

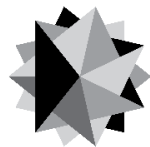
# Affin Hwang

## Select Asia Pacific (ex Japan)

### REITs Fund

Annual Report  
30 April 2021

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 2021

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DIRECTORY OF SALES OFFICE	

## FUND INFORMATION

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

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 APRIL 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	81	207
5,001 to 10,000	52	355
10,001 to 50,000	189	4,060
50,001 to 500,000	77	11,353
500,001 and above	17	112,527
<b>Total</b>	<b>416</b>	<b>128,502</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 30 Apr 2021 (%)	As at 30 Apr 2020 (%)	As at 30 Apr 2019 (%)
Portfolio Composition			
<b>Quoted equities - local</b>			
- REITs	2.99	5.03	4.09
- Construction	-	-	1.64
- Telecommunication & Media	-	-	2.90
<b>Total quoted equities - local</b>	<b>2.99</b>	<b>5.03</b>	<b>8.63</b>
<b>Quoted equities - foreign</b>			
- Consumer services	-	-	2.61
- REITs	94.28	94.24	3.66
- Healthcare	-	-	4.20
- Industrials	-	-	13.75
- Oil & gas	-	-	5.38
- REITs	-	-	39.60
- Technology	-	-	6.36
- Telecommunications	-	-	6.01
- Utilities	-	-	8.04
<b>Total quoted equities - foreign</b>	<b>94.28</b>	<b>94.24</b>	<b>89.61</b>
<b>Cash</b>	<b>2.73</b>	<b>0.73</b>	<b>1.76</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	60.217	60.352	88.337
NAV per Unit (RM)	0.4686	0.4455	0.4761
Unit in Circulation (million)	128.505	135.471	185.554
Highest NAV	0.4850	0.5262	0.5212
Lowest NAV	0.4263	0.3899	0.4325
Return of the fund (%)	9.92	-6.43	-4.13
- Capital Return (%)	5.19	-6.43	-4.13
- Income Return (%)	4.50	-	-
Gross Distribution per Unit (sen)	2.00	-	-
Net Distribution per Unit (sen)	2.00	-	-
Management Expense Ratio (%) <sup>1</sup>	2.04	1.97	2.01
Portfolio Turnover Ratio (times) <sup>2</sup>	1.25	1.10	2.12

### **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

<sup>1</sup> The Fund's MER was higher than previous year due to lower average NAV of the Fund during the financial year.

<sup>2</sup> The Fund's PTR was higher than previous year due to lower average NAV 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)
17-Nov-20	18-Nov-20	0.4658	0.0200	0.4445

No unit splits were declared for the financial year ended 30 April 2021.

### Performance Review

For the year 1 May 2020 to 30 April 2021, the Fund has registered a return of 9.92% as compared to the benchmark return of 12.93%. The Fund thus underperformed the benchmark by 3.01%. The Net Asset Value (NAV) per unit of the Fund as at 30 April 2021 was RM0.4686 while the NAV per unit on 30 April 2020 was RM 0.4455. During the same year under review, the Fund has declared a total gross income distribution of RM0.0200 per unit.

Since commencement, the Fund has outperformed the benchmark by 1.24% with returns of 34.59% compared to the benchmark return of 33.35%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/5/20 - 30/4/21)	3 Years (1/5/18 - 30/4/21)	5 Years (1/5/16 - 30/4/21)	Since Commencement (16/5/07 - 30/4/21)
<b>Fund</b>	<b>9.92%</b>	<b>(1.39%)</b>	<b>13.15%</b>	<b>34.59%</b>
<b>Benchmark</b>	<b>12.93%</b>	<b>3.65%</b>	<b>8.08%</b>	<b>33.35%</b>
<b>Outperformance</b>	<b>(3.01%)</b>	<b>(5.04%)</b>	<b>5.07%</b>	<b>1.24%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/20 - 30/4/21)	3 Years (1/5/18 - 30/4/21)	5 Years (1/5/16 - 30/4/21)	Since Commencement (16/5/07 - 30/4/21)
<b>Fund</b>	<b>9.92%</b>	<b>(0.47%)</b>	<b>2.50%</b>	<b>2.15%</b>
<b>Benchmark</b>	<b>12.93%</b>	<b>1.20%</b>	<b>1.57%</b>	<b>2.08%</b>
<b>Outperformance</b>	<b>(3.01%)</b>	<b>(1.67%)</b>	<b>0.93%</b>	<b>0.07%</b>

