

Affin Hwang

Select Asia Pacific (ex Japan) REITs Fund

Annual Report
30 April 2022

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

**Annual Report and Audited Financial Statements
For The Financial Year Ended 30 April 2022**

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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.

FUND PERFORMANCE DATA

Category	As at 30 Apr 2022 (%)	As at 30 Apr 2021 (%)	As at 30 Apr 2020 (%)
Portfolio Composition			
Quoted collective investment schemes - local			
- REITs	6.33	2.99	5.03
Total quoted collective investment schemes - local	6.33	2.99	5.03
Quoted collective investment schemes - foreign			
- REITs	90.65	94.28	94.24
Total quoted collective investment schemes - foreign	90.65	94.28	94.24
Cash and cash equivalent	3.02	2.73	0.73
Total	100.00	100.00	100.00
Total NAV (RM'million)	50.038	60.217	60.352
NAV per Unit (RM)	0.4707	0.4686	0.4455
Unit in Circulation (million)	106.302	128.505	135.471
Highest NAV	0.4848	0.4850	0.5262
Lowest NAV	0.4351	0.4263	0.3899
Return of the fund (%)	4.91	9.92	-6.43
- Capital Return (%)	0.45	5.19	-6.43
- Income Return (%)	4.44	4.50	-
Gross Distribution per Unit (sen)	2.00	2.00	-
Net Distribution per Unit (sen)	2.00	2.00	-
Total Expense Ratio (%) ¹	2.01	2.04	1.97
Portfolio Turnover Ratio (times) ²	0.74	1.25	1.10

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

¹ The Fund's TER was lower than previous year due to lower expenses incurred by the Fund during the financial year.

² The Fund's PTR was lower than previous year due to lower total acquisition and disposal of the Fund during the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Nov-21	17-Nov-21	0.4712	0.0200	0.4506

No unit splits were declared for the financial year ended 30 April 2022.

Performance Review

For the year ended 1 May 2021 to 30 April 2022, the Fund has registered a return of 4.91% as compared to the benchmark return of 2.91%. The Fund thus outperformed the benchmark by 2.00%. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2022 was RM0.4707 while the NAV per unit on 30 April 2021 was RM0.4686. During the same period under review, the Fund has declared a gross income distribution of RM0.0200 per unit.

Since commencement, the Fund has outperformed the benchmark by 3.95% with returns of 41.19% compared to the benchmark return of 37.24%.

Table 1: Performance of the Fund

	1 Year (1/5/21 - 30/4/22)	3 Years (1/5/19 - 30/4/22)	5 Years (1/5/17 - 30/4/22)	Since Commencement (16/5/07 - 30/4/22)
Fund	4.91%	7.90%	4.43%	41.19%
Benchmark	2.91%	0.14%	0.66%	37.24%
Outperformance	2.00%	7.76%	3.77%	3.95%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/21 - 30/4/22)	3 Years (1/5/19 - 30/4/22)	5 Years (1/5/17 - 30/4/22)	Since Commencement (16/5/07 - 30/4/22)
Fund	4.91%	2.56%	0.87%	2.33%
Benchmark	2.91%	0.05%	0.13%	2.14%
Outperformance	2.00%	2.51%	0.74%	0.19%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/5/21 - 30/4/22)	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)
Fund	4.91%	9.92%	(6.43%)	(4.13%)	0.95%
Benchmark	2.91%	12.93%	(13.84%)	6.52%	(5.63%)
Outperformance	2.00%	(3.01%)	7.41%	(10.65%)	6.58%

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 year under review, please refer to Fund Performance Data.

As at 30 April 2022, the Fund's exposure in local REITs stood at 96.98%, with 90.65% in the foreign market, 6.33% in domestic market while the balance was held in cash and cash equivalent. Cash level of the Fund remained slightly higher at 3.02%.

Strategies Employed

The Fund invests solely into REITs within the domestic and foreign space and seeks to provide both income and capital appreciation over the medium to long-term. We continue to keep close monitor on market development amidst the rare event of global pandemic. The Fund was almost fully invested as at end of April.

