

Affin Hwang

Select Asia Pacific (ex Japan) Dividend Fund

Interim Report
28 February 2019

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



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad (429786-T)

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) DIVIDEND FUND

Interim Report and Unaudited Financial Statements 6 Months Financial Period Ended 28 February 2019

Content	Page
FUND INFORMATION	2
FUND PERFORMANCE DATA.....	5
MANAGER'S REPORT	12
TRUSTEE'S REPORT	19
STATEMENT OF COMPREHENSIVE INCOME	20
STATEMENT OF FINANCIAL POSITION	22
STATEMENT OF CHANGES IN NET ASSETS	24
STATEMENT OF CASH FLOWS.....	26
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	27
NOTES TO THE FINANCIAL STATEMENTS	35
STATEMENT BY THE MANAGER	72
DIRECTORY OF SALES OFFICE	73

FUND INFORMATION

Fund Name	Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund
Fund Type	Growth & Income
Fund Category	Equity
Investment Objective	The Fund endeavours to provide investors with regular income and capital growth over the medium to long-term period.
Benchmark	MSCI AC Asia Pacific ex Japan High Dividend Yield Index
Distribution Policy	The Fund will distribute income on a semi-annual basis (subject to income availability), after the end of its first financial year.

BREAKDOWN OF RM CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	63,896	122,052
5,001 to 10,000	35,310	254,132
10,001 to 50,000	12,998	184,621
50,001 to 500,000	308	39,322
500,001 and above	49	154,790
Total	112,561	754,917

* Note: Excluding Manager's stock

BREAKDOWN OF USD CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	1	89
500,001 and above	-	-
Total	1	89

* Note: Excluding Manager's stock

BREAKDOWN OF SGD CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	-	-
Total	0	0

* Note: Excluding Manager's stock

BREAKDOWN OF SGD HEDGED-CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	-	-
Total	0	0

* Note: Excluding Manager's stock

BREAKDOWN OF EUR CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	-	-
Total	0	0

* Note: Excluding Manager's stock

BREAKDOWN OF AUD CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	-	-
Total	0	0

* Note: Excluding Manager's stock

BREAKDOWN OF RMB CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	-	-
Total	0	0

* Note: Excluding Manager's stock

BREAKDOWN OF GBP CLASS UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	-	-
Total	0	0

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 28 Feb 2019 (%)	As at 28 Feb 2018 (%)	As at 28 Feb 2017 (%)
Portfolio composition			
Quoted equities – local			
- Finance	1.44	2.06	8.00
- REITs	1.74	-	-
- Industrials	1.20	-	0.51
- Trading / services	-	2.02	-
- Utilities	3.21	1.57	2.22
Total quoted equities – local	7.59	5.65	10.73
Quoted equities – foreign			
- Basic materials	1.41	1.37	0.91
- Communications	-	-	7.52
- Consumer products	2.64	6.00	7.38
- Consumer services	9.65	-	-
- Finance	18.76	27.83	22.37
- Healthcare	-	3.14	1.61
- Industrials	10.11	24.24	10.90
- Information Technology	-	-	10.51
- Oil & Gas	4.34	10.69	5.10
- REITs	15.38	-	12.50
- Rights	-	0.02	-
- Technology	17.63	11.40	-
- Utilities	4.10	-	2.75
Total quoted equities – foreign	84.02	84.69	81.55
Cash & cash equivalent	8.39	9.66	7.72
Total	100.00	100.00	100.00

Currency class	RM Class	EUR Class	USD Class	AUD Class	RMB Class	SGD Class	GBP Class	RM Class	RM Class
Total NAV (RM'million)	445.168	0.001	0.050	0.001	0.001	0.001	0.001	279.112	203.915
NAV per Unit (RM)	0.5894	0.5491	0.5462	0.5430	0.5279	0.5379	0.5202	0.6531	0.5947
Unit in Circulation (million)	775.286	0.001	0.091	0.001	0.001	0.001	0.001	427.351	342.890

Highest NAV	0.6350	0.5566	0.5518	0.5474	0.5322	0.5441	0.5350	0.6925	0.5963
Lowest NAV	0.5468	0.5000	0.4973	0.5000	0.4938	0.4963	0.4985	0.6251	0.5393
Return of the Fund (%) ⁱⁱⁱ	-4.43	9.82	9.24	8.60	5.58	7.58	4.04	5.38	9.41
- Capital Growth (%) ⁱ	-6.90	9.82	9.24	8.60	5.58	7.58	4.04	2.32	5.56
- Income Distribution (%) ⁱⁱ	2.66	Nil	Nil	Nil	Nil	Nil	Nil	2.99	3.65
Gross Distribution per Unit (sen)	1.50	Nil	Nil	Nil	Nil	Nil	Nil	2.00	2.00
Net Distribution per Unit (sen)	1.50	Nil	Nil	Nil	Nil	Nil	Nil	2.00	2.00
Management Expense Ratio (%) ¹	0.98							1.05	1.05
Portfolio Turnover Ratio (times) ²	0.82							1.10	0.64

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

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

An illustration of the above would be as follow:-

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

¹The MER of the Fund was lower than previous year due to higher average net asset value during the period under review.