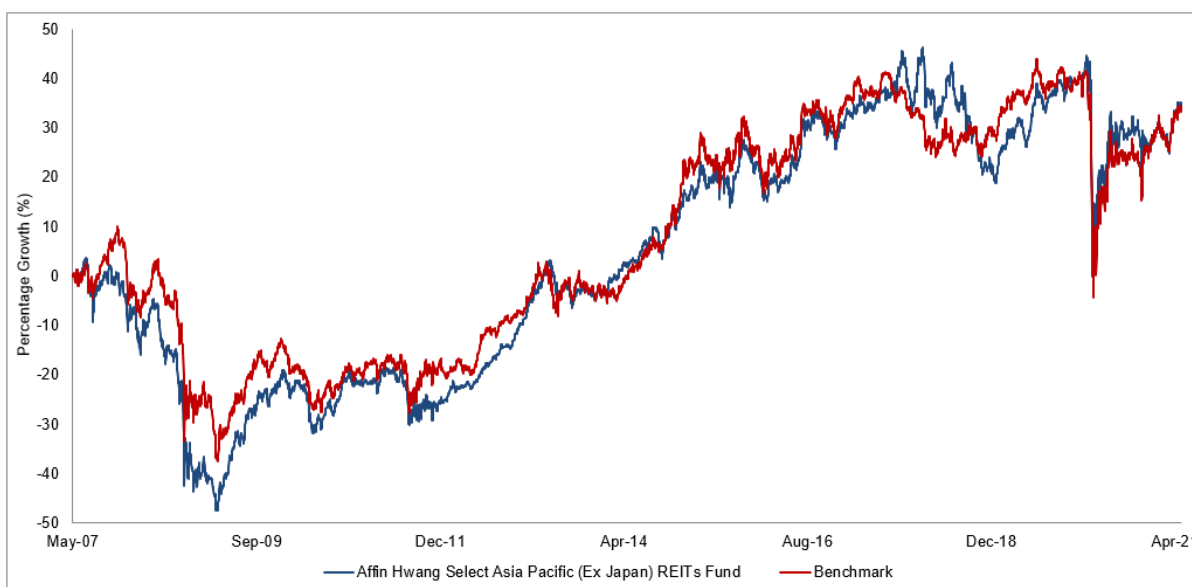
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

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

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 2021, the Fund's exposure in local REITs stood at 97.27%, with 94.28% in the foreign market, 2.99% in domestic market while the balance was held in cash and cash equivalent. Cash level of the Fund remained slightly higher at 2.73%.

### **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**

Emerging markets (EMs) saw a “tantrum-like” sell-off in 2018 where investors’ appetite for risk-assets tapered off significantly on the back of fractious developments within Turkey and Argentina that have sent both their currencies into free fall. Investors ploughed back money into the US on signs of quicker growth, rising interest rates and a stronger greenback that has undermined the attraction of riskier EM assets.

Trade remained a key overhang of markets following tit-for-tat tariffs, where the Trump administration announced 10.0% duties on USD200 billion worth of Chinese imports which took effect on September 2018. China swiftly retaliated by imposing tariffs of their own on USD60 billion worth of US goods ranging between 5.0-10.0%. The two global powerhouses have already slapped tariffs on USD50 billion worth of goods throughout its trade skirmish.