Market Review

Uncertainty has been an ongoing theme in economies and markets. While global equities started on a strong note at the start of 2021 due to policy easing and optimism surrounding vaccination rollout, global recovery was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook. For the most of second half of 2021 ("2H 2021"), expensive valuations in both fixed income and equities loomed over investors. However, the challenging market conditions in the first quarter of 2022 addressed some of these concerns as Chinese equities both onshore and offshore traded below their 15-year average and the Standard & Poor's ("S&P") plummeted 8.7% in April 2022.

In general, government policies to encourage demand throughout one of the largest economic contractions produced one of the fastest recoveries. Developed market output reached its pre-pandemic peak in the third quarter of 2021.

Real Gross Domestic Product (“GDP”) growth for US in first quarter of 2022 (“1Q 2022”) was weaker than expected, falling 1.4% on an annualised basis. The weakness can be largely attributed to a decline in the real trade deficit, lower government spending and a decrease in fiscal stimulus that was initiated to improve spending during the pandemic. Economic data showed sign of weakening while inflationary pressures continued to prompt the Federal Reserve into a more aggressive stance on interest rate hikes. However, domestic demand continues to be resilient, with personal consumption expenditures up 2.7% on an annualised basis.

In the Eurozone, equities continue to decline as the conflict between Ukraine and Russia persist, further placing upward pressure on inflation – annual eurozone inflation reached 7.5% in April, an increase from 7.4% in March. The sectors that performed best included energy due to continued strong demand and communication services given their defensive profile. Information technology, consumer discretionary and industrials fared weaker as these sectors tend to be affected by supply chain disruptions and concerns over consumer confidence the most.

In China, although 1Q 2022 GDP has shown that the Chinese economy began to rebound in January and February, the impact the pandemic had on consumption, investment and production overshadowed the growth as Covid-19 continued to put downward pressure on the Chinese economy. The tightened credit conditions that persisted until early 2022 and regulatory policies in place as a result of the government’s common prosperity initiative have slowed growth. A decline in new Covid infection numbers could be the first step in restoring market confidence, however, with parts of China in lockdown since April 2022 resulting in a decrease in both the manufacturing and services sector, investor confidence remained cautious. The Chinese Yuan also experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in April as China fought hard to contain its worst outbreak of Covid-19, implementing measures that affected the market adversely. Expectations of higher interest rates and the still ongoing conflict between Russia and Ukraine also weakened investor sentiment. Taiwan performed worst in terms of index market as major electronics manufacturers and chip slumped due to supply chain disruptions brought upon by lockdowns in Shanghai and neighbouring cities.

Bond yields continued to rise in April 2022, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. US consumer price inflation accelerated to 8.5% year on year in March though the core personal consumption expenditure index fell slightly to an annualised 5.2% from 5.3%. Corporate bonds garnered negative total returns and underperformed government bonds in general.

The S&P GSCI Index reported a positive return in April 2022. Higher prices in agricultural and energy components supported weaker prices for livestock, industrial and precious metals. Energy was the top performing component of the index as the global economy normalises after the Covid-19 pandemic and supplies are disrupted due to geopolitical unrest.

On the domestic front, March exports jumped 25.4% year on year, exceeding consensus estimates. The growth was largely attributed to electrical & electronic and commodities-based products such as palm oil. In the local bond market, Malaysia’s sovereign bonds’ trading volume declined to RM55.3billion in April 2022, a 25% reduction since March 2022. A decline in trading volume of corporate bonds from RM9.1billion in March to RM5.7billion in April was also recorded.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalization of growth rates and monetary policy tightening. Both equities and bonds are down year-to-date as uncertain policy outlooks, an energy shock and weak growth outlook in China continue to stir markets. With the most impactful effects of the pandemic likely behind us, peak policy support and with its peak GDP growth during the pandemic era also likely realized in 2021. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures and it is no surprise that commodities are on track to outperform equities for the second consecutive year. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs. Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this is much less likely this time as battling inflation is seen as a more pressing matter.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

During the financial period under review, Affin Hwang Select Asia Pacific (ex Japan) REITs Fund has received soft commissions from brokers/dealers who have also executed trades for other funds managed by Affin Hwang Asset Management. The soft commissions were utilised for goods and services in the form of research materials, data and quotation services, investment-related publications, market data feed, industry benchmarking agencies and investment-related publications to assist the Manager in the investment decision making process. The soft commissions received were for the benefit of the funds and there were no churning of trades.

