

Annual Report for

# Asia Pacific Equity Income

31 May 2022



**AmInvest**

Growing Your Investments in a Changing World

## TRUST DIRECTORY

### **Manager**

AmFunds Management Berhad  
9<sup>th</sup> & 10<sup>th</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

### **Board of Directors**

Jeyaratnam A/L Tamotharam Pillai  
Dato' Mustafa Bin Mohd Nor  
Tai Terk Lin  
Ng Chih Kaye  
Jas Bir Kaur A/P Lol Singh  
Goh Wee Peng

### **Investment Committee**

Jas Bir Kaur A/P Lol Singh  
Dato' Mustafa Bin Mohd Nor  
Izad Shahadi Bin Mohd Sallehuddin  
Goh Wee Peng

### **Trustee**

Deutsche Trustees Malaysia Berhad

### **Auditors and Reporting Accountants**

Ernst & Young PLT

### **Taxation Adviser**

Deloitte Tax Services Sdn Bhd

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## MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Asia Pacific Equity Income ("Fund") for the financial year ended 31 May 2022.

### Salient Information of the Fund

<b>Name</b>	Asia Pacific Equity Income ("Fund")
<b>Category/ Type</b>	Feeder Fund (Equity) / Income and Growth
<b>Name of Target Fund</b>	BlackRock Global Funds-Asia Pacific Equity Income Fund
<b>Objective</b>	<p>The Fund seeks to provide income* and to a lesser extent long-term capital growth by investing in the Target Fund which has an investment focus on Asia Pacific ex-Japan equities.</p> <p><i>Note:</i> <i>*Income distribution (if any) will be paid via cheque or by instructing us to credit into your bank account. If you do not state your option in the account opening form or transaction form, and if income distribution is paid, such income will be automatically reinvested in the form of units.</i></p> <p><i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i></p>
<b>Duration</b>	The Fund was established on 18 April 2012 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.
<b>Performance Benchmark</b>	<p>MSCI AC Asia Pacific ex-Japan (Net) Index, which is also the performance benchmark of the Target Fund ["MSCI AC AP ex-Japan (Net)"]. (Available at <a href="http://www.aminvest.com">www.aminvest.com</a>)</p> <p><i>Notes: The Fund adheres to the benchmark of the Target Fund. The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i></p> <p><i>Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (<a href="http://www.msci.com">www.msci.com</a>).</i></p>

<b>Income Distribution Policy</b>	Subject to availability of income, distribution will be paid quarterly.
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## Fund Performance Data

<b>Portfolio Composition</b>	Details of portfolio composition of the Fund as at 31 May are as follows:			
		<b>As at 31 May</b>		
		<b>2022</b>	<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>	<b>%</b>
	Foreign collective investment scheme	97.22	98.69	95.63
	Money market deposits and cash equivalents	2.78	1.31	4.37
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>			
<b>Performance Details</b>	Performance details of the Fund for the financial years ended 31 May are as follows:			
		<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>
	Net asset value (RM)*	173,120,417	233,241,810	297,625,644
	Units in circulation*	192,679,551	217,719,281	395,227,507
	Net asset value per unit (RM)*	0.8985	1.0713	0.7530
	Highest net asset value per unit (RM)*	1.0763	1.0982	0.9515
	Lowest net asset value per unit (RM)*	0.8377	0.7514	0.6176
	Benchmark performance (%)	-13.91	43.30	1.94
	Total return (%) <sup>(1)</sup>	-13.92	46.00	-11.02
	- Capital growth (%)	-16.24	42.64	-13.89
	- Income distribution (%)	2.32	3.36	2.87
	Gross distribution (sen per unit)	2.49	2.53	2.50
	Net distribution (sen per unit)	2.49	2.53	2.50
	Total expense ratio (%) <sup>(2)</sup>	0.41	0.41	0.39
	Portfolio turnover ratio (times) <sup>(3)</sup>	0.15	0.32	0.35
	* Above prices and net asset value per unit are shown as ex-distribution.			
	<i>Note:</i>			
	(1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.			
	(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.			
	(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The PTR decreased by 0.17 times (53.1%) as compared to 0.32 times for the financial year ended 31 May 2021 mainly due to decrease in investing activities.			

**Average Total Return (as at 31 May 2022)**

	Asia Pacific Equity Income <sup>(a)</sup> %	MSCI AC AP ex-Japan (Net) <sup>(b)</sup> %
One year	-13.92	-13.91
Three years	3.80	7.93
Five years	0.31	5.33
Ten years	6.30	9.85

**Annual Total Return**

Financial Years Ended (31 May)	Asia Pacific Equity Income <sup>(a)</sup> %	MSCI AC AP ex-Japan (Net) <sup>(b)</sup> %
2022	-13.92	-13.91
2021	46.00	43.30
2020	-11.02	1.94
2019	-13.97	-4.14
2018	5.57	7.75

(a) Source: Novagni Analytics and Advisory Sdn Bhd.

(b) MSCI AC Asia Pacific ex-Japan (Net) Index ("MSCI AC AP ex-Japan (Net)")  
(Available at [www.aminvest.com](http://www.aminvest.com))

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute returns for that period annualised over one year.