A sharp depreciation of the Chinese yuan also dragged down the rest of EMs, as a high correlation between markets led to further pain within other Asian currencies. The yuan has shed over 3.37% of its value YTD, when trade tensions started to brew. Due to concerns over trade-frictions with the US and possible second-order impacts on the Chinese economy that could manifest into slower investment and softer consumption, Beijing has shifted slightly towards a more neutral tone that leaves more room for China to loosen its grip on deleveraging and policy easing.

Extensive kitchen-sinking and cost-cutting exercises embarked by the new government led to a fierce sell-off at the initial stage of the power transition. Construction stocks and politically-linked counters bore the brunt of the sell-off, as major infrastructure projects were reviewed. A massive clean-up that has swept across various institutions in the country post GE-14 saw numerous GLC & GLIC heads fall into the fray.

Coming into 2019, markets staged a fast and furious early-year rally that fuelled gains in Asian equity benchmark gauges. Coming from a deeply oversold position, markets were buoyed by increased trade optimism as both US and China come around the negotiation table to iron out a framework for a trade deal.

Some of the headwinds pressuring emerging markets (EMs) before are now receding with the US Federal Reserve turning more dovish and the US dollar strength starting to top-out. A gradual step-up in stimulus measures from China would also be supportive of markets and help drive growth.

The REIT sector held up well against a volatile backdrop of slowing growth. Dovish central banks would also be supportive of the sector as REITs tend to benefit from a lower interest rate environment due to better spreads between their yields and risk-free bonds. It would also lower financing cost for property managers.

## **Investment Outlook**

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

Easing measures announced by China has propped up the market, though closer monitoring would be needed to see if such stimulus has started to trickle-down to growth and GDP possibly sometime into the 2Q’19 due to lag effects. This could bolster fund flows back into EMs as positioning has been light with global funds underweight EMs and lots of cash on the side-lines.

Post sell-off, we do see valuations coming down to more attractive levels. With the exception of the 2008-GFC and Asian Financial Crisis, valuations today in Asia ex-Japan are at levels which correspond to positive market performance going forward. Though, we are mindful still of weaker earnings growth and further cuts to forward earnings estimates that could put a drag to market performance. We need to see earnings stabilise to anchor valuations forward.

After suffering a string of by-election losses, the government is seen shifting its tone towards becoming more growth-oriented. These include the revival of the East Coast Rail Link (ECRL) project and also Tun Mahathir upcoming state visit to China to attract FDI flows.

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

### **Cross Trade**

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



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

We have acted as Trustee of Affin Hwang Select Asia Pacific (ex Japan) REITS Fund ("the Fund") for the financial year ended 30 April 2021. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 2.00 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
Date: 18 June 2021

**AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021**

# **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021**

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## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Dividend income		2,136,647	3,286,475
Interest income from financial assets at amortised cost		2,238	27,627
Net gain on foreign currency exchange		135,584	63,270
Net loss on forward foreign currency contracts at fair value through profit or loss		-	(128,039)
Net gain/(loss) on financial assets at fair value through profit or loss	8	5,227,296	(4,266,895)
		7,501,765	(1,017,562)
<b>EXPENSES</b>			
Management fee	4	(1,090,494)	(1,396,397)
Trustee fee	5	(42,505)	(54,559)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(38,144)	(6,630)
Transaction costs		(370,433)	(472,865)
Other expenses		(204,782)	(244,679)
		(1,753,858)	(2,182,630)
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		5,747,907	(3,200,192)
Taxation	6	-	(97,833)
<b>NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/LOSS FOR THE FINANCIAL YEAR</b>		5,747,907	(3,298,025)
Net profit/(loss) after taxation is made up of the following:			
Realised amount		5,014,302	1,066,419
Unrealised amount		733,605	(4,364,444)
		5,747,907	(3,298,025)

