Investment Objective	The Fund seeks to provide both income and capital appreciation over the medium to long-term by investing in equity or Equity-linked Securities of companies involved in infrastructure-related businesses, as well as real estate investment trusts (REITs), in the Asia Pacific (ex Japan)
Benchmark	75% MSCI All Country Asia ex Japan Infrastructure Index 25% Bloomberg Asia Real Estate Investment Trust 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 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	99	268
5,001 to 10,000	86	639
10,001 to 50,000	236	5,127
50,001 to 500,000	99	12,870
500,001 and above	20	141,688
Total	540	160,592

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Oct 2019 (%)	As at 31 Oct 2018 (%)	As at 31 Oct 2017 (%)
Portfolio composition			
Quoted equities – local			
- Industrials	-	-	1.18
- REITs	4.58	4.61	1.85
- Trading / services	-	-	0.99
- Warrant	-	-	2.11
Total quoted equities – local	4.58	4.61	6.13
Quoted equities – foreign			
- Basic materials	-	-	3.81
- Consumer services	2.95	2.04	8.97
- Financials	8.11	1.58	33.03
- Healthcare	2.27	-	-
- Industrials	-	2.08	31.06
- Oil & gas	-	2.56	-
- REITs	59.17	33.00	-
- Rights	-	0.03	-
- Technology	4.00	5.41	-
- Telecommunications	3.22	-	0.99
- Utilities	6.41	1.55	11.46
Total quoted equities – foreign	86.13	48.25	89.32
Cash & cash equivalent	9.29	47.14	4.55
Total	100.00	100.00	100.00
Total NAV (RM'million)	80.996	88.471	144.341
NAV per Unit (RM)	0.5044	0.4394	0.5420
Unit in Circulation (million)	160.594	201.339	266.326
Highest NAV	0.5086	0.5212	0.5514
Lowest NAV	0.4590	0.4384	0.5057
Return of the Fund (%) ⁱⁱⁱ	5.94	-11.52	5.83
- Capital Growth (%) ⁱ	5.94	-11.52	4.80
- Income Distribution (%) ⁱⁱ	Nil	Nil	0.99
Gross Distribution per Unit (sen)	Nil	Nil	0.50
Net Distribution per Unit (sen)	Nil	Nil	0.50
Management Expense Ratio (%) ¹	0.99	0.99	1.01
Portfolio Turnover Ratio (times) ²	0.32	1.15	1.00

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

$$\begin{aligned}
 \text{Capital Return}^i &= (\text{NAV per Unit @ 31/10/19} \div \text{NAV per Unit @ 30/4/19}^* - 1) \times 100 \\
 &= (0.5044 \div 0.4761 - 1) \times 100 \\
 &= \underline{\underline{5.94\%}}
 \end{aligned}$$

¹The MER of the Fund remained unchanged during the period under review.

²The Fund's PTR was lower than previous year given the lower average sum of total acquisitions and disposals for the financial period.

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = $[(1 + \text{Capital Return}) \times (1 + \text{Income Return}) - 1] \times 100$
= $[(1 + 5.94\%) \times (1 + 0.00\%) - 1] \times 100$
= **5.94%**

* Source – HSBC Trustee

Table 1: Performance of the Fund

	6 Months (1/5/19 - 31/10/19)	1 Year (1/11/18 - 31/10/19)	3 Years (1/11/16 - 31/10/19)	5 Years (1/11/14 - 31/10/19)	Since Commencement (16/5/07 - 31/10/19)
Fund	5.94%	14.79%	6.67%	28.37%	38.63%
Benchmark	3.60%	12.82%	7.63%	29.78%	41.97%
Outperformance / (Underperformance)	2.34%	1.97%	(0.96%)	(1.41%)	(3.34%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/11/18 - 31/10/19)	3 Years (1/11/16 - 31/10/19)	5 Years (1/11/14 - 31/10/19)	Since Commencement (16/5/07 - 31/10/19)
Fund	14.79%	2.18%	5.12%	2.65%
Benchmark	12.82%	2.48%	5.35%	2.85%
Outperformance / (Underperformance)	1.97%	(0.30%)	(0.23%)	(0.20%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2019 (01/5/18 - 30/4/19)	FYE 2018 (01/5/17 - 30/4/18)	FYE 2017 (01/5/16 - 30/4/17)	FYE 2016 (01/5/15 - 30/4/16)	FYE 2015 (01/5/14 - 30/4/15)
Fund	(4.13%)	0.95%	13.66%	(0.29%)	17.01%
Benchmark	6.52%	(5.63%)	10.50%	(1.49%)	25.69%
Outperformance / (Underperformance)	(10.65%)	6.58%	3.16%	1.20%	(8.68%)