²The fall in the Fund's PTR was due to higher average net asset value during the period under review.

RM Class

Capital Returnⁱ = (NAV per Unit @ 28/02/19 ÷ NAV per Unit @ 31/8/18* - 1) x 100
= (0.5894 ÷ 0.6331 - 1) x 100
= **-6.90%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex-date} + 1
= {0.0150 ÷ 0.5643 @ 10/12/18} + 1 = 1.0266

Total Income Returnⁱⁱ = [{Income Return @ ex-date x Income Return @ ex-date} - 1] x 100
= [{1.0266} - 1] x 100
= **2.66%**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] - 1 x 100
= [(1 + (-6.90%)) x (1 + 2.66%)] - 1 x 100
= **-4.43%**

USD Class

Capital Returnⁱ = (NAV per Unit @ 28/02/19 ÷ NAV per Unit @ 24/12/18* - 1) x 100
= (0.5462 ÷ 0.5000 - 1) x 100
= **9.24%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] - 1 x 100
= [(1 + 9.24 %) x (1 + 0.00%)] - 1 x 100
= **9.24%**

SGD Class

Capital Returnⁱ = (NAV per Unit @ 28/02/19 ÷ NAV per Unit @ 24/12/18* - 1) x 100
= (0.5379 ÷ 0.5000 - 1) x 100
= **7.58%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] - 1 x 100
= [(1 + 7.58 %) x (1 + 0.00%)] - 1 x 100
= **7.58%**

RMB Class

Capital Returnⁱ = (NAV per Unit @ 28/02/19 ÷ NAV per Unit @ 24/12/18* - 1) x 100
= (0.5279 ÷ 0.5000 - 1) x 100
= **5.58%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] - 1 x 100
= [(1 + 5.58 %) x (1 + 0.00%)] - 1 x 100
= **5.58%**

GBP Class

Capital Returnⁱ = (NAV per Unit @ 28/02/19 ÷ NAV per Unit @ 24/12/18* - 1) x 100
= (0.5202 ÷ 0.5000 - 1) x 100
= **4.04%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = $\{[(1 + \text{Capital Return}) \times (1 + \text{Income Return})] - 1\} \times 100$
= $\{[(1 + 4.04\%) \times (1 + 0.00\%)] - 1\} \times 100$
= **4.04%**

AUD Class

Capital Returnⁱ = $(\text{NAV per Unit @ 28/02/19} \div \text{NAV per Unit @ 24/12/18}^* - 1) \times 100$
= $(0.5430 \div 0.5000 - 1) \times 100$
= **8.60%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = $\{[(1 + \text{Capital Return}) \times (1 + \text{Income Return})] - 1\} \times 100$
= $\{[(1 + 8.60\%) \times (1 + 0.00\%)] - 1\} \times 100$
= **8.60%**

EUR Class

Capital Returnⁱ = $(\text{NAV per Unit @ 28/02/19} \div \text{NAV per Unit @ 24/12/18}^* - 1) \times 100$
= $(0.5491 \div 0.5000 - 1) \times 100$
= **9.82%**

Total Income Returnⁱⁱ = **Nil**

Return of the Fundⁱⁱⁱ = $\{[(1 + \text{Capital Return}) \times (1 + \text{Income Return})] - 1\} \times 100$
= $\{[(1 + 9.82\%) \times (1 + 0.00\%)] - 1\} \times 100$
= **9.82%**

* Source – Deutsche Trustees Malaysia Berhad

Table 1: Performance of the Fund

RM Class

	6 Months (1/9/18 - 28/2/19)	1 Year (1/3/18 - 28/2/19)	3 Year (1/3/16 - 28/2/19)	Since Commencement (29/12/14 - 28/2/19)
Fund	(4.43%)	(6.01%)	28.77%	33.17%
Benchmark	(2.26%)	(6.03%)	22.96%	8.51%
Outperformance / (Underperformance)	(2.17%)	0.02%	5.81%	24.66%