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 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalents		1,636,033	295,609
Amount due from brokers		42,888	90,342
Amount due from Manager			
- creation of units		-	37,244
Dividends receivable		197,590	212,060
Financial assets at fair value through profit or loss	8	58,574,631	59,912,338
<b>TOTAL ASSETS</b>		<b>60,451,142</b>	<b>60,547,593</b>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		88,717	87,184
- cancellation of units		10,821	2,178
Amount due to Trustee		3,450	3,339
Auditors' remuneration		7,600	7,600
Tax agent's fee		107,919	84,798
Other payables and accruals		15,678	10,183
<b>TOTAL LIABILITIES</b>		<b>234,185</b>	<b>195,282</b>
<b>NET ASSET VALUE OF THE FUND</b>		<b>60,216,957</b>	<b>60,352,311</b>
<b>EQUITY</b>			
Unitholders' capital		164,182,418	167,570,399
Accumulated losses		(103,965,461)	(107,218,088)
<b>NET ASSETS ATTRIBUTABLE     TO UNITHOLDERS</b>		<b>60,216,957</b>	<b>60,352,311</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<b>128,505,000</b>	<b>135,471,000</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<b>0.4686</b>	<b>0.4455</b>

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 2021

	Unitholders' capital RM	Accumulated losses RM	Total RM
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>
Balance as at 1 May 2019	192,257,361	(103,920,063)	88,337,298
Total comprehensive loss for the financial year	-	(3,298,025)	(3,298,025)
Movement in unitholders' capital:			
Creation of units arising from applications	1,779,792	-	1,779,792
Cancellation of units	(26,466,754)	-	(26,466,754)
Balance as at 30 April 2020	<u>167,570,399</u>	<u>(107,218,088)</u>	<u>60,352,311</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 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		81,573,578	98,407,247
Purchase of investments		(75,331,554)	(78,024,737)
Dividends received		2,151,117	3,152,930
Interest received		2,238	27,627
Management fee paid		(1,088,961)	(1,442,506)
Trustee fee paid		(42,394)	(56,404)
Payment for other fees and expenses		(221,810)	(278,085)
Realised loss on forward foreign currency contracts		-	(413,707)
Net realised gain/(loss) on foreign currency exchange		164,784	(966)
Tax paid		-	(97,833)
		<hr/>	<hr/>
Net cash flows generated from operating activities		7,206,998	21,273,566
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		8,389,658	1,742,548
Payments for cancellation of units		(14,213,214)	(27,532,832)
Payment for distribution		(13,818)	-
		<hr/>	<hr/>
Net cash flows used in financing activities		(5,837,374)	(25,790,284)
		<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		1,369,624	(4,516,718)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>		(29,200)	64,236
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		295,609	4,748,091
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		1,636,033	295,609
		<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 30 April 2021 and 30 April 2020 comprise of bank balances.

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 2021**

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies and comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards (“MFRS”).

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial 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 L.

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

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

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

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

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

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

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



## **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)**

#### **B INCOME RECOGNITION**

##### Dividend income

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

##### Interest income

Interest income from short term deposits with licensed financial institutions is recognised based on effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

##### Realised gains and losses on sale of investments

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

#### **C TRANSACTION COSTS**

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

#### **D TAXATION**

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

## **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)**

#### **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 period-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.

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

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

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

## **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)**

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

(ii) Recognition and measurement

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

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

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

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

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

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

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.

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (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.

##### 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.

## **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)**

#### **H CASH AND CASH EQUIVALENTS**

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

#### **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 DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

## **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)**

#### **K DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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

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

#### **L 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.

#### **M 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 2021**

#### **1 INFORMATION ON THE FUND**

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

The Fund commenced operations on 16 May 2007 and will continue its operation until terminated by the Manager or Trustee as provided under Clause 12.1 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 18 June 2021.