Cross Trade

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

Securities Financing Transactions

Affin Hwang Select Asia Pacific (ex Japan) REITs Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

Changes Made to The Fund's Prospectus

There were no changes made to Affin Hwang Select Asia Pacific (ex Japan) REITs Fund's prospectus during the financial year under review.

TRUSTEE’S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 30 April 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Affin Hwang Asset Management Berhad has operated and managed the fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the Deeds, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing are carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
Date: 17 June 2022

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

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AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTMENT INCOME			
Dividend income		2,127,823	2,136,647
Interest income from financial assets at amortised cost		914	2,238
Net gain on foreign currency exchange		30,162	135,584
Net gain on financial assets at fair value through profit or loss	8	1,382,121	5,227,296
		<u>3,541,020</u>	<u>7,501,765</u>
EXPENSES			
Management fee	4	(981,321)	(1,090,494)
Trustee fee	5	(38,166)	(42,505)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(29,612)	(38,144)
Transaction costs		(216,327)	(370,433)
Other expenses		(194,732)	(204,782)
		<u>(1,467,658)</u>	<u>(1,753,858)</u>
NET PROFIT BEFORE TAXATION		2,073,362	5,747,907
Taxation	6	252,406	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>2,325,768</u>	<u>5,747,907</u>
Net profit after taxation is made up of the following:			
Realised amount		2,939,350	5,014,302
Unrealised amount		(613,582)	733,605
		<u>2,325,768</u>	<u>5,747,907</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 FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	9	2,318,365	1,636,033
Amount due from Manager			
- creation of units		940	-
Amount due from brokers		22,338	42,888
Dividends receivable		19,537	197,590
Financial assets at fair value through profit or loss	8	48,533,575	58,574,631
TOTAL ASSETS		<u>50,894,755</u>	<u>60,451,142</u>
LIABILITIES			
Amount due to Manager			
- management fee		74,229	88,717
- cancellation of units		629,557	10,821
Amount due to Trustee		2,887	3,450
Auditors' remuneration		7,600	7,600
Tax agent's fee		115,283	107,919
Other payables and accruals		27,516	15,678
TOTAL LIABILITIES		<u>857,072</u>	<u>234,185</u>
NET ASSET VALUE OF THE FUND		<u>50,037,683</u>	<u>60,216,957</u>
EQUITY			
Unitholders' capital		153,970,996	164,182,418
Accumulated losses		(103,933,313)	(103,965,461)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>50,037,683</u>	<u>60,216,957</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>106,302,000</u>	<u>128,505,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4707</u>	<u>0.4686</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 FUND