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

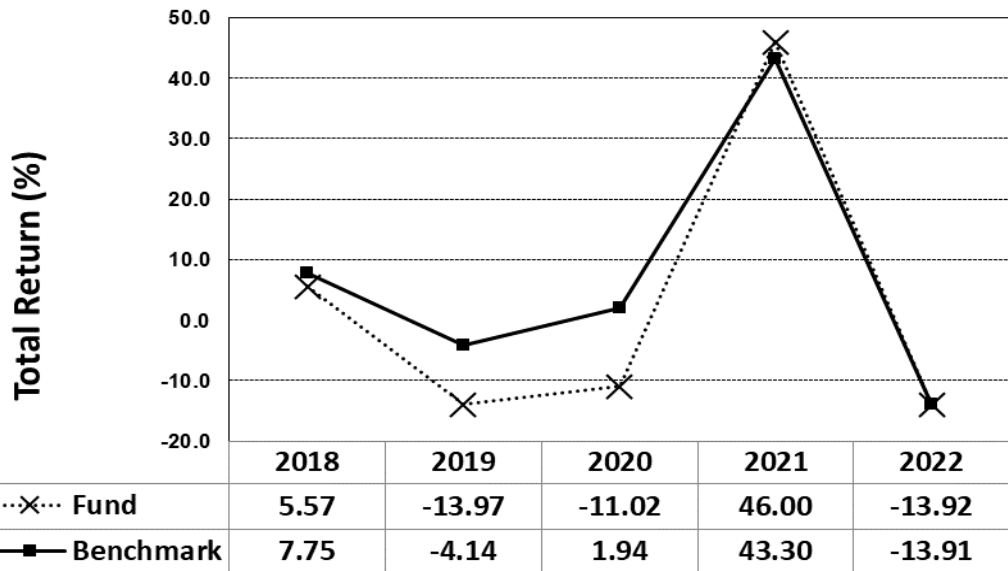
**Fund Performance**

For the financial year under review, the Fund registered a negative return of 13.92% comprising of negative 16.24% capital and 2.32% income distribution.

Thus, the Fund's negative return of 13.92% has underperformed the benchmark's negative return of 13.91% by 0.01%.

As compared with the financial year ended 31 May 2021, the net asset value ("NAV") per unit of the Fund decreased by 16.13% from RM1.0713 to RM0.8985, while units in circulation decreased by 11.50% from 217,719,281 units to 192,679,551 units.

The following line chart shows comparison between the annual performances of Asia Pacific Equity Income and its benchmark, MSCI AC AP ex-Japan (Net), for financial years ended 31 May.



Financial Years Ended (31 May)

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

**Performance of the Target Fund**

**Fund Performance Review of the Target Fund – BlackRock Global Funds - Asia Pacific Equity Income Fund (the “Target Fund”)**

Over the period 1 June 2021 to 31 May 2022, the Target Fund returned -15.6%\*, outperforming the MSCI AC Asia Pacific ex Japan Index, which returned -18.9% in USD (returns are net of fees).

The Target Fund’s outperformance was largely driven by our stock selection and underweight allocation in China and our stock selection in Singapore, while our stock selection in Australia, stock selection and an underweight in Taiwan, as well as our stock picks in India hurt relative performance.

At a stock level, not owning Chinese e-commerce company Alibaba was this period’s largest contributor to performance as the stock was sold off on continued concerns around regulation and weakening consumption trend. Our overweight in Bank Mandiri as the stock benefited from rising interest rates and economic recovery in Indonesia.

On the other hand, Australian e-commerce company Kogan.com was the top detractor as the company suffered from declining sales, high inventory and operating loss. Not owning BHP Group, the Australia mining and petroleum company, was another detractor as the company gained on rising commodity prices.

Source: BlackRock, as at 31 May 2022

\* Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested where applicable, net of fees, based on A5 SGD-H.