Source of Benchmark: Bloomberg

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

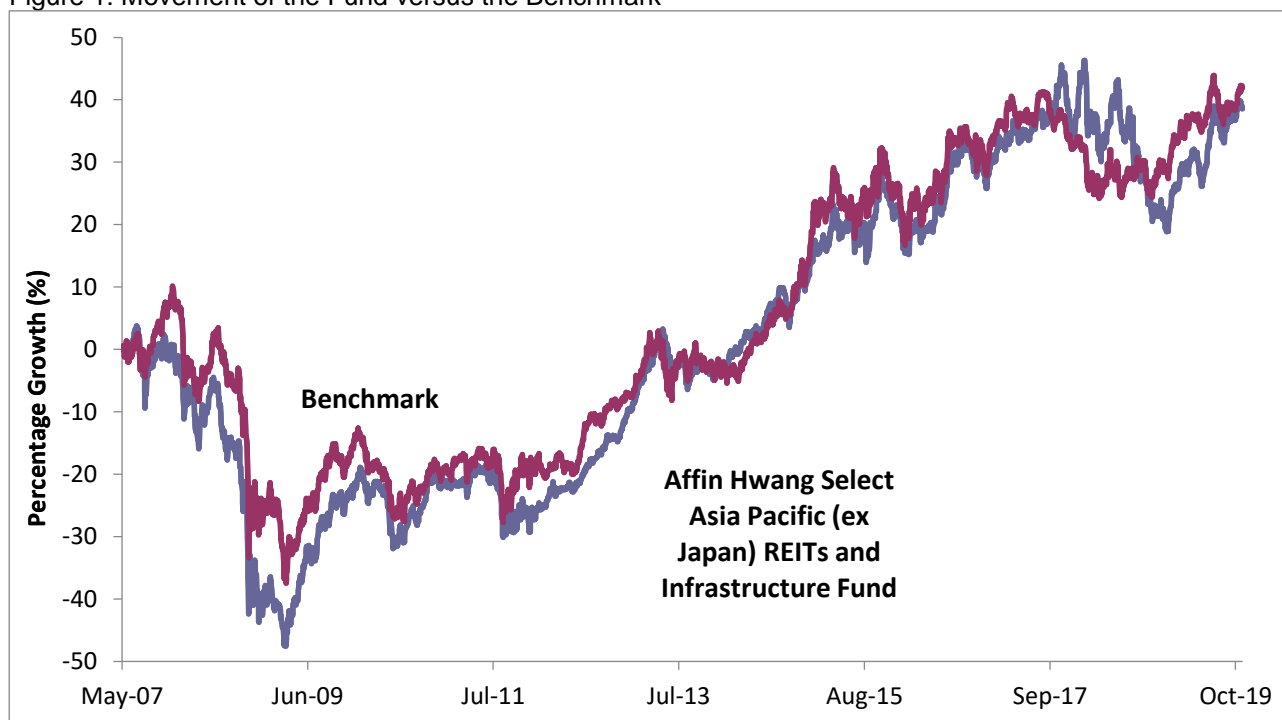
MANAGER'S REPORT

Performance Review

For the period under review from 1 May 2019 to 31 October 2019, the Fund registered a 5.94% return compared to the benchmark return of 3.60%. The Fund thus outperformed the Benchmark by 2.34%. The Net Asset Value ("NAV") per unit of the Fund as at 31 October 2019 was RM 0.5044 compared to its NAV per unit as at 30 April 2019 was RM 0.4761.

Since commencement, the Fund has registered a return of 38.63% versus the benchmark of 41.97% which translates to an underperformance of 3.34%. The Fund has declared a total distribution of RM0.1215 to date. Given the performance during the period under review, we believe the Fund's objective is being met to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement while maintaining capital preservation.

Figure 1: Movement of the Fund versus the Benchmark



"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: 75% MSCI All Country Asia ex Japan Infrastructure Index + 25% Bloomberg Asia Real Estate Investment Trust Index

Income Distribution / Unit Split

No income distributions or unit splits were declared for the financial period ended 31 October 2019.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Figure 2.

Figure 2: Asset allocation of the Fund

	<u>31 Oct 2019</u>	<u>31 Oct 2018</u>	<u>31 Oct 2017</u>
	(%)	(%)	(%)
Quoted equities – local	4.58	4.61	6.13
Quoted equities – foreign	86.13	48.25	89.32
Cash & cash equivalent	9.29	47.14	4.55
Total	100.00	100.00	100.00

As at 31 October 2019, 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 Manager had reduced its cash level substantially to 9.29% from 47.14% a year ago as opportunities arose in the market. Equity exposure of the Fund was almost doubled over the same period, particularly in the foreign space.

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 reduced allocations into the infrastructure sector.