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	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 income for the financial year	-	2,325,768	2,325,768
Distributions (Note 7)	-	(2,293,620)	(2,293,620)
Movement in unitholders' capital:			
Creation of units arising from applications	983,887	-	983,887
Creation of units arising from distributions	2,281,537	-	2,281,537
Cancellation of units	(13,476,846)	-	(13,476,846)
Balance as at 30 April 2022	<u>153,970,996</u>	<u>(103,933,313)</u>	<u>50,037,683</u>
Balance as at 1 May 2020	167,570,399	(107,218,088)	60,352,311
Total comprehensive income for the financial year	-	5,747,907	5,747,907
Distributions (Note 7)	-	(2,495,280)	(2,495,280)
Movement in unitholders' capital:			
Creation of units arising from applications	8,352,414	-	8,352,414
Creation of units arising from distributions	2,481,462	-	2,481,462
Cancellation of units	(14,221,857)	-	(14,221,857)
Balance as at 30 April 2021	<u>164,182,418</u>	<u>(103,965,461)</u>	<u>60,216,957</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 FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		46,939,819	81,770,208
Purchase of investments		(35,496,092)	(75,157,751)
Dividends received		2,305,876	2,151,117
Interest received		914	2,238
Management fee paid		(995,809)	(1,088,961)
Trustee fee paid		(38,729)	(42,394)
Payment for other fees and expenses		(428,969)	(592,243)
Tax refund		252,406	-
Net realised (loss)/gain on foreign currency exchange		(16,266)	164,784
Net cash flows generated from operating activities		<u>12,523,150</u>	<u>7,206,998</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		982,947	8,389,658
Payments for cancellation of units		(12,858,110)	(14,213,214)
Payment for distribution		(12,083)	(13,818)
Net cash flows used in financing activities		<u>(11,887,246)</u>	<u>(5,837,374)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		635,904	1,369,624
EFFECTS OF FOREIGN CURRENCY EXCHANGE		46,428	(29,200)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>1,636,033</u>	<u>295,609</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>2,318,365</u></u>	<u><u>1,636,033</u></u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

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 ("MFRS") and International Financial Reporting Standards ("IFRS").

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

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

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark (IBOR) Reform – Phase 2' (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- 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.

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 deposit 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 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

D TAXATION

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

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

Withholding taxes on investment income from foreign investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised 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.

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

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 are measured at fair value through profit or loss.

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

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

(ii) Recognition and measurement

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

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

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

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of 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.

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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.

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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Write-off

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

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

H CASH AND CASH EQUIVALENTS

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

I AMOUNTS DUE FROM/(TO) BROKERS

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection. Refer to Note 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 dealers, probability that the dealer 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 FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

J UNITHOLDERS' CAPITAL

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

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

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

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

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the 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 FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

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 25 April 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) 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 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 17 June 2022.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		2,318,365	-	2,318,365
Quoted collective investment schemes 8		-	48,533,575	48,533,575
Amount due from Manager				
- creation of units		940	-	940
Amount due from broker		22,338	-	22,338
Dividends receivable		19,537	-	19,537
Total		<u>2,361,180</u>	<u>48,533,575</u>	<u>50,894,755</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		74,229	-	74,229
- cancellation of units		629,557	-	629,557
Amount due to Trustee		2,887	-	2,887
Auditors' remuneration		7,600	-	7,600
Tax agent's fee		115,283	-	115,283
Other payables and accruals		27,516	-	27,516
Total		<u>857,072</u>	<u>-</u>	<u>857,072</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,636,033	-	1,636,033
Quoted collective investment schemes 8		-	58,574,631	58,574,631
Amount due from brokers		42,888	-	42,888
Dividends receivable		197,590	-	197,590
Total		<u>1,876,511</u>	<u>58,574,631</u>	<u>60,451,142</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Financial instruments are as follows: (continued)

	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u> (continued)			
<u>Financial liabilities</u>			
Amount due to Manager			
- management fee	88,717	-	88,717
- cancellation of units	10,821	-	10,821
Amount due to Trustee	3,450	-	3,450
Auditors' remuneration	7,600	-	7,600
Tax agent's fee	107,919	-	107,919
Other payables and accruals	15,678	-	15,678
Total	<u>234,185</u>	<u>-</u>	<u>234,185</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>2022</u> RM	<u>2021</u> RM
Quoted investments		
Quoted collective investment schemes	<u>48,533,575</u>	<u>58,574,631</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value (NAV) to price risk movement. The analysis is based on the assumptions that the market price increased by 4% (2021: 10%) and decreased by 4% (2021:10%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2022</u>		
-4%	46,592,232	(1,941,343)
0%	48,533,575	-
+4%	50,474,918	1,941,343
	<u> </u>	<u> </u>
<u>2021</u>		
-10%	52,717,168	(5,857,463)
0%	58,574,631	-
+10%	64,432,094	5,857,463
	<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 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.