<b>Strategies and Policies Employed</b>	<p><b>Strategies and Policies employed by Target Fund</b></p> <p>The BGF Asia Pacific Equity Income Fund adopts a flexible equity dividend investment style. The flexibility of owning defensive yield when markets are expensive and cyclical yield when markets are cheap, allows a favourable risk-return profile over the cycle. We believe having the flexibility to rotate between different equity dividend yield strategies (Yield Hogs, Growth Engines and Sprinters) can generate outperformance and the best outcomes of growth and income.</p> <p><i>Source: BlackRock, as at 31 May 2022</i></p> <p><b>Strategies and Policies of the Fund</b></p> <p>For the financial year under review, the Fund seeks to achieve its investment objective by investing a minimum of 95% of the Fund's NAV in the SGD (Hedged) share class of the BlackRock Global Funds - Asia Pacific Equity Income Fund at all times.</p>																																												
<b>Target Fund's Top 10 Holdings</b>	<p><b><u>As at 31 May 2021</u></b></p> <table border="1" data-bbox="352 831 1447 1256"> <thead> <tr> <th>Name</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Samsung Electronics Co Ltd</td> <td>6.91</td> </tr> <tr> <td>Taiwan Semiconductor Manufacturing Co Ltd</td> <td>6.61</td> </tr> <tr> <td>Tencent Holdings Ltd</td> <td>3.77</td> </tr> <tr> <td>BlackRock Premier Funds - BlackRock China A-Shares Fund</td> <td>3.20</td> </tr> <tr> <td>AIA Group Ltd</td> <td>2.93</td> </tr> <tr> <td>United Overseas Bank Ltd</td> <td>2.63</td> </tr> <tr> <td>Australia and New Zealand Banking Group Ltd</td> <td>2.54</td> </tr> <tr> <td>Kakao Corp</td> <td>2.13</td> </tr> <tr> <td>Jiangsu Expressway Co Ltd</td> <td>2.09</td> </tr> <tr> <td>China Petroleum &amp; Chemical Corp</td> <td>2.08</td> </tr> </tbody> </table> <p><b><u>As at 31 May 2022</u></b></p> <table border="1" data-bbox="352 1357 1447 1771"> <thead> <tr> <th>Name</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Taiwan Semiconductor Manufacturing Co Ltd</td> <td>8.03</td> </tr> <tr> <td>Samsung Electronics Co Ltd</td> <td>5.01</td> </tr> <tr> <td>Tencent Holdings Ltd</td> <td>4.76</td> </tr> <tr> <td>AIA Group Ltd</td> <td>2.77</td> </tr> <tr> <td>Jiangsu Expressway Co Ltd</td> <td>2.40</td> </tr> <tr> <td>Australia and New Zealand Banking Group Ltd</td> <td>2.30</td> </tr> <tr> <td>BOC Hong Kong Holdings Ltd</td> <td>2.17</td> </tr> <tr> <td>Goodman Group</td> <td>2.09</td> </tr> <tr> <td>Blackrock Premier Funds - Blackrock China A-Shares Fund</td> <td>2.07</td> </tr> <tr> <td>China Construction Bank Corp</td> <td>2.05</td> </tr> </tbody> </table> <p><i>Source: BlackRock, as at 31 May 2022</i></p>	Name	%	Samsung Electronics Co Ltd	6.91	Taiwan Semiconductor Manufacturing Co Ltd	6.61	Tencent Holdings Ltd	3.77	BlackRock Premier Funds - BlackRock China A-Shares Fund	3.20	AIA Group Ltd	2.93	United Overseas Bank Ltd	2.63	Australia and New Zealand Banking Group Ltd	2.54	Kakao Corp	2.13	Jiangsu Expressway Co Ltd	2.09	China Petroleum & Chemical Corp	2.08	Name	%	Taiwan Semiconductor Manufacturing Co Ltd	8.03	Samsung Electronics Co Ltd	5.01	Tencent Holdings Ltd	4.76	AIA Group Ltd	2.77	Jiangsu Expressway Co Ltd	2.40	Australia and New Zealand Banking Group Ltd	2.30	BOC Hong Kong Holdings Ltd	2.17	Goodman Group	2.09	Blackrock Premier Funds - Blackrock China A-Shares Fund	2.07	China Construction Bank Corp	2.05
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<b>Portfolio Structure</b>	<p>The table below is the asset allocation of the Fund as at 31 May 2022 and 31 May 2021.</p> <table border="1" data-bbox="352 219 1439 461"> <thead> <tr> <th></th> <th>As at 31.5.2022 %</th> <th>As at 31.5.2021 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Foreign collective investment scheme</td> <td>97.22</td> <td>98.69</td> <td>-1.47</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>2.78</td> <td>1.31</td> <td>1.47</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.00</b></td> <td><b>100.00</b></td> <td></td> </tr> </tbody> </table> <p>For the financial year under review, the Fund has invested 97.22% of its NAV in the foreign collective investment scheme and the remaining 2.78% of its NAV in money market deposits and cash equivalents. There were no significant changes to the asset allocation as the Fund is wholly invested in the Target Fund as stated above.</p>		As at 31.5.2022 %	As at 31.5.2021 %	Changes %	Foreign collective investment scheme	97.22	98.69	-1.47	Money market deposits and cash equivalents	2.78	1.31	1.47	<b>Total</b>	<b>100.00</b>	<b>100.00</b>					
	As at 31.5.2022 %	As at 31.5.2021 %	Changes %																		
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Money market deposits and cash equivalents	2.78	1.31	1.47																		
<b>Total</b>	<b>100.00</b>	<b>100.00</b>																			
<b>Securities Lending / Repurchase Transactions</b>	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”).</p>																				
<b>Cross Trade</b>	<p>There were no cross trades undertaken during the financial year under review.</p>																				
<b>Distribution/ Unit splits</b>	<p>During the financial year under review, the Fund declared income distributions, detailed as follows:</p> <table border="1" data-bbox="352 1070 1447 1312"> <thead> <tr> <th>Date of distributions</th> <th>Distributions per unit (sen)</th> <th>NAV per unit Cum-Distributions (RM)</th> <th>NAV per unit Ex-Distributions (RM)</th> </tr> </thead> <tbody> <tr> <td>24-Aug-21</td> <td>0.57</td> <td>1.0278</td> <td>1.0221</td> </tr> <tr> <td>24-Nov-21</td> <td>0.64</td> <td>1.0024</td> <td>0.9960</td> </tr> <tr> <td>24-Feb-22</td> <td>0.64</td> <td>0.9448</td> <td>0.9384</td> </tr> <tr> <td>27-May-22</td> <td>0.64</td> <td>0.8896</td> <td>0.8832</td> </tr> </tbody> </table> <p>There is no unit split declared for the financial year under review.</p>	Date of distributions	Distributions per unit (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)	24-Aug-21	0.57	1.0278	1.0221	24-Nov-21	0.64	1.0024	0.9960	24-Feb-22	0.64	0.9448	0.9384	27-May-22	0.64	0.8896	0.8832
Date of distributions	Distributions per unit (sen)	NAV per unit Cum-Distributions (RM)	NAV per unit Ex-Distributions (RM)																		
24-Aug-21	0.57	1.0278	1.0221																		
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27-May-22	0.64	0.8896	0.8832																		
<b>State of Affairs</b>	<p>There has been neither significant changes to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial year under review.</p>																				
<b>Rebates and Soft Commission</b>	<p>During the period, the management company did not receive soft commissions by virtue of transactions conducted for the Fund.</p>																				