Source of Benchmark: Bloomberg

AUD Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	8.60%
Benchmark	7.54%
Outperformance / (Underperformance)	1.06%

Source of Benchmark: Bloomberg

EUR Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	9.82%
Benchmark	8.61%
Outperformance / (Underperformance)	1.21%

Source of Benchmark: Bloomberg

USD Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	9.24%
Benchmark	8.35%
Outperformance / (Underperformance)	0.89%

Source of Benchmark: Bloomberg

RMB Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	5.58%
Benchmark	5.14%
Outperformance / (Underperformance)	0.44%

Source of Benchmark: Bloomberg

GBP Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	4.04%
Benchmark	3.86%
Outperformance / (Underperformance)	0.18%

Source of Benchmark: Bloomberg

SGD Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	7.58%
Benchmark	6.61%
Outperformance / (Underperformance)	0.97%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

RM Class

	1 Year (1/3/18 - 28/2/19)	3 Year (1/3/16 - 28/2/19)	Since Commencement (29/12/14 - 28/2/19)
Fund	(6.01%)	8.79%	7.11%
Benchmark	(6.03%)	7.13%	1.98%
Outperformance / (Underperformance)	14.17%	8.51%	6.96%

Source of Benchmark: Bloomberg

AUD Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	57.82%
Benchmark	51.36%
Outperformance / (Underperformance)	6.46%

Source of Benchmark: Bloomberg

EUR Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	67.87%
Benchmark	60.20%
Outperformance / (Underperformance)	7.67%

Source of Benchmark: Bloomberg

USD Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	63.03%
Benchmark	57.97%
Outperformance / (Underperformance)	5.06%

Source of Benchmark: Bloomberg

RMB Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	35.02%
Benchmark	33.06%
Outperformance / (Underperformance)	1.96%

Source of Benchmark: Bloomberg

GBP Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	24.49%
Benchmark	24.13%
Outperformance / (Underperformance)	0.36%

Source of Benchmark: Bloomberg

SGD Class

	Since Commencement (25/12/18 - 28/2/19)
Fund	49.79%
Benchmark	44.07%
Outperformance / (Underperformance)	5.72%

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

RM Class

	FYE 2018 (1/9/17 - 31/8/18)	FYE 2017 (1/9/16 - 31/8/17)	FYE 2016 (1/9/15 - 31/8/16)	FYE 2015 (29/12/14 - 31/8/15)
Fund	3.63%	19.33%	8.45%	3.90%
Benchmark	(6.95%)	19.23%	2.33%	(2.21%)
Outperformance / (Underperformance)	10.58%	0.10%	6.12%	6.11%

Source of Benchmark: Bloomberg

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

MANAGER'S REPORT

Performance Review

MYR Class

For the period under review from 1 September 2018 – 28 February 2019, the Fund registered a -4.43% return compared to the benchmark return of -2.26%. The Fund thus underperformed the Benchmark by 2.17%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5894 compared to its NAV per unit as at 31 August 2018 was RM0.6331.

Given the performance during the period under review, we believe the Fund’s objective to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement while maintaining capital preservation is not met.

EUR Class

For the period under review from 25 December 2018 – 28 February 2019, the Fund registered a 9.82% return compared to the benchmark return of 8.61%. The Fund thus outperformed the Benchmark by 1.21%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5491 compared to its NAV per unit as at 24 December 2018 was RM0.5000.

USD Class

For the period under review from 25 December 2018 – 28 February 2019, the Fund registered a 9.24% return compared to the benchmark return of 8.35%. The Fund thus outperformed the Benchmark by 0.89%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5462 compared to its NAV per unit as at 24 December 2018 was RM0.5000.

AUD Class

For the period under review from 25 December 2018 – 28 February 2019, the Fund registered a 8.60% return compared to the benchmark return of 7.54%. The Fund thus outperformed the Benchmark by 1.06%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5430 compared to its NAV per unit as at 24 December 2018 was RM0.5000.

RMB Class

For the period under review from 25 December 2018 – 28 February 2019, the Fund registered a 5.58% return compared to the benchmark return of 5.14%. The Fund thus outperformed the Benchmark by 0.44%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5279 compared to its NAV per unit as at 24 December 2018 was RM0.5000.