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk

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

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

<u>2022</u>	Quoted collective investment schemes RM	Cash and cash equivalents RM	Other assets* RM	<u>Total</u> RM
<u>Financial assets</u>				
Australian Dollar	-	724,654	-	724,654
Euro	-	1,956	8	1,964
Hong Kong Dollar	5,926,908	632	-	5,927,540
Indian Rupee	-	242,199	-	242,199
Singapore Dollar	36,250,540	606,835	41,875	36,899,250
United States Dollar	3,185,253	280,793	-	3,466,046
	<u>45,362,701</u>	<u>1,857,069</u>	<u>41,883</u>	<u>47,261,653</u>

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

<u>2022</u>	Tax agent's fee payable RM	<u>Total</u> RM
<u>Financial liabilities</u>		
United States Dollar	111,483	111,483

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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

	Quoted equities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u>				
<u>Financial assets</u>				
Australian Dollar	2,135,126	17,555	-	2,152,681
Hong Kong Dollar	9,410,519	8,149	31,695	9,450,363
Singapore Dollar	41,256,138	1,458,573	208,783	42,923,494
United States Dollar	3,972,264	35,320	-	4,007,584
	<u>56,774,047</u>	<u>1,519,597</u>	<u>240,478</u>	<u>58,534,122</u>

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

	Tax agent's fee payable RM	Total RM
<u>2021</u>		
<u>Financial liabilities</u>		
United States Dollar	<u>107,919</u>	<u>107,919</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS CFOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and NAV to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes based on each currency's respective historical volatility, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/NAV RM
<u>2022</u>		
Australian Dollar	+/-8.03	+/- 58,190
Euro	+/-5.70	+/- 112
Hong Kong Dollar	+/-3.24	+/- 192,052
Indian Rupee	+/-4.30	+/- 10,415
Singapore Dollar	+/-2.95	+/- 1,088,528
United States Dollar	+/-3.35	+/- 112,378
<u>2021</u>		
Australian Dollar	+/-8.79	+/- 189,133
Hong Kong Dollar	+/-4.26	+/- 402,284
Singapore Dollar	+/-3.27	+/- 1,401,621
United States Dollar	+/-4.33	+/- 168,913

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 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 of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Credit risk (continued)

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2022</u>			
Financial Services			
- AAA	2,318,365	-	2,318,365
Real Estate			
- NR	-	41,875	41,875
Others			
- NR	-	940	940
	<u>2,318,365</u>	<u>42,815</u>	<u>2,361,180</u>

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

2021

Financial Services			
- AAA	1,636,033	-	1,636,033
Real Estate			
- NR	-	197,590	197,590
Others			
- NR	-	42,888	42,888
	<u>1,636,033</u>	<u>240,478</u>	<u>1,876,511</u>

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Liquidity risk

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

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

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2022</u>			
Amount due to Manager			
- management fee	74,229	-	74,229
- cancellation of units	629,557	-	629,557
Amount due to Trustee	2,887	-	2,887
Auditors' remuneration	-	7,600	7,600
Tax agent's fee	-	115,283	115,283
Other payables and accruals	-	27,516	27,516
	<u>706,673</u>	<u>150,399</u>	<u>857,072</u>
<u>2021</u>			
Amount due to Manager			
- management fee	88,717	-	88,717
- cancellation of units	10,821	-	10,821
Amount due to Trustee	3,450	-	3,450
Auditors' remuneration	-	7,600	7,600
Tax agent's fee	-	107,919	107,919
Other payables and accruals	-	15,678	15,678
	<u>102,988</u>	<u>131,197</u>	<u>234,185</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital 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 unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is 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 year end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
Financial assets at fair value through profit or loss				
- quoted collective investment schemes	48,533,575	-	-	48,533,575
	<u>48,533,575</u>	<u>-</u>	<u>-</u>	<u>48,533,575</u>
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted collective investment schemes	58,574,631	-	-	58,574,631
	<u>58,574,631</u>	<u>-</u>	<u>-</u>	<u>58,574,631</u>

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from brokers, dividends receivable 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 FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

4 MANAGEMENT FEE

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

For the financial year ended 30 April 2022, the management fee is recognised at a rate of 1.80% (2021: 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.