<b>Market Review</b>	<p>Asia Pacific ex Japan equities fell over 18% over the past 12 months, as markets priced in continued uncertainty from Russia-Ukraine dispute, an increasingly hawkish Fed, intensifying lockdowns in China, and dollar strength.</p> <p>Among Asian Pacific countries, Indonesia led performance with over 20% return, being pulled up by its heavyweight bank sector. India also delivered positive return but to a much lesser extent (1.4%) with continued foreign equity outflows being the main market concern. On the other hand, China was the worst performer followed by Korea. The underperformance in China (-36%) was mainly driven by the weakening macro conditions, regulatory uncertainty and concerns around strict lockdowns. Korea also lagged behind peers returning -25% as the continued tech sell-off dealt a blow to their respective heavyweight sectors, semis and tech hardware.</p> <p><i>Source: BlackRock, as at 31 May 2022</i></p>
<b>Market Outlook</b>	<p>We view the current set up in EM as challenging. We are cautious on margins, PE multiples and tightening liquidity which we regard as a “nasty cocktail” playing out right now. We believe we are only part way through this adjustment especially with regard to margins and liquidity. As we track fundamentals we perceive a step change from previous years where the macro, valuation and margin set up was broadly supportive. Margins look close to peak as demand from covid has met constrained supply. More importantly EM hasn’t created that demand which has largely been a DM effect thus far. Multiples remain elevated from broad money creation and again wasn’t created in EM. There is also not much liquidity to take away in EM either. So in summary we view EM as vulnerable to getting caught in a fall out of repricing of risk globally. We believe once that period is over longer term fundamentals are better in EM (vs DM) once that adjustment settles.</p> <p>Our outlook for China remains relatively cautious but pragmatic given recent sharp relative underperformance and signs of policy easing. Given this we have been adding during sharp downturns essentially keeping a neutral position. We are seeing extreme lockdowns in several cities in response to rapidly rising covid cases in the country. Implications for China and the world are likely to be significant until China changes its covid strategy, which we believe is still unlikely this year. It will be difficult for China to change course given their position to save lives at any cost while the low level of vaccine uptake persists amongst the over 80 population. We expect global demand to be impacted as a result.</p> <p>In terms of portfolio positioning, we are most overweight Singapore and Hong Kong but underweight Korea and Taiwan. We are also overweight Pan-Asia due to stock specific reasons. We have the largest overweight in the Industrials and Real Estate sectors, while we are most underweight Consumer Discretionary and Consumer Staples.</p> <p><i>Source: BlackRock, as at 31 May 2022</i></p>

Kuala Lumpur, Malaysia  
AmFunds Management Berhad

22 July 2022

## **Independent auditors' report to the unit holders of Asia Pacific Equity Income**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Asia Pacific Equity Income (“the Fund”), which comprise the statement of financial position as at 31 May 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 12 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2022, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *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 *Auditor's 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 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.

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

The Manager is responsible for the other information. The other information comprises the information in the annual report of the Fund, 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.

**Independent auditors' report to the unit holders of  
Asia Pacific Equity Income (cont'd.)**

*Information other than the financial statements and auditors' report thereon (cont'd.)*

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 the fact. We have nothing to report in this regard.

*Responsibilities of the Manager and the Trustees for the financial statements*

The Manager 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 cease operations, or has no realistic alternative to do so.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

*Auditor's 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 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 unit holders of  
Asia Pacific Equity Income (cont'd.)**

*Auditor's responsibilities for the audit of the financial statements (cont'd.)*

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

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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 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.
- 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 unit holders of  
Asia Pacific Equity Income (cont'd.)**

**Other matters**

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by Securities Commissions Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Lee Pei Yin  
No. 03189/05/2023 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
22 July 2022

## Asia Pacific Equity Income

### STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
Investment	4	168,309,001	230,180,244
Cash at banks		4,958,415	8,566,053
<b>TOTAL ASSETS</b>		<u>173,267,416</u>	<u>238,746,297</u>
<b>LIABILITIES</b>			
Amount due to Manager	5	54,661	5,416,604
Amount due to Trustee	6	8,873	11,855
Distribution payable		25,404	31,999
Tax payable		16,000	-
Sundry payables and accruals		42,061	44,029
<b>TOTAL LIABILITIES</b>		<u>146,999</u>	<u>5,504,487</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>173,120,417</u>	<u>233,241,810</u>
<b>EQUITY</b>			
Unit holders' capital	8(a)	40,752,263	67,148,092
Retained earnings	8(b)(c)	132,368,154	166,093,718
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	8	<u>173,120,417</u>	<u>233,241,810</u>
<b>UNITS IN CIRCULATION</b>	8(a)	<u>192,679,551</u>	<u>217,719,281</u>
<b>NAV PER UNIT (RM) – EX-DISTRIBUTION</b>		<u>0.8985</u>	<u>1.0713</u>

*The accompanying notes form an integral part of the financial statements.*

## Asia Pacific Equity Income

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	2022 RM	2021 RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Distribution income		5,043,840	8,778,386
Interest income		90,213	125,871
Net (loss)/gain from investment:			
– Financial assets at fair value through profit or loss (“FVTPL”)	7	<u>(33,147,330)</u>	<u>103,928,348</u>
		<u>(28,013,277)</u>	<u>112,832,605</u>
<b>EXPENDITURE</b>			
Manager’s fee	5	(674,740)	(962,526)
Trustee’s fee	6	(118,005)	(169,745)
Audit fee		(9,000)	(9,000)
Tax agent’s fee		(3,800)	(3,800)
Other expenses		<u>(6,347)</u>	<u>(2,712)</u>
		<u>(811,892)</u>	<u>(1,147,783)</u>
<b>Net (loss)/income before taxation</b>		(28,825,169)	111,684,822
<b>Taxation</b>	10	<u>(16,000)</u>	<u>-</u>
<b>Net (loss)/income after taxation, representing total comprehensive (loss)/income for the financial year</b>		<u>(28,841,169)</u>	<u>111,684,822</u>
Total comprehensive (loss)/income comprises the following:			
Realised income		9,384,962	18,698,724
Unrealised (loss)/gain		<u>(38,226,131)</u>	<u>92,986,098</u>
		<u>(28,841,169)</u>	<u>111,684,822</u>
<b>Distributions for the financial year</b>			
Gross/net distributions	11	<u>4,884,395</u>	<u>7,076,137</u>
Gross/net distributions per unit (sen)	11	<u>2.49</u>	<u>2.53</u>