Market Review

“Sell in May and go away” has again proven to be a recurring theme this year after deteriorating trade relations between US and China wreaked further havoc across global financial markets in May. Trump raised the tariff on some US\$200 billion worth of Chinese imports to 25.0% from 10.0% earlier that month in an extreme bid to speed up trade negotiations. While the tariff hike was initially downplayed, things took a swift turn on when Trump banned Huawei with a national security order; thus prompting US companies to sever all business ties with the Chinese smartphone and telecommunications giant.

For the first time in more than a decade, the US Federal Reserve (“Fed”) reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. However, the Fed delivered another widely expected 25bps rate cut at its policy meeting in September and October before Fed Chair Jerome Powell stopped short from guiding expectations of further easing indicating that ‘monetary policy was in a good place’. The FOMC also dropped the use of the phrase ‘act as appropriate’ which markets took as a signal that the Fed would likely stay on hold for now.

Asian markets retreated in August as trade tensions flared up again after a surprise tariff announcement from US President Donald Trump. The Hong Kong Hang Seng index fell 7.4%, whilst the broader MSCI Asia ex-Japan index closed 4.6% lower as the prolonged trade row takes another turn for the worse. However things took a turn in October as markets were buoyed by positive trade developments and synchronised monetary easing by global central banks.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

On a side note, BNM cut the Overnight Policy Rate by 25 bps to 3.00% on 7 May – likely a pre-emptive measure against a weakening external environment as well as slowing domestic growth. The announcement was largely priced in by investors, which saw the MGS market rallied strongly in the few weeks prior to the announcement, though the buying subsequently eased up amid the addition of risks on the global trade front.

Investment Outlook

The global economy is poised to continue to grow at an even keel albeit at a slower pace. We do not see major economic imbalances that would lead to a recession in the immediate term. That said, as we head into a late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective.

Whilst the partial trade deal helped provide a lift in sentiment, the temporary trade truce could be easily upended as seen before. Structural issues and more challenging areas in negotiations such as intellectual property and technology transfer has not been addressed yet. The last mile negotiations in the trade talks would be the most critical to look out for. The overall macro environment remains weak as global economies are still showing weak data.

Going forward, we believe there is limited room for further monetary policy easing given already low interest rates. Central banks are more inclined to “save some bullets” for future, i.e. in the event whereby a recession materialises, as well as adopting a “wait-and-see” approach to assess impact post recent rate cuts. Therefore, expectations are that global interest rates are close to bottoming out in the near term. Having said that, we do not foresee central banks reverting to an interest rate hike cycle anytime soon. The biggest risks (both upside and downside) to my view would be ongoing trade negotiations and US inflation.

The Budget 2020 placed a lot more emphasis on job creation and shifted away from the outright disbursement of large cash handouts and subsidies as seen in prior budgets before. In terms of impact, the budget was market-neutral with no immediate catalysts that could drive Bursa higher for now.

However, the absence of any pump-priming measures or announcement of mega infrastructure projects came as a disappointment to the construction sector. The consumer sector could benefit incrementally over time as the trickle-down effects of job creation, allocation for subsidies and social subsidies to address high cost of living and low income levels spur consumption.

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.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

We have acted as Trustee of Affin Hwang Select Asia Pacific (ex Japan) REITs and Infrastructure Fund ("the Fund") for the financial period ended 31 October 2019. 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

Vicknesan Balakrishnan
Chief Executive Officer

Kuala Lumpur
10 December 2019

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019

	Note	6 months financial period ended 31.10.2019 RM	6 months financial period ended 31.10.2018 RM
INVESTMENT INCOME/(LOSS)			
Dividend income		2,076,428	1,748,257
Interest income for financial assets at amortised cost		49,719	28,431
Net (loss)/gain foreign currency exchange		(21,264)	1,181,284
Net loss on forward foreign currency contracts at fair value through profit or loss		(128,039)	(728,264)
Net gain/(loss) on financial assets at fair value through profit or loss	7	4,097,856	(12,071,157)
		6,074,700	(9,841,449)
EXPENSES			
Management fee	4	(759,563)	(926,034)
Trustee fee	5	(29,707)	(36,660)
Auditors' remuneration		(3,781)	(3,775)
Tax agent's fee		(1,915)	(4,703)
Transaction cost		(222,620)	(729,189)
Other expenses		(161,401)	(66,063)
		(1,178,987)	(1,766,424)
NET PROFIT/(LOSS) BEFORE TAXATION		4,895,713	(11,607,873)
TAXATION	6	-	(74,886)
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		4,895,713	(11,682,759)
Net profit/(loss) after taxation is made up of the following:			
Realised amount		1,397,372	(7,822,349)
Unrealised amount		3,498,341	(3,860,410)
		4,895,713	(11,682,759)