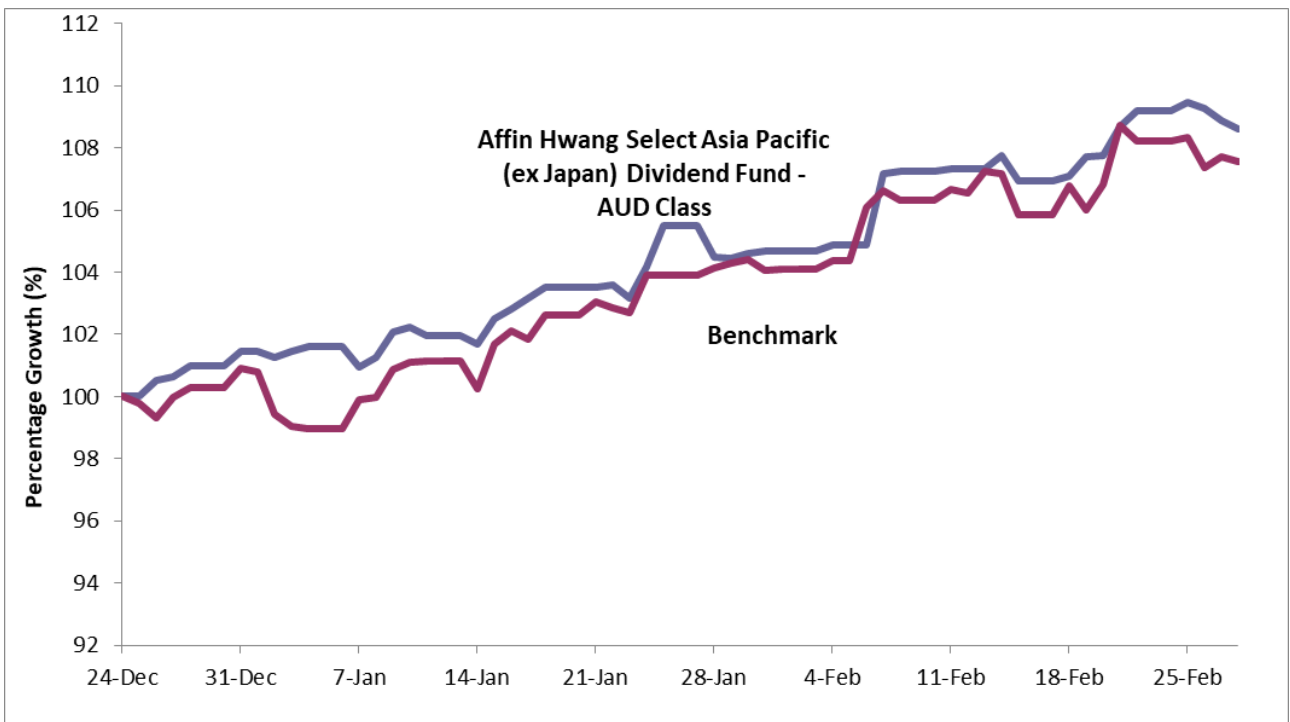
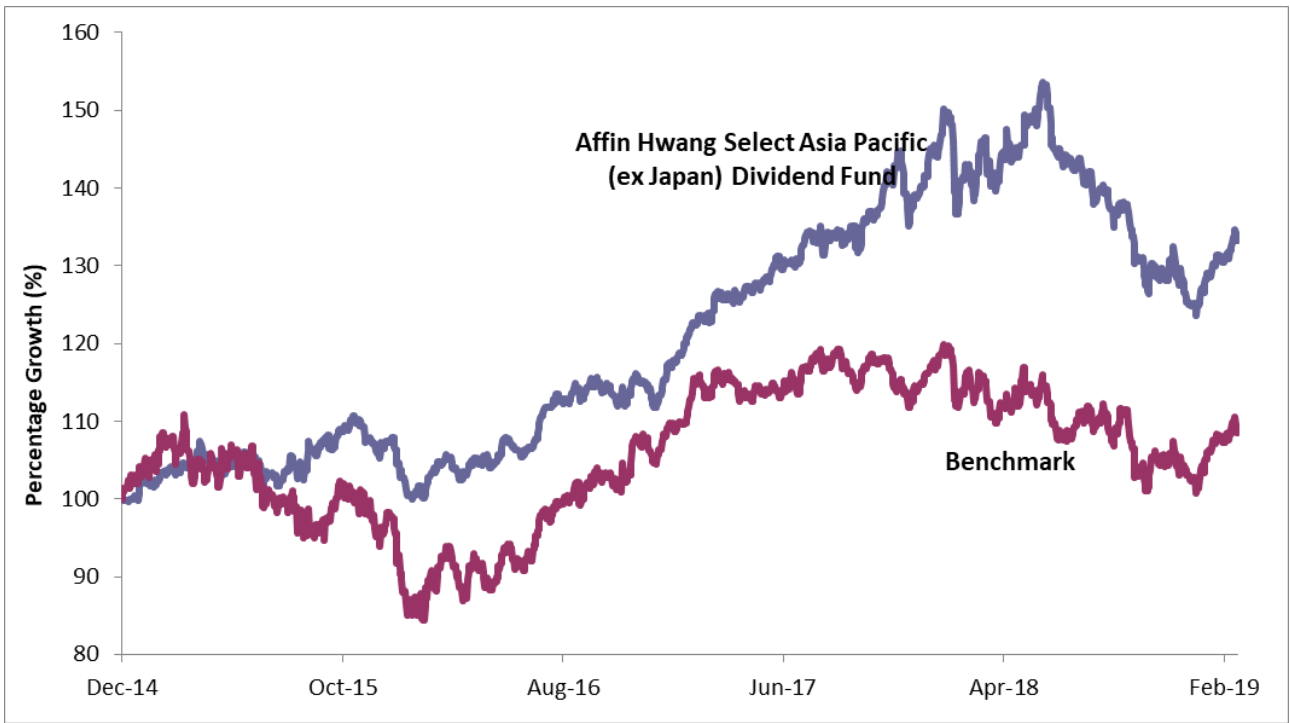
SGD Class