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum of the NAV of the Fund, exclusive of foreign sub-custodian fee.

For the financial year ended 30 April 2022, the Trustee fee is recognised at a rate of 0.07% (2021: 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 TAXATION

	<u>2022</u> RM	<u>2021</u> RM
Current taxation - foreign	<u>(252,406)</u>	<u>-</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

6 TAXATION (CONTINUED)

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

	<u>2022</u> RM	<u>2021</u> RM
Net profit before taxation	2,073,362	5,747,907
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	497,607	1,379,498
Tax effects of:		
Investment income not subject to tax	(849,845)	(1,800,424)
Expenses not deductible for tax purposes	111,801	154,287
Restrictions on tax deductible expenses for Unit Trust Funds	240,437	266,639
Refund of foreign tax	(252,406)	-
Tax expense	(252,406)	-

7 DISTRIBUTIONS

	<u>2022</u> RM	<u>2021</u> RM
Distribution to unitholders is from the following sources:		
Dividend income	948,216	849,000
Interest income	-	1,200
Current year's realised income	1,850,000	2,243,947
Gross realised income	2,798,216	3,094,147
Less: Expenses	(504,596)	(598,867)
Net distribution amount	2,293,620	2,495,280

During the financial year ended 30 April 2022, distributions were made as follows:

	<u>Gross/Net distribution per unit</u> <u>(sen)</u>
<u>Ex-date</u>	
17.11.2021	2.00

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 April 2021, distributions were made as follows:

	<u>Gross/Net distribution per unit</u> <u>(sen)</u>
<u>Ex-date</u>	
18.11.2020	2.00

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

The Fund has incurred an unrealised loss of RM613,582 (2021: RMNil) for the financial year ended 30 April 2022.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- quoted collective investment schemes - local	3,170,874	1,800,584
- quoted collective investment schemes - foreign	45,362,701	56,774,047
	<u>48,533,575</u>	<u>58,574,631</u>
Net gain on financial assets at fair value through profit or loss:		
- realised gain on sale of investments	2,042,131	4,464,491
- unrealised (loss)/gain on changes in fair value	(660,010)	762,805
	<u>1,382,121</u>	<u>5,227,296</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

(a) Quoted collective investment schemes – local

(i) Quoted collective investment schemes – local as at 30 April 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Real Estate</u>				
Axis Real Estate Invst Trust	1,252,200	2,296,645	2,379,180	4.75
IGB REIT	488,700	673,431	791,694	1.58
Total quoted collective investment schemes – local	<u>1,740,900</u>	<u>2,970,076</u>	<u>3,170,874</u>	<u>6.33</u>
Accumulated unrealised gain on quoted collective investment schemes – local		<u>200,798</u>		
Total quoted collective investment schemes – local		<u>3,170,874</u>		

(ii) Quoted collective investment schemes – local as at 30 April 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Real Estate</u>				
IGB REIT	1,040,800	1,434,227	1,800,584	2.99
Total quoted collective investment schemes – local	<u>1,040,800</u>	<u>1,434,227</u>	<u>1,800,584</u>	<u>2.99</u>
Accumulated unrealised gain on quoted collective investment schemes – local		<u>366,357</u>		
Total quoted collective investment schemes – local		<u>1,800,584</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