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,636,033	-	1,636,033
Quoted equities	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>
<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>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents		295,609	-	295,609
Quoted equities	8	-	59,912,338	59,912,338
Amount due from brokers		90,342	-	90,342
Amount due from Manager				
- creation of units		37,244	-	37,244
Dividends receivable		212,060	-	212,060
Total		<u>635,255</u>	<u>59,912,338</u>	<u>60,547,593</u>



## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (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>2020</u> (continued)			
<u>Financial liabilities</u>			
Amount due to Manager			
- management fee	87,184	-	87,184
- cancellation of units	2,178	-	2,178
Amount due to Trustee	3,339	-	3,339
Auditors' remuneration	7,600	-	7,600
Tax agent's fee	84,798	-	84,798
Other payables and accruals	10,183	-	10,183
	<u>195,282</u>	<u>-</u>	<u>195,282</u>
Total	<u>195,282</u>	<u>-</u>	<u>195,282</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 are as follows:

	<u>2021</u> RM	<u>2019</u> RM
<b>Quoted investments</b>		
Quoted equities	<u>58,574,631</u>	<u>59,912,338</u>

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (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 to price risk movement. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2021</u>		
-10%	52,717,168	(5,857,463)
0%	58,574,631	-
+10%	64,432,094	5,857,463
<u>2020</u>		
-10%	53,921,104	(5,991,234)
0%	59,912,338	-
+10%	65,903,572	5,991,234

##### (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 2021 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk

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

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

<u>2021</u>	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<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.

<u>2021</u>	<u>Tax agent fee's payable</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>		
United States Dollar	<u>107,919</u>	<u>104,668</u>

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (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)

<u>2020</u>	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>Financial assets</u>				
Australian Dollar	2,469,963	681	-	2,470,644
Hong Kong Dollar	6,479,551	7,764	-	6,487,315
Singapore Dollar	41,764,387	26,218	302,402	42,093,007
United States Dollar	6,162,389	164,217	-	6,326,606
	<u>56,876,290</u>	<u>198,880</u>	<u>302,402</u>	<u>57,377,572</u>

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

<u>2020</u>	<u>Tax agent fee's payable</u> RM	<u>Total</u> RM
<u>Financial liabilities</u>		
United States Dollar	84,798	84,798
	<u>84,798</u>	<u>84,798</u>

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes 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 <u>in rate</u> %	Impact on profit after <u>tax/NAV</u> RM
<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
		<hr/> <hr/>
<u>2020</u>		
Australian Dollar	+/- 11.89	+/- 293,760
Hong Kong Dollar	+/- 5.96	+/- 386,644
Singapore Dollar	+/- 4.28	+/- 1,801,581
United States Dollar	+/- 5.95	+/- 371,388
		<hr/> <hr/>

##### Credit risk

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

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

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

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

##### Credit risk (continued)

For quoted equities, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unit Trust Funds.

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

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2021</u>			
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.

##### 2020

Finance			
- AAA	295,609	-	295,609
- NR	-	212,060	212,060
Others			
- NR	-	127,586	127,586
	<u>295,609</u>	<u>339,646</u>	<u>635,255</u>

\* Other assets consist of amount due from Manager, 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 2021 (CONTINUED)

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

##### Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	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>
<u>2020</u>			
Amount due to Manager			
- management fee	87,184	-	87,184
- cancellation of units	2,178	-	2,178
Amount due to Trustee	3,339	-	3,339
Auditors' remuneration	-	7,600	7,600
Tax agent's fee	-	84,798	84,798
Other payables and accruals	-	10,183	10,183
	<u>92,701</u>	<u>102,581</u>	<u>195,282</u>

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital 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 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 2021 (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>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	58,574,631	-	-	58,574,631
	<u>58,574,631</u>	<u>-</u>	<u>-</u>	<u>58,574,631</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	59,912,338	-	-	59,912,338
	<u>59,912,338</u>	<u>-</u>	<u>-</u>	<u>59,912,338</u>

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

- (ii) The carrying values of cash and cash equivalents, amount due from 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 2021 (CONTINUED)

#### 4 MANAGEMENT FEE

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

For the financial year ended 30 April 2021, the management fee is recognised at a rate of 1.80% (2020: 1.80%) per annum of the NAV of the Fund calculated on a daily basis as stated in the 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 2021, the Trustee fee is recognised at a rate of 0.07% (2020: 0.07%) per annum on the NAV of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on daily basis as stated in the Prospectus.