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
Cash and cash equivalents	8	8,194,133	40,036,770
Amount due from Manager			
- creation of units		373,610	3,089
Amount due from brokers		41,982	1,887,543
Dividend receivables		275,939	113,981
Financial assets at fair value through profit or loss	7	73,470,339	46,770,003
TOTAL ASSETS		<u>82,356,003</u>	<u>88,811,386</u>
LIABILITIES			
Amount due to Manager			
- management fee		124,125	139,733
- cancellation of units		230,831	73,701
Amount due to Trustee		4,827	5,434
Amount due to brokers		877,408	-
Auditors' remuneration		3,881	3,875
Tax agent's fee		113,409	116,506
Other payables and accruals		5,318	1,321
TOTAL LIABILITIES		<u>1,359,799</u>	<u>340,570</u>
NET ASSET VALUE OF THE FUND		<u>80,996,204</u>	<u>88,470,816</u>
EQUITY			
Unitholders' capital		180,020,554	199,599,968
Accumulated losses		(99,024,350)	(111,129,152)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>80,996,204</u>	<u>88,470,816</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>160,594,000</u>	<u>201,339,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5044</u>	<u>0.4394</u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019

	Unitholders' <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 1 May 2019	192,257,361	(103,920,063)	88,337,298
Total comprehensive income for the financial period	-	4,895,713	4,895,713
Movement in unitholders' capital:			
Creation of units arising from applications	1,386,403	-	1,386,403
Cancellation of units	(13,623,210)	-	(13,623,210)
Balance as at 31 October 2019	<u>180,020,554</u>	<u>(99,024,350)</u>	<u>80,996,204</u>
Balance as at 1 May 2018	213,793,413	(99,446,393)	114,347,020
Total comprehensive loss for the financial period	-	(11,682,759)	(11,682,759)
Movement in unitholders' capital:			
Creation of units arising from applications	801,709	-	801,709
Cancellation of units	(14,995,154)	-	(14,995,154)
Balance as at 31 October 2018	<u>199,599,968</u>	<u>(111,129,152)</u>	<u>88,470,816</u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019

	6 months financial period ended <u>Note</u> <u>31.10.2019</u> RM	6 months financial period ended <u>31.10.2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	36,639,170	144,637,178
Purchase of investments	(20,446,324)	(99,357,841)
Dividends received	1,879,004	1,621,878
Interest received	49,719	28,431
Management fee paid	(768,731)	(954,589)
Trustee fee paid	(30,064)	(37,671)
Payment for other fees and expenses	(388,966)	(816,671)
Realised loss on forward foreign currency contracts	(413,707)	(1,295,323)
Net realised gain on foreign exchange	365,798	157,484
	<hr/>	<hr/>
Net cash generated from operating activities	16,885,899	43,982,876
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,012,793	798,620
Payments for cancellation of units	(14,460,635)	(15,102,888)
	<hr/>	<hr/>
Net cash used in financing activities	(13,447,842)	(14,304,268)
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,438,057	29,678,608
EFFECTS OF FOREIGN CURRENCY EXCHANGE	7,985	1,315,160
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<hr/> 4,748,091	<hr/> 9,043,002
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	8 <hr/> 8,194,133	<hr/> 40,036,770

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019

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 summary of significant accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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 M.

- (a) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Dividend Income

Dividend income is recognised on the ex-dividend date, when the right to receive the dividend has been established.

Interest Income

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 investments, 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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.

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

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 remeasured. 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 subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss), and
- those to be measured at amortised cost

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, 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, dividend receivables, amount due from Manager and amount due from brokers as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to 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 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 expires.

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 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.

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 when the Fund's right to receive payments is established.

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.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Derivative investment consists of currency forward contract. Financial derivative position 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.

Deposit with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposit.

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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 impairment gains. There are no write-offs/recoveries during the financial year.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. 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.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

J UNIT HOLDERS' CAPITAL

The unit holders' 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 assets 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 unit holder 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 unit holders with the total number of outstanding units.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

K SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic asset allocation committee of the Manager that makes strategic decisions.

L 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.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise forward 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.

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 held for trading and accounted for in accordance with the accounting policy set out in Note G.

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.

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.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019

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 and Ninth Supplemental Deed dated 5 October 2018 ("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 and 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.

The Fund commenced operations on 16 May 2007 and will continue its operation until terminated by the Manager or Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the following investments:

- a) Securities of companies listed on Bursa Malaysia and other exchanges of countries who are member of International Organization of SC;
- b) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities;
- c) Debentures;
- d) Money market instruments;
- e) Deposits;
- f) Derivatives, for the purpose of hedging only;
- g) Warrants;
- h) Structured products;
- i) Units or shares in collective investment schemes; and
- j) Any other form of investments as may be permitted by the SC from time to time 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 in equity and equity-linked securities of companies involved in infrastructure-related businesses, as well as 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 10 December 2019

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

	Note	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Total RM
<u>2019</u>				
Quoted equities	7	-	73,470,339	73,470,339
Cash and cash equivalents	8	8,194,133	-	8,194,133
Dividend receivables		275,939	-	275,939
Amount due from Manager				
- creation of units		373,610	-	373,610
Amount due from brokers		41,982	-	41,982
Total		8,885,664	73,470,339	82,356,003
<u>2018</u>				
	Note	Financing and receivables RM	Financial assets at fair value through profit or loss RM	Total RM
Quoted equities	7	-	46,770,003	46,770,003
Cash and cash equivalents	8	40,036,770	-	40,036,770
Dividend receivables		113,981	-	113,981
Amount due from Manager				
- creation of units		3,089	-	3,089
Amount due from brokers		1,887,543	-	1,887,543
Total		42,041,383	46,770,003	88,811,386

All current liabilities are financial liabilities which are carried at amortised cost.