*The accompanying notes form an integral part of the financial statements.*



## Asia Pacific Equity Income

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	Unit holders' capital RM	Retained earnings RM	Total equity RM
At 1 June 2021		67,148,092	166,093,718	233,241,810
Total comprehensive loss for the financial year		-	(28,841,169)	(28,841,169)
Creation of units	8(a)	28,014,226	-	28,014,226
Reinvestment of distributions	8(a),11	4,783,015	-	4,783,015
Cancellation of units	8(a)	(59,193,070)	-	(59,193,070)
Distributions	11	-	(4,884,395)	(4,884,395)
Balance at 31 May 2022		<u>40,752,263</u>	<u>132,368,154</u>	<u>173,120,417</u>
At 1 June 2020		236,140,611	61,485,033	297,625,644
Total comprehensive income for the financial year		-	111,684,822	111,684,822
Creation of units	8(a)	59,105,941	-	59,105,941
Reinvestment of distributions	8(a),11	6,894,435	-	6,894,435
Cancellation of units	8(a)	(234,992,895)	-	(234,992,895)
Distributions	11	-	(7,076,137)	(7,076,137)
Balance at 31 May 2021		<u>67,148,092</u>	<u>166,093,718</u>	<u>233,241,810</u>

*The accompanying notes form an integral part of the financial statements.*

## Asia Pacific Equity Income

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investment	42,893,528	169,135,569
Purchase of investment	(14,169,615)	(10,766,399)
Distributions received	5,043,840	8,778,386
Interest received	90,213	125,871
Manager's fee paid	(696,422)	(973,131)
Trustee's fee paid	(120,987)	(171,644)
Tax agent's fee paid	(3,800)	(3,800)
Payments for other expenses	(17,315)	(21,591)
Net cash generated from operating and investing activities	<u>33,019,442</u>	<u>166,103,261</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	28,014,226	59,717,910
Payments for cancellation of units	(64,533,331)	(229,652,634)
Distributions paid	(107,975)	(224,606)
Net cash used in financing activities	<u>(36,627,080)</u>	<u>(170,159,330)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,607,638)</b>	<b>(4,056,069)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b><u>8,566,053</u></b>	<b><u>12,622,122</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b><u>4,958,415</u></b>	<b><u>8,566,053</u></b>
Cash and cash equivalents comprise:		
Cash at banks	<u>4,958,415</u>	<u>8,566,053</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 1. GENERAL INFORMATION

Asia Pacific Equity Income (“the Fund”) was established pursuant to a Deed dated 25 May 2011 as amended by Deeds Supplemental thereto (“the Deed”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders. By a Supplemental Deed dated 23 October 2015, the Fund has changed its name from AmAsia Pacific Equity Income to Asia Pacific Equity Income.

The Fund seeks to provide income and to a lesser extent long term capital growth by investing in the BlackRock Global Funds - Asia Pacific Equity Income Fund (“Target Fund”) which has an investment focus on Asia Pacific ex-Japan equities. Being a feeder fund, a minimum of 95% of the Fund’s NAV will be invested in the Target Fund, which is a separate unit trust fund managed by BlackRock (Luxembourg) S.A. (“Target Fund Manager”). As provided in the Deeds, the “accrual period” or financial period shall end on 31 May and the units in the Fund were first offered for sale on 18 April 2012.

The financial statements were authorised for issue by the Manager on 22 July 2022.

#### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards (“IFRS”).

##### Standards effective during the financial year

The adoption of MFRS which has been effective during the financial year did not have any material financial impact to the financial statements, which as per the following:

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
<i>Interest Rate Benchmark Reform – Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

##### Standards issued but not yet effective

The standards and amendments to standards that have been issued but not yet effective up to the date of issuance of the Fund’s financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective:

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D.)

##### Standards issued but not yet effective (cont'd.)

Description	Effective for financial periods beginning on or after
<i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i> (Amendments to MFRS 16)*	1 April 2021
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020" Reference to the Conceptual Framework (Amendments to MFRS 3 <i>Business Combinations</i> )*	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 <i>Property, Plant and Equipment</i> )*	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Extension of the Temporary Exemption from applying MFRS 9 (Amendments to MFRS 4 <i>Insurance Contracts</i> )*	1 January 2022
MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i> )*	1 January 2023
Amendments to MFRS 101: <i>Presentation of Financial Statements Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

\* These MFRS and Amendments to MFRSs are not relevant to the Fund.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) Distribution income

Distribution income is recognised when the Fund's right to receive payment is established.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

##### 3.1 Income recognition (cont'd.)

(ii) Interest income

Interest income on short-term deposits is recognised on an accrual basis using the effective interest method.

(iii) Gain or loss on disposal of investment

On disposal of investment, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investment. The net realised gain or loss is recognised in profit or loss.

##### 3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### 3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia ("RM") which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted RM as its presentation currency.

##### 3.4 Foreign currency transactions

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

##### 3.5 Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents are short-term, highly liquid investment that is readily convertible to cash with insignificant risk of changes in value.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

##### 3.6 Distributions

Distributions are at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from the retained earnings and realised income. Realised income is the income earned from distribution income, interest income and net gain on disposal of investment after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

##### 3.7 Unit holders' capital

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

##### 3.8 Financial assets – initial recognition and measurement

###### (i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

###### (ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

###### (iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**3.9 Financial assets – classification and subsequent measurement**

The Fund subsequently measures its investment in collective investment scheme (“CIS”) at FVTPL. Distributions earned whilst holding the investment in CIS is recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investment in CIS, realised and unrealised, are included in profit or loss.