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

#### 6 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation - foreign	-	97,833

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

#### 6 TAXATION (CONTINUED)

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit/(loss) before taxation	5,747,907	(3,200,192)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	1,379,498	(768,046)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss not brought to tax	(1,800,424)	244,215
Expenses not deductible for tax purposes	154,287	184,496
Restrictions on tax deductible expenses for Unit Trust Funds	266,639	339,335
Foreign income subject to foreign tax rate	-	97,833
Tax expense	-	97,833

#### 7 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
Distribution to unitholders is from the following sources:		
Dividend income	849,000	-
Interest income	1,200	-
Current year's realised income	2,243,947	-
Gross realised income	3,094,147	-
Less: Expenses	(598,867)	-
Net distribution amount	2,495,280	-

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

<u>2021</u>	<u>Gross/Net distribution per unit (sen)</u>
18.11.2020	2.00

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

#### 7 DISTRIBUTIONS (CONTINUED)

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.

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- quoted equities - local	1,800,584	3,036,048
- quoted equities - foreign	56,774,047	56,876,290
	<u>58,574,631</u>	<u>59,912,338</u>

	<u>2021</u> RM	<u>2020</u> RM
Net gain/(loss) on financial assets at fair value through profit or loss :		
- realised gain on sale of investments	4,464,491	447,453
- unrealised gain/(loss) on changes in fair value	762,805	(4,714,348)
	<u>5,227,296</u>	<u>(4,266,895)</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 30 April 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>REIT's</u>				
IGB REIT	1,040,800	1,434,227	1,800,584	2.99
Total quoted equities – 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 equities – local		366,357		
Total quoted equities – 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 2021 (CONTINUED)

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 30 April 2020 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>REIT's</u>				
Axis Real Estate Invt Trust	642,202	1,104,377	1,245,872	2.06
IGB REIT	1,040,800	1,434,227	1,790,176	2.97
	<u>1,683,002</u>	<u>2,538,604</u>	<u>3,036,048</u>	<u>5.03</u>
Total quoted equities – local	<u>1,683,002</u>	<u>2,538,604</u>	<u>3,036,048</u>	<u>5.03</u>
Accumulated unrealised gain on quoted equities – local		<u>497,444</u>		
Total quoted equities – local		<u>3,036,048</u>		

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 30 April 2021 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>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>

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 April 2021 are as follows: (continued)

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Singapore</u>				
<u>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 Centrepoint 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>
<u>United States</u>				
<u>REAL ESTATE</u>				
Crown Castle Intl Corporation	5,144	3,519,833	3,972,264	6.60
Total quoted equities – foreign	<u>9,053,132</u>	<u>54,526,839</u>	<u>56,774,047</u>	<u>94.28</u>
Accumulated unrealised gain on quoted equities – foreign		<u>2,247,208</u>		
Total quoted equities – foreign		<u>56,774,047</u>		

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 April 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Australia</u>				
<u>REAL ESTATE</u>				
Charter Hall Long Wale REIT	47,878	594,672	592,764	0.98
Viva Energy REIT	277,975	1,880,975	1,877,199	3.11
	<u>325,853</u>	<u>2,475,647</u>	<u>2,469,963</u>	<u>4.09</u>
<u>Hong Kong</u>				
<u>REAL ESTATE</u>				
Link REIT	153,500	5,963,870	5,919,800	9.81
Sunlight REIT	253,000	776,822	559,751	0.93
	<u>406,500</u>	<u>6,740,692</u>	<u>6,479,551</u>	<u>10.74</u>
<u>Singapore</u>				
<u>REAL ESTATE</u>				
Ascendas Real Estate InvTrust	678,124	5,557,800	6,123,509	10.15
Ascott Residence Trust	765,900	2,099,147	2,079,513	3.45
CapitaLand Commercial Trust	663,300	3,729,224	3,237,647	5.36
CapitaLand Mall Trust	105,300	607,234	607,141	1.01
CapitaLand Retail China Trust	1,036,051	4,353,469	4,235,312	7.02
Frasers Centrepont Trust	528,600	3,432,313	3,434,838	5.69
Frasers Logistic & Indus Trust	1,416,060	4,284,926	4,535,973	7.52
Keppel DC REIT	1,073,184	6,643,007	7,693,812	12.75
Mapletree Industrial Trust	265,929	1,546,111	2,068,737	3.43
Mapletree Logistics Trust	550,400	2,622,799	3,022,389	5.00
Mapletree North Asia Com Trust	1,197,100	3,714,724	3,432,873	5.68
Parkway Life REIT	128,400	1,137,120	1,292,643	2.14
	<u>8,408,348</u>	<u>39,727,874</u>	<u>41,764,387</u>	<u>69.20</u>