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

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>2019</u> RM	<u>2018</u> RM
Quoted Investments		
Quoted equities	73,470,339	46,770,003

The following table summarises the sensitivity of the Fund's (loss)/profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% 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> RM	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2019</u>		
-5%	69,796,822	(3,673,517)
0%	73,470,339	-
+5%	77,143,856	3,673,517
<u>2018</u>		
-5%	44,431,503	(2,338,500)
0%	46,770,003	-
+5%	49,108,503	2,338,500

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

Market risk (continued)

(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 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.

(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.

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

<u>2019</u>	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Other payables**</u> RM	<u>Total</u> RM
Australian Dollar	-	1,684	-	-	1,684
Euro	5,434,190	8,760	-	-	5,442,950
Hong Kong Dollar	8,508,258	2,576,243	-	-	11,084,501
Indonesian Rupiah	2,609,670	-	-	-	2,609,670
Indian Rupee	5,845,573	-	-	-	5,845,573
Singapore Dollar	32,186,106	932,747	193,894	(877,408)	32,435,339
Thai Baht	1,837,327	-	-	-	1,837,327
United States Dollar	13,340,377	4,261,447	124,027	(107,013)	17,618,838
	<u>69,761,501</u>	<u>7,780,881</u>	<u>317,921</u>	<u>(984,421)</u>	<u>76,875,882</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (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):

<u>2018</u>	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Other payables**</u> RM	<u>Total</u> RM
Australian Dollar	876,539	5,508	-	-	882,047
Hong Kong Dollar	12,496,409	18,225,773	52,490	-	30,774,672
Indonesian Rupiah	968,689	-	-	-	968,689
Singapore Dollar	28,345,462	2,195,584	1,949,034	-	32,490,080
United States Dollar	-	19,557,514	-	(107,179)	19,450,335
	<u>42,687,099</u>	<u>39,984,379</u>	<u>2,001,524</u>	<u>(107,179)</u>	<u>84,565,823</u>

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

**Other payables consist of amount due to brokers and tax agent's fee.

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 5%, 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 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

<u>2019</u>	<u>Change in price</u> %	<u>Impact on (loss)/profit after tax/NAV</u> RM
Australian Dollar	+/- 5	+/- 84
Euro	+/- 5	+/- 272,148
Hong Kong Dollar	+/- 5	+/- 554,225
Indonesian Rupiah	+/- 5	+/- 130,484
Indian Rupee	+/- 5	+/- 292,279
Singapore Dollar	+/- 5	+/- 1,621,767
Thai Baht	+/- 5	+/- 91,866
United States Dollar	+/- 5	+/- 880,942

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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 5%, 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 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative. (continued)

<u>2018</u>	Change in price %	Impact on (loss)/profit after tax/ <u>NAV</u> RM
Australian Dollar	+/- 5	+/- 44,102
Hong Kong Dollar	+/- 5	+/- 1,538,734
Indonesian Rupiah	+/- 5	+/- 48,434
Singapore Dollar	+/- 5	+/- 1,624,504
United States Dollar	+/- 5	+/- 972,517

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.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	Between one month to one <u>year</u> RM	<u>Total</u> RM
<u>2019</u>			
Amount due to Manager			
- management fee	124,125	-	124,125
- cancellation of units	230,831	-	230,831
Amount due to Trustee	4,827	-	4,827
Amount due to brokers	877,408	-	877,408
Auditors' remuneration	-	3,881	3,881
Tax agent's fee	-	113,409	113,409
Other payables and accruals	-	5,318	5,318
	<u>1,237,191</u>	<u>122,608</u>	<u>1,359,799</u>
<u>2018</u>			
Amount due to Manager			
- management fee	139,733	-	139,733
- cancellation of units	73,701	-	73,701
Amount due to Trustee	5,434	-	5,434
Auditors' remuneration	-	3,875	3,875
Tax agent's fee	-	116,506	116,506
Other payables and accruals	-	1,321	1,321
	<u>218,868</u>	<u>121,702</u>	<u>340,570</u>

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.