**3.10 Financial assets under MFRS 9**

(i) Classification and measurement

The classification of financial assets depends on the Fund’s business model of managing the financial assets in order to generate cash flows (“business model test”) and the contractual cash flow characteristics of the financial instruments (“SPPI test”). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

The Fund may classify its financial assets under the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager and other receivables.

Financial assets at FVOCI

A financial asset is measured at fair value through other comprehensive income (“FVOCI”) if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

##### 3.10 Financial assets under MFRS 9 (cont'd.)

(i) Classification and measurement (cont'd.)

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Interest earned and distribution income elements of such instruments are recorded separately in "Interest income" and "Distribution income" respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Fund is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

##### 3.11 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### 3.12 Derecognition of financial instruments

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**3.12 Derecognition of financial instruments (cont'd.)**

(i) Derecognition of financial asset (cont'd.)

- the Fund has transferred substantially all the risks and rewards of the asset, or
- the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For investments classified as FVOCI - debt instruments, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(ii) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses are recognised in profit or loss when the liabilities are recognised, and through the amortisation process.

**3.13 Financial instruments – expected credit losses (“ECL”)**

The Fund assesses on a forward-looking basis the ECL associated with its financial assets at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

**3.14 Determination of fair value**

For investment in CIS, fair value is determined based on the closing NAV per unit of the foreign CIS. Purchased cost is the quoted price that the Fund paid when buying its investment. The difference between purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

##### 3.15 Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

##### 3.16 Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investment as financial assets at FVTPL as the Fund may sell its investment in the short-term for profit-taking or to meet unit holders' cancellation of units.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. INVESTMENT

	2022 RM	2021 RM
<b>Financial asset at FVTPL</b>		
At cost:		
Foreign CIS	<u>164,835,597</u>	<u>188,480,709</u>
At fair value:		
Foreign CIS	<u>168,309,001</u>	<u>230,180,244</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 4. INVESTMENT (CONT'D.)

Details of investment are as follows:

Foreign CIS	Number of units	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
<b>2022</b>				
BlackRock Global Funds - Asia Pacific Equity Income Fund ("Target Fund")	4,588,924	168,309,001	164,835,597	97.22
<b>Excess of fair value over purchased cost</b>		<u>3,473,404</u>		
<b>2021</b>				
BlackRock Global Funds - Asia Pacific Equity Income Fund ("Target Fund")	5,284,624	230,180,244	188,480,709	98.69
<b>Excess of fair value over purchased cost</b>		<u>41,699,535</u>		

Based on the Fund's prospectus, a minimum of 95% of its NAV will be invested in the Target Fund. However, if the asset allocation does not achieve the minimum requirement, it will be adjusted back to the minimum level after the reporting period. The reduction of the asset allocation is due to the creation of units at the point of reporting date.

#### 5. AMOUNT DUE TO MANAGER

	Note	2022 RM	2021 RM
<b>Due to Manager</b>			
Redemption of units	(i)	-	5,340,261
Manager's fee payable	(ii)	54,661	76,343
		<u>54,661</u>	<u>5,416,604</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 5. AMOUNT DUE TO MANAGER (CONT'D.)

- (i) The amount represents amount payable to the Manager for units redeemed.

The normal credit period in the previous and current financial years for creation and redemption of units is three business days.

- (ii) As the Fund is investing in the Target Fund, the Manager's fee was charged as follows:

	<b>2022</b>	<b>2021</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager's fee charged by the Target Fund Manager, on the NAV of the Target Fund (Note a)	1.50	1.50
Manager's fee charged by the Manager, on the NAV of investment in the Target Fund (Note b)	0.30	0.30
Manager's fee charged by the Manager, on the remaining NAV of the Fund (Note b)	1.80	1.80

Note a) The Fund's share of Manager's fee to the Target Fund Manager has been accounted for as part of net unrealised changes in fair value of investment in foreign CIS.

Note b) The Manager's fee of the Fund chargeable in the Statement of Comprehensive Income relates to 0.30% on the NAV of investment in the Target Fund and 1.80% on the remaining NAV of the Fund.

The normal credit period in the previous and current financial years for Manager's fee payable is one month.

#### 6. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2021: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

The normal credit period in the previous and current financial years for Trustee's fee payable is one month.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 7. NET (LOSS)/GAIN FROM INVESTMENT

	2022 RM	2021 RM
Net (loss)/gain on financial assets at FVTPL comprised:		
– Net realised gain/(loss) on sale of investment	2,144,564	(781,017)
– Net realised gains on foreign currency exchange	2,934,237	11,723,267
– Net unrealised (loss)/gain on changes in fair value of investment	(38,619,330)	104,507,370
– Net unrealised gain/(loss) on foreign currency fluctuation of investment denominated in foreign currency	393,199	(11,521,272)
	<u>(33,147,330)</u>	<u>103,928,348</u>

#### 8. TOTAL EQUITY

Total equity is represented by:

	Note	2022 RM	2021 RM
Unit holders' capital	(a)	40,752,263	67,148,092
Retained earnings			
– Realised income	(b)	128,894,750	124,394,183
– Unrealised gains	(c)	3,473,404	41,699,535
		<u>173,120,417</u>	<u>233,241,810</u>

##### (a) Unit holders' capital/units in circulation

	2022		2021	
	Number of units	RM	Number of units	RM
At beginning of the financial year	217,719,281	67,148,092	395,227,507	236,140,611
Creation during the financial year	28,634,731	28,014,226	64,793,795	59,105,941
Distributions reinvested (Note 11)	4,998,916	4,783,015	7,189,399	6,894,435
Cancellation during the financial year	<u>(58,673,377)</u>	<u>(59,193,070)</u>	<u>(249,491,420)</u>	<u>(234,992,895)</u>
At end of the financial year	<u>192,679,551</u>	<u>40,752,263</u>	<u>217,719,281</u>	<u>67,148,092</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 8. TOTAL EQUITY (CONT'D.)