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 30 April 2020 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>				
Manulife US REIT	1,346,957	4,310,679	4,169,209	6.91
Prime US REIT	630,800	2,268,082	1,993,180	3.30
	<u>1,977,757</u>	<u>6,578,761</u>	<u>6,162,389</u>	<u>10.21</u>
Total quoted equities – foreign	<u>11,118,458</u>	<u>55,522,974</u>	<u>56,876,290</u>	<u>94.24</u>
Accumulated unrealised gain on quoted equities – foreign		<u>1,353,316</u>		
Total quoted equities – foreign		<u>56,876,290</u>		

#### 9 NUMBER OF UNITS IN CIRCULATION

	<u>2021 No. of units</u>	<u>2020 No. of units</u>
At the beginning of the financial year	135,471,000	185,554,000
Creation of units arising from applications during the financial year	18,525,000	3,640,000
Creation of units arising from distribution during the financial year	5,638,405	-
Cancellation of units during the financial year	(31,129,405)	(53,723,000)
At the end of the financial year	<u>128,505,000</u>	<u>135,471,000</u>



## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

#### 10 TRANSACTIONS WITH BROKERS

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

<u>Name of broker</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>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>

(ii) Detail of transactions with brokers for the financial year ended 30 April 2020 is as follows:

<u>Name of broker</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Macquarie Bank Ltd Hong Kong	34,287,105	20.13	43,521	12.22
CLSA Ltd	21,981,039	12.90	33,443	9.39
DBS Securities (S) Pte Ltd	15,403,264	9.04	86,155	24.19
Sanford C. Bernstein And Co., Llc	12,978,376	7.62	13,901	3.90
JP Morgan Secs (Asia Pac) Ltd HK	11,651,084	6.84	8,797	2.47
Citigroup Global Mkts Ltd Ldn	11,269,822	6.62	22,540	6.33
CIMB-Gk Securities Pte Ltd	10,678,710	6.27	23,790	6.68
CLSA Singapore Pte Ltd	6,163,963	3.62	9,218	2.59
Daiwa Securities Smbc Spore Ltd	5,754,275	3.38	11,509	3.23
CLSA India Ltd	5,664,574	3.33	8,851	2.49
Others	34,509,042	20.25	94,440	26.51
	<u>170,341,254</u>	<u>100.00</u>	<u>356,165</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 2021 (CONTINUED)

#### 11 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

The units held by the Manager as at the end of the financial year are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purposes)	2,906	1,362	3,872	1,725

## AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

#### 12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	<u>2.04</u>	<u>1.97</u>

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sales and service tax on transaction costs and withholding tax
F	=	Average net asset value of Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM60,725,098 (2020: RM77,789,383).

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

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>1.25</u>	<u>1.10</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM75,157,751 (2020: RM74,922,335)  
total disposal for the financial year = RM77,258,263 (2020: RM96,628,590)

#### 14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

## **AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) REITS FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 32 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 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

**DATO' TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
18 June 2021

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA PACIFIC (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 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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 2021, 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 32.

### 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’ 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 PACIFIC (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, 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 PACIFIC (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 PACIFIC (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  
18 June 2021



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