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

Credit risk arising from placements 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 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

Credit risk (continued)

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2019</u>			
Financial			
- AAA	8,194,133	-	8,194,133
- NR	-	222,580	222,580
Utilities			
- NR	-	53,359	53,359
Others			
- NR	-	415,592	415,592
	<u>8,194,133</u>	<u>691,531</u>	<u>8,885,664</u>
<u>2018</u>			
Financial			
- AAA	40,036,770	-	40,036,770
- NR	-	1,949,034	1,949,034
Oil & Gas			
- NR	-	52,490	52,490
Others			
- NR	-	3,089	3,089
	<u>40,036,770</u>	<u>2,004,613</u>	<u>42,041,383</u>

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

The financial assets of the fund are neither past due nor impaired.

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 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the 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 AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (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>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	73,470,339	-	-	73,470,339
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- quoted equities	46,770,003	-	-	46,770,003
	<u> </u>	<u> </u>	<u> </u>	<u> </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, dividend 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 ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

	6 months financial period ended <u>31.10.2019</u> RM	6 months financial period ended <u>31.10.2018</u> RM
Gross management fee	763,899	942,676
Management fee rebate - interest income earned on collection accounts	(4,336)	(16,642)
Net management fee	<u>759,563</u>	<u>926,034</u>

In accordance with the Deed, 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 financial period ended 31 October 2019, the management fee is recognised at a rate of 1.80% (2018: 1.80%) per annum of the NAV of the Fund calculated on a daily basis as stated in the Prospectus.

The interest income earned by the Manager from the Fund's trust collection account maintained by the Manager is netted off against the gross management fee charged by the Manager.

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

5 TRUSTEE FEE

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

For the financial period ended 31 October 2019, the Trustee fee is recognised at a rate of 0.07% (2018:0.07%) 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 Prospectus .

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

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

6 TAXATION

	6 months financial period ended <u>31.10.2019</u> RM	6 months financial period ended <u>31.10.2018</u> RM
Current taxation		
- local	-	10,985
- foreign	-	63,901
	<u>-</u>	<u>74,886</u>

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>31.10.2019</u> RM	6 months financial period ended <u>31.10.2018</u> RM
Net profit/(loss) before taxation	<u>4,895,713</u>	<u>(11,607,873)</u>
Tax at Malaysian statutory rate of 24% (2018: 24%)	1,174,971	(2,785,890)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss disallowed from tax	(1,457,928)	2,361,948
Expenses not deductible for tax purposes	98,564	199,796
Restriction on tax deductible expenses for Unit Trust Funds	184,393	224,146
Income subject to different tax rate	-	10,985
Foreign income subject to foreign tax rate	-	63,901
Tax expense	<u>-</u>	<u>74,886</u>

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Designated at fair value through profit or loss		
- quoted equities - local	3,708,838	4,082,904
- quoted equities - foreign	69,761,501	42,687,099
	<u>73,470,339</u>	<u>46,770,003</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

	<u>2019</u> RM	<u>2018</u> RM
Net gain/(loss) on assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	893,168	(6,328,528)
- unrealised gain/(loss) on changes in fair value	3,204,688	(5,742,629)
	<u>4,097,856</u>	<u>(12,071,157)</u>

(a) Quoted equities – local

(i) Quoted equities - local as at 31 October 2019 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	1,941,800	2,675,809	3,708,838	4.58
Total quoted equities – local	<u>1,941,800</u>	<u>2,675,809</u>	<u>3,708,838</u>	<u>4.58</u>
Accumulated unrealised gain on quoted equities – local		<u>1,033,029</u>		
Total quoted equities – local		<u>3,708,838</u>		

(ii) Quoted equities - local as at 31 October 2018 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	2,430,300	3,205,737	4,082,904	4.61
Total quoted equities – local	<u>2,430,300</u>	<u>3,205,737</u>	<u>4,082,904</u>	<u>4.61</u>
Accumulated unrealised gain on quoted equities – local		<u>877,167</u>		
Total quoted equities – local		<u>4,082,904</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

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

(b) Quoted equities - foreign

(i) Quoted equities - foreign as at 31 October 2019 are as follows:

	<u>Quantity</u>	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>China</u>				
<u>Consumer Services</u>				
China Xinhua Education Group	1,650,000	2,821,802	2,392,104	2.95
<u>Hong Kong</u>				
<u>Financials</u>				
Sunlight Real Estate Investment	253,000	776,822	717,397	0.89
<u>Technology</u>				
HKBN Ltd	434,500	1,993,615	3,242,239	4.00
<u>Utilities</u>				
Guangdong Investment Ltd	238,000	1,816,952	2,156,518	2.66
<u>India</u>				
<u>Financials</u>				
Embassy Office Parks REIT	240,800	4,595,634	5,845,573	7.22
<u>Indonesia</u>				
<u>Telecommunications</u>				
Telekomunikasi Indonesia	2,137,900	2,379,565	2,609,670	3.22