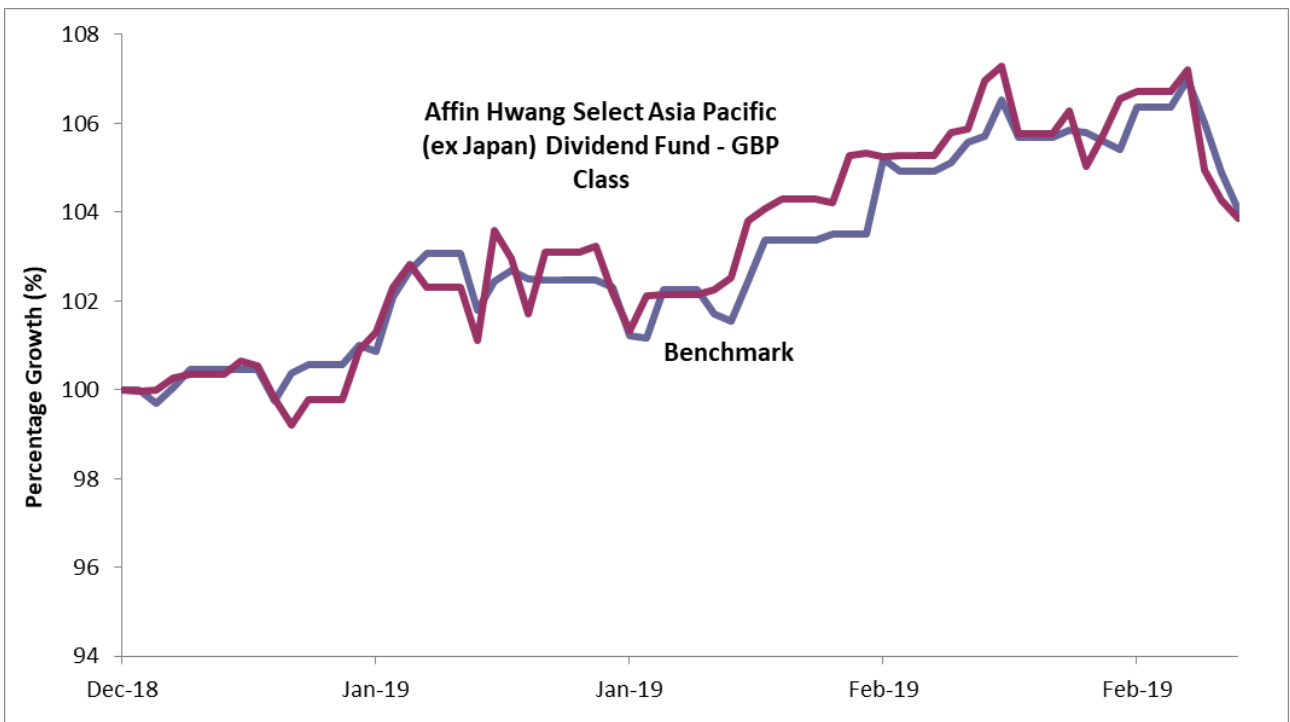