(b) Quoted collective investment schemes – foreign

(i) Quoted collective investment schemes – foreign as at 30 April 2022 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Real Estate</u>				
Link REIT	156,900	5,681,150	5,926,908	11.85
<u>Singapore</u>				
<u>Real Estate</u>				
Ascendas Real Estate Inv Trust	322,058	2,911,314	2,901,052	5.80
CapitaLand Integrated Commercial Trust	811,108	5,551,997	5,952,371	11.90
Digital Core REIT Management	490,064	1,827,233	2,122,095	4.24
Frasers Centrepont Trust	266,831	1,821,757	2,059,007	4.11
Frasers Logistics & Commercial Trust	663,360	2,863,966	3,029,512	6.05
Keppel REIT	1,226,700	4,417,699	4,713,609	9.42
Lendlease Global Commer REIT	2,440,608	6,138,279	6,111,117	12.21
Mapletree Industrial Trust	561,305	5,297,039	4,614,183	9.22
Mapletree Logistics Trust	443,540	2,583,700	2,486,613	4.97
Mapletree North Asia Commercial Trust	391,843	1,157,217	1,468,637	2.94
Suntec Real Estate Investment Trust	502,900	2,437,721	2,914,438	5.82
	<u>8,120,317</u>	<u>37,007,922</u>	<u>38,372,634</u>	<u>76.68</u>
<u>United States</u>				
<u>Real Estate</u>				
Crown Castle Intl Corporation	1,319	920,872	1,063,159	2.12
Total quoted collective investment schemes– foreign	<u>8,278,536</u>	<u>43,609,944</u>	<u>45,362,701</u>	<u>90.65</u>
Accumulated unrealised gain on quoted collective investment schemes – foreign		<u>1,752,757</u>		
Total quoted collective investment schemes – foreign		<u>45,362,701</u>		

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

(b) Quoted collective investment schemes – foreign (continued)

(ii) Quoted collective investment schemes – foreign as at 30 April 2021 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>Real Estate</u>				
Centuria Industrial REIT	82,212	788,006	904,904	1.50
Waypoint REIT Ltd	155,934	1,055,160	1,230,222	2.04
	<u>238,146</u>	<u>1,843,166</u>	<u>2,135,126</u>	<u>3.54</u>
<u>Hong Kong</u>				
<u>Real Estate</u>				
Champion REIT	474,000	1,218,262	1,127,159	1.87
Link REIT	214,800	7,994,225	8,283,360	13.76
	<u>688,800</u>	<u>9,212,487</u>	<u>9,410,519</u>	<u>15.63</u>
<u>Singapore</u>				
<u>Real Estate</u>				
Ascendas Real Estate Inv Trust	387,858	3,821,627	3,720,280	6.18
Ascott Residence Trust	948,400	2,923,461	3,100,559	5.15
CapitaLand China Trust	564,169	2,321,211	2,383,814	3.96
CapitaLand Integrated Commercial Trust	811,108	5,551,997	5,353,465	8.89
Frasers Centrepont Trust	430,931	2,927,029	3,229,658	5.36
Frasers Logistics & Commercial Trust	308,660	918,199	1,399,395	2.32
Keppel DC REIT	290,400	2,454,335	2,400,346	3.99
Keppel REIT	500,000	1,720,651	1,896,783	3.15
Lendlease Global Commercial REIT	1,285,000	3,001,821	3,210,190	5.33
Mapletree Commercial Trust	434,200	2,662,018	2,919,368	4.85
Mapletree Industrial Trust	492,100	4,686,836	4,280,012	7.10
Mapletree Logistics Trust	494,715	2,908,246	3,021,084	5.02
Mapletree North Asia Commercial Trust	862,001	2,570,327	2,871,270	4.77
Suntec Real Estate Investment Trust	311,500	1,483,595	1,469,914	2.44
	<u>8,121,042</u>	<u>39,951,353</u>	<u>41,256,138</u>	<u>68.51</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

(b) Quoted collective investment schemes – foreign (continued)

(ii) Quoted collective investment schemes – foreign as at 30 April 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>Real Estate</u>				
Crown Castle Intl Corporation	5,144	3,519,833	3,972,264	6.60
Total quoted collective investment schemes – foreign	9,053,132	54,526,839	56,774,047	94.28
Accumulated unrealised gain on quoted collective investment schemes – foreign		2,247,208		
Total quoted collective investment schemes – foreign		56,774,047		

9 CASH AND CASH EQUIVALENTS

	<u>2022 RM</u>	<u>2021 RM</u>
Cash and bank balances	1,878,323	1,636,033
Deposit with a licensed financial institution	440,042	-
	2,318,365	1,636,033

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

	<u>2022 %</u>	<u>2021 %</u>
Deposit with a licensed financial institution	1.75	-

Deposit with a licensed financial institution has an average maturity of 5 days (2021: Nil days).