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (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 2019 are as follows (continued):

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Singapore</u>				
<u>REITS</u>				
AIMS AMP Capital Industrial REIT	696,500	2,924,975	2,905,848	3.59
ARA US Hospitality Trust	354,600	1,304,929	1,281,360	1.58
Ascendas Real Estate InvTrust	401,400	3,058,232	3,891,144	4.80
CapitaLand Retail China Trust	636,151	2,908,870	2,966,311	3.66
CDL Hospitality Trusts	674,900	3,485,615	3,395,441	4.19
Cromwell European REIT	2,331,320	5,371,860	5,434,190	6.71
ESR-REIT	1,119,058	1,416,384	1,819,455	2.25
Frasers Logistic & Indus Trust	649,860	1,702,775	2,491,969	3.08
Keppel DC REIT	462,884	2,015,829	2,825,779	3.49
Keppel Pacific Oak US REIT	739,350	2,334,499	2,285,590	2.82
Lendlease Global Commer REIT	388,000	1,038,217	1,124,803	1.39
Manulife US REIT	1,584,057	4,942,680	6,054,919	7.48
Mapletree Industrial Trust	498,529	2,898,598	3,884,517	4.80
Mapletree Logistics Trust	176,000	874,523	907,058	1.12
Mapletree North Asia Com Trust	270,400	759,439	1,061,768	1.31
Prime US REIT	962,300	3,478,330	3,718,508	4.59
Suntec Real Estate Invtm Trust	329,700	1,798,580	1,871,128	2.31
	<u>12,275,009</u>	<u>42,314,335</u>	<u>47,919,788</u>	<u>59.17</u>
<u>Utilities</u>				
Keppel Infrastructure Trust	1,870,300	2,488,511	3,040,885	3.75
<u>Thailand</u>				
<u>Health Care</u>				
Bangkok Dusit Medical Services	555,600	1,837,498	1,837,327	2.27
Total quoted equities – foreign	<u>19,655,109</u>	61,024,734	<u>69,761,501</u>	<u>86.13</u>
Accumulated unrealised gain on quoted equities – foreign		<u>8,736,767</u>		
Total quoted equities – foreign		<u>69,761,501</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (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 2018 are as follows:

	<u>Quantity</u>	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Australia</u>				
<u>Industrials</u>				
Sydney Airport Ord NPV	46,192	911,966	876,539	0.99
<u>China</u>				
<u>Consumer Services</u>				
China Xinhua Education Group	1,650,000	2,821,802	1,805,240	2.04
<u>Financials</u>				
A-Living Services Co Ltd	277,500	2,085,462	1,401,042	1.58
<u>Oil & Gas</u>				
China Longyuan Power Group	712,000	2,613,668	2,260,967	2.56
<u>Hong Kong</u>				
<u>REITS</u>				
Link REIT	23,500	948,922	871,665	0.99
<u>Technology</u>				
HKBN Ltd	762,000	3,496,282	4,782,550	5.41
<u>Utilities</u>				
CK Infrastructure Holdings Ltd	45,000	1,477,644	1,374,945	1.55

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (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 2018 are as follows (continued):

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Indonesia</u>				
<u>Industrials</u>				
Pembangunan Perumahan Persero	2,648,500	1,620,426	968,689	1.09
<u>Singapore</u>				
<u>REITS</u>				
AIMS AMP Capital Industrial REIT	250,000	994,436	1,011,767	1.14
Ascendas Real Estate Investment Trust	493,000	3,771,825	3,752,176	4.24
CDL Hospitality Trusts	490,600	2,653,425	2,148,480	2.43
Cromwell European REIT	1,019,000	2,713,250	2,540,436	2.87
ESR-REIT	1,087,520	1,367,526	1,576,573	1.78
Frasers Logistic & Industrial Trust	1,470,360	3,953,029	4,529,597	5.12
Keppel-KBS US REIT	384,000	1,415,588	907,761	1.03
Manulife US REIT	1,505,758	4,820,906	4,473,065	5.06
Mapletree Industrial Trust	276,600	1,602,964	1,545,466	1.75
Mapletree Logistics Trust	797,900	2,921,672	2,915,879	3.30
Mapletree North Asia Com Trust	861,300	2,455,772	2,913,454	3.29
	<u>8,636,038</u>	<u>28,670,393</u>	<u>28,314,654</u>	<u>32.01</u>
<u>Right</u>				
Keppel-KBS US REIT -Rights	113,280	-	30,808	0.03
Total quoted equities – foreign	<u>14,914,010</u>	44,646,565	<u>42,687,099</u>	<u>48.25</u>
Unrealised loss on quoted equities – foreign		(1,959,466)		
Total quoted equities – foreign		<u>42,687,099</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

8 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	7,844,046	40,036,770
Deposits with a licensed financial institution	350,087	-
	<u>8,194,133</u>	<u>40,036,770</u>

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

	<u>2019</u> %	<u>2018</u> %
Deposit with a licensed financial institutions	<u>3.00</u>	<u>-</u>

Deposit with a licensed financial institutions have an average maturity of 1 day (2018: Nil day).