##### (b) Realised - distributable

	2022 RM	2021 RM
At beginning of the financial year	124,394,183	112,771,596
Net realised income for the financial year	9,384,962	18,698,724
Distributions out of realised income (Note 11)	<u>(4,884,395)</u>	<u>(7,076,137)</u>
At end of the financial year	<u>128,894,750</u>	<u>124,394,183</u>

##### (c) Unrealised - non-distributable

	2022 RM	2021 RM
At beginning of the financial year	41,699,535	(51,286,563)
Net unrealised (loss)/gain for the financial year	<u>(38,226,131)</u>	<u>92,986,098</u>
At end of the financial year	<u>3,473,404</u>	<u>41,699,535</u>

#### 9. UNITS HELD BY THE MANAGER AND RELATED PARTIES

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

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holdings company of the Manager
AMMB Holdings Berhad ("AMMB")	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

There were no units held by the Manager or any related party as at 31 May 2022 and 31 May 2021.

#### 10. TAXATION

	2022 RM	2021 RM
Current financial year - foreign tax	<u>16,000</u>	<u>-</u>

Income tax payable is calculated on investment income less deduction for permitted expenses as provided for under Section 63B of the Income Tax Act, 1967.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 10. TAXATION (CONT'D.)

A reconciliation of income tax expense applicable to net (loss)/income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Net (loss)/income before taxation	<u>(28,825,169)</u>	<u>111,684,822</u>
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(6,918,041)	26,804,357
Tax effects of:		
Income not subject to tax	(2,713,632)	(30,032,375)
Loss not allowed for tax deduction	9,436,818	2,952,549
Restriction on tax deductible expenses for unit trust fund	147,688	209,850
Non-permitted expenses for tax purposes	30,756	42,302
Permitted expenses not used and not available for future financial years	16,411	23,317
Tax on foreign sourced income	16,000	-
Tax expense for the financial year	<u>16,000</u>	<u>-</u>

#### 11. DISTRIBUTIONS

Distributions to unit holders for the financial year are from the following sources:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Distribution income	2,821,137	3,499,826
Interest income	50,458	50,183
Net realised gains on sale of investment	1,199,505	4,673,911
Net realised gain on foreign currency exchange	1,641,187	-
	<u>5,712,287</u>	<u>8,223,920</u>
Less: Expenses	(811,892)	(1,147,783)
Taxation	(16,000)	-
Total amount of distributions	<u>4,884,395</u>	<u>7,076,137</u>
Gross/net distributions per unit (sen)	<u>2.49</u>	<u>2.53</u>
Distributions made out of:		
- Realised income [Note 8(b)]	<u>4,884,395</u>	<u>7,076,137</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 11. DISTRIBUTIONS (CONT'D.)

Distributions to unit holders for the financial year are from the following sources: (cont'd.)

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Comprising:		
Distributions reinvested [Note 8(a)]	4,783,015	6,894,435
Distribution payable	25,404	31,999
Cash distribution	75,976	149,703
	<u>4,884,395</u>	<u>7,076,137</u>

#### Financial year ended 31 May 2022

<b>Distributions Ex-date</b>	<b>Distributions per unit RM</b>	<b>Total distributions RM</b>
24 August 2021	0.57	1,187,999
24 November 2021	0.64	1,265,683
24 February 2022	0.64	1,206,253
27 May 2022	0.64	1,224,460
	<u>2.49</u>	<u>4,884,395</u>

#### Financial year ended 31 May 2021

<b>Distributions Ex-date</b>	<b>Distributions per unit RM</b>	<b>Total distributions RM</b>
25 August 2020	0.64	2,304,360
23 November 2020	0.64	1,863,990
22 February 2021	0.64	1,556,902
24 May 2021	0.61	1,350,886
	<u>2.53</u>	<u>7,076,137</u>

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

The above distributions have been proposed before taking into account the net unrealised loss of RM38,226,131 arising during the financial year which are carried forward to the next financial year.



## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 12. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	<b>2022</b>	<b>2021</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Manager’s fee	0.34	0.34
Trustee’s fee	0.06	0.06
Fund’s other expenses	0.01	0.01
Total TER	<u>0.41</u>	<u>0.41</u>

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

#### 13. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investment to the average NAV of the Fund calculated on a daily basis, is 0.15 times (2021: 0.32 times).

#### 14. SEGMENTAL REPORTING

As stated in Note 1, the Fund is a feeder fund whereby a minimum of 95% of the Fund’s NAV will be invested in the Target Fund.

As the Fund operates substantially as a feeder fund which invests primarily in the Target Fund, it is not possible or meaningful to classify its investment by separate business or geographical segments.

#### 15. TRANSACTIONS WITH THE TARGET FUND MANAGER

Details of transactions with the Target Fund Manager for the financial year ended 31 May 2022 are as follows:

<b>Target Fund Manager</b>	<b>Transaction value</b>	
	<b>RM</b>	<b>%</b>
BlackRock (Luxembourg) S.A.	<u>57,763,888</u>	<u>100.00</u>

There was no transaction with financial institutions related to the Manager, during the financial year.