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u>	<u>2021</u>
	No. of units	No. of units
At the beginning of the financial year	128,505,000	135,471,000
Creation of units arising from applications	2,075,535	18,525,000
Creation of units arising from distribution	5,073,465	5,638,405
Cancellation of units	(29,352,000)	(31,129,405)
At the end of the financial year	<u>106,302,000</u>	<u>128,505,000</u>

11 TRANSACTIONS WITH BROKERS

(i) Detail of transactions with top 10 brokers for the financial year ended 30 April 2022 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
DBS Securities (S) Pte Ltd	18,976,230	23.44	50,900	28.11
Citigroup Global Markets Ltd Ldn	13,228,725	16.34	41,075	22.69
Sanford C. Bernstein And Co., Llc	6,794,309	8.39	9,431	5.21
CIMB-Gk Securities Pte Ltd	6,150,809	7.60	10,152	5.61
Macquarie Bank Ltd Sdney	4,153,231	5.13	8,307	4.59
UBS Securities Asia Ltd	3,997,492	4.94	7,995	4.42
CR Suisse First Boston (HK) Ltd	3,979,346	4.92	9,948	5.50
Robert W. Baird & Co. Inc. NY	2,800,514	3.46	309	0.17
Macquarie (M) Sdn Bhd	2,593,300	3.20	5,400	2.98
UOB Kay Hian Pte Ltd	2,541,394	3.14	6,353	3.51
Others	15,732,775	19.44	31,166	17.21
	<u>80,948,125</u>	<u>100.00</u>	<u>181,036</u>	<u>100.00</u>

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

11 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Detail of transactions with brokers for the financial year ended 30 April 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Citigroup Global Mkts Ltd Ldn	22,338,928	15.08	47,280	15.30
Macquarie Bank Limited Hong Kong	20,862,539	14.09	38,472	12.45
DBS Securities (S) Pte Ltd	20,059,595	13.54	61,335	19.85
Morgan Stanley And Co. International Plc	17,050,626	11.51	34,101	11.03
CIMB-Gk Securities Pte Ltd	15,238,106	10.29	30,476	9.86
Sanford C. Bernstein And Co., Llc	12,225,344	8.26	22,100	7.15
JP Morgan Secs (Asia Pac) Ltd HK	9,379,085	6.33	20,637	6.68
Macquarie Securities (Australia) Ltd	8,463,685	5.71	11,634	3.76
CLSA Singapore Pte Ltd	7,271,985	4.91	15,916	5.15
UBS Securities Asia Ltd	3,563,293	2.41	7,127	2.31
Others	11,652,051	7.87	19,972	6.46
	<u>148,105,237</u>	<u>100.00</u>	<u>309,050</u>	<u>100.00</u>

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

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

<u>Related parties</u>	<u>Relationships</u>
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

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

The units held by the Manager and its related party as at the end of the financial year are as follows:

	<u>2022</u>		<u>2021</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>2,101</u>	<u>989</u>	<u>2,906</u>	<u>1,362</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>104,546</u>	<u>49,210</u>	<u>-</u>	<u>-</u>

13 TOTAL EXPENSE RATIO ("TER")

	<u>2022</u>	<u>2021</u>
	%	%
TER	<u>2.01</u>	<u>2.04</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM54,526,999 (2021: RM60,725,098).

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2022</u>	<u>2021</u>
PTR (times)	<u>0.74</u>	<u>1.25</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM35,496,092 (2021: RM75,157,751)
total disposal for the financial year = RM44,877,138 (2021: RM77,258,263)

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 the opinion of the Manager, the financial statements set out on pages 1 to 33 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 30 April 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
17 June 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Asia Pacific (Ex Japan) REITs Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 April 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 33.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
17 June 2022

DIRECTORY OF SALES OFFICE

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DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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