9 NUMBER OF UNITS IN CIRCULATION

	<u>2019</u> No. of units	<u>2018</u> No. of units
As at the beginning of the financial period	185,554,000	230,244,000
Creation of units arising from applications during the financial period	2,778,000	1,629,000
Cancellation of units during the financial period	(27,738,000)	(30,534,000)
As at the end of the financial period	<u>160,594,000</u>	<u>201,339,000</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

10 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 October 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total trade %	<u>Brokerage fees</u> RM	Percentage of total brokerage %
CLSA Ltd	13,636,747	25.40	29,271	17.19
DBS Securities (S) Pte Ltd	8,197,398	15.27	58,887	34.58
Macquarie Bank (HK) Ltd	4,446,786	8.28	11,117	6.53
Sanford C. Bernstein And Co. LLC	3,680,204	6.85	1,840	1.08
CLSA India Ltd	3,592,150	6.69	7,815	4.59
UOB Kay Hian Pte Ltd	3,386,675	6.31	12,658	7.43
CIMB-GK Securities Pte Ltd	3,251,554	6.06	8,129	4.77
Shenyin Wanguo Secs (HK) Ltd	2,804,554	5.22	5,048	2.97
Credit Suisse First Boston (HK)Ltd	2,249,785	4.19	11,249	6.61
Pt CIMB Securities Indonesia	2,113,103	3.94	3,976	2.33
Others	6,331,166	11.79	20,296	11.92
	53,690,122	100.00	170,286	100.00

- (ii) Details of transactions with the top 10 brokers for the 6 months financial period ended 31 October 2018 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total trade %	<u>Brokerage fees</u> RM	Percentage of total brokerage %
Citigroup Global Markets Ltd	33,982,878	14.67	104,429	14.32
CLSA Ltd	33,868,625	14.62	105,802	14.51
CCB International Securities Ltd	14,883,823	6.43	53,243	7.30
UOB Kay Hian Pte Ltd	14,348,023	6.19	51,325	7.04
Macquarie Bank (HK) Ltd	14,108,946	6.09	50,559	6.93
Morgan Stanley & Co International PLC	12,092,447	5.22	36,239	4.97
China International Capital Co HK Sec Ltd	11,844,675	5.11	23,559	3.23
Bloomberg Tradebook LLC	10,734,914	4.63	2,265	0.31
JP Morgan Securities (HK) Ltd	10,672,877	4.61	40,096	5.50
Credit Suisse First Boston (HK) Ltd	9,097,533	3.93	33,055	4.53
Others	66,010,874	28.50	228,617	31.36
	231,645,615	100.00	729,189	100.00

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

10 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in transactions with brokers are trades conducted on normal terms in the stockbroking industry with Affin Hwang Investment Bank Berhad, company related to the Manager amounting to RMnil (2018: RM633,574). The manager is at the opinion that all transaction with the related company have been entered in the normal course of business at agreed terms between the related parties.

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>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holdings company of the Manager
Affin Bank Berhad (“ABB”)	Ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager

	<u>2019</u>		<u>2018</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>2,875</u>	<u>1,450</u>	<u>2,544</u>	<u>1,118</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>1,347,596</u>	<u>592,134</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

12 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>31.10.2019</u> %	6 months financial period ended <u>31.10.2018</u> %
MER	<u>0.99</u>	<u>0.99</u>

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 RM84,204,062 (2018: RM103,927,034).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>31.10.2019</u>	6 months financial period ended <u>31.10.2018</u>
PTR (times)	<u>0.32</u>	<u>1.15</u>

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 = RM18,454,606 (2018: RM89,404,838)
total disposals for the financial period = RM34,969,349 (2018: RM149,591,970)

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2019 (CONTINUED)

14 SEGMENT INFORMATION

The strategic asset allocation committee of the Investment Manager makes the strategic resource allocations on behalf of the fund. The Fund has determined the operating segments based on the reports reviewed by this committee that are used to make strategic decisions.

The committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in the value of investments, and are derived from quoted equities in Australia, China, Hong Kong, Indonesia, India, Malaysia, Philippine, Singapore and United State.

There were no changes in the reportable segments during the financial period.

The internal reporting provided to the committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

AFFIN HWANG SELECT ASIA PACIFIC (EX-JAPAN) REITS AND INFRASTRUCTURE FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 9 to 40 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 2019 and of its financial performance, changes in equity and cash flows for the financial period ended 31 October 2019 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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
10 December 2019

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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DIRECTORY OF SALES OFFICE (CONTINUED)

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