The above transactions were in respect of investment in foreign CIS. Transactions in this investment do not involve any commission or brokerage.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 16. FINANCIAL INSTRUMENTS

##### (a) Classification of financial instruments

The significant accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2022</b>				
<b>Assets</b>				
Investment	168,309,001	-	-	168,309,001
Cash at banks	-	4,958,415	-	4,958,415
Total financial assets	<u>168,309,001</u>	<u>4,958,415</u>	<u>-</u>	<u>173,267,416</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	54,661	54,661
Amount due to Trustee	-	-	8,873	8,873
Distribution payable	-	-	25,404	25,404
Total financial liabilities	<u>-</u>	<u>-</u>	<u>88,938</u>	<u>88,938</u>
<b>2021</b>				
<b>Assets</b>				
Investment	230,180,244	-	-	230,180,244
Cash at bank	-	8,566,053	-	8,566,053
Total financial assets	<u>230,180,244</u>	<u>8,566,053</u>	<u>-</u>	<u>238,746,297</u>
<b>Liabilities</b>				
Amount due to Manager	-	-	5,416,604	5,416,604
Amount due to Trustee	-	-	11,855	11,855
Distribution payable	-	-	31,999	31,999
Total financial liabilities	<u>-</u>	<u>-</u>	<u>5,460,458</u>	<u>5,460,458</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 16. FINANCIAL INSTRUMENTS (CONT'D.)

##### (a) Classification of financial instruments (cont'd.)

	Income, expenses, gains and losses	
	2022 RM	2021 RM
Net (loss)/gain on financial assets at FVTPL	(33,147,330)	103,928,348
Income, of which derived from:		
– Distribution income from financial assets at FVTPL	5,043,840	8,778,386
– Interest income from financial assets at amortised cost	<u>90,213</u>	<u>125,871</u>

##### (b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1 RM	Level 2 RM (Note 4)	Level 3 RM	Total RM
<b>2022</b>				
Financial assets at FVTPL	-	168,309,001	-	<u>168,309,001</u>
<b>2021</b>				
Financial assets at FVTPL	-	230,180,244	-	<u>230,180,244</u>

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 16. FINANCIAL INSTRUMENTS (CONT'D.)

**(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Distribution payable

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investment coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds and the Deed as the backbone of risk management of the Fund.

**(a) Market risk**

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

Financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of Covid-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The outcomes of global and local financial markets are highly uncertain and cannot be predicted at this point in time. Due to this, the Manager of the Fund is unable to reliably estimate the quantitative impact of Covid-19 towards the Fund's performance for the next twelve months. The Manager of the Fund will continue to actively monitor the developments in the market to minimise any potential impact to the Fund.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

##### (a) Market risk (cont'd.)

The Fund's market risk is affected primarily by the following risks:

##### (i) Price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its investment in the Target Fund. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund's NAV	
	2022 RM	2021 RM
-5.00%	(8,415,450)	(11,509,012)
+5.00%	<u>8,415,450</u>	<u>11,509,012</u>

##### (ii) Interest rate risk

Interest rate risk will affect the value of the Fund's investment, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Domestic interest rates on deposits and placements with licensed financial institution are determined based on prevailing market rates.

##### (iii) Currency risk

Currency risk is associated with the Fund's assets and liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

##### (a) Market risk (cont'd.)

##### (iii) Currency risk (cont'd.)

Percentage movements in currencies other than the Fund's functional currency:	Sensitivity of the Fund's NAV	
	2022 RM	2021 RM
-5.00%	(8,415,450)	(11,509,012)
+5.00%	8,415,450	11,509,012

The net unhedged financial assets of the Fund that is not denominated in Fund's functional currency is as follows:

Assets denominated in	2022		2021	
	RM equivalent	% of NAV	RM equivalent	% of NAV
<b>SGD</b>				
Investment	168,309,001	97.22	230,180,244	98.69

##### (b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to short-term deposits and distributions receivable. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund's investment to fluctuate in value.

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund manages the risk by setting internal counterparty limits and undertaking internal credit evaluation to minimise such risk.

Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

##### (c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

## Asia Pacific Equity Income

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

#### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

##### (c) Liquidity risk (cont'd.)

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of deposit with licensed financial institution and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

The Fund's financial liabilities have contractual maturities of not more than six months.

##### (d) Single issuer risk

The Fund, as a feeder fund, invests significantly all its assets in the Target Fund. The Target Fund is restricted from investing in securities issued by any issuer in excess of a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed by the Target Fund Manager based on internal/external ratings.

##### (e) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

##### (f) Country risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the NAV of the Fund may be adversely affected.

##### (g) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

##### (h) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

The specific risks associated to the Target Fund include market risk, securities risk, emerging market risk, settlement and credit risks, regulatory and accounting standards risks, political risk, custody risk and liquidity risk.

## **Asia Pacific Equity Income**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2022**

#### **18. CAPITAL MANAGEMENT**

The primary objective of the Fund's capital management is to ensure that it maximises unit holders' value by expanding its fund size to benefit from economies of scale and achieving growth in NAV from the performance of its investment.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units, make distribution payment, or return capital to unit holders by way of redemption of units.

No changes were made in the objective, policies or processes during the financial years ended 31 May 2022 and 31 May 2021.



## **Asia Pacific Equity Income**

### **STATEMENT BY THE MANAGER**

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Asia Pacific Equity Income (the “Fund”) as at 31 May 2022 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and of behalf of the Manager

**GOH WEE PENG**

Executive Director

Kuala Lumpur, Malaysia

22 July 2022

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF ASIA PACIFIC EQUITY INCOME ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 May 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds 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 deed, the securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed 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 Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Gerard Ang**  
Chief Executive Officer

Kuala Lumpur  
22 July 2022

## DIRECTORY

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*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad  
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),  
Friday (8.45 a.m. to 5.00 p.m.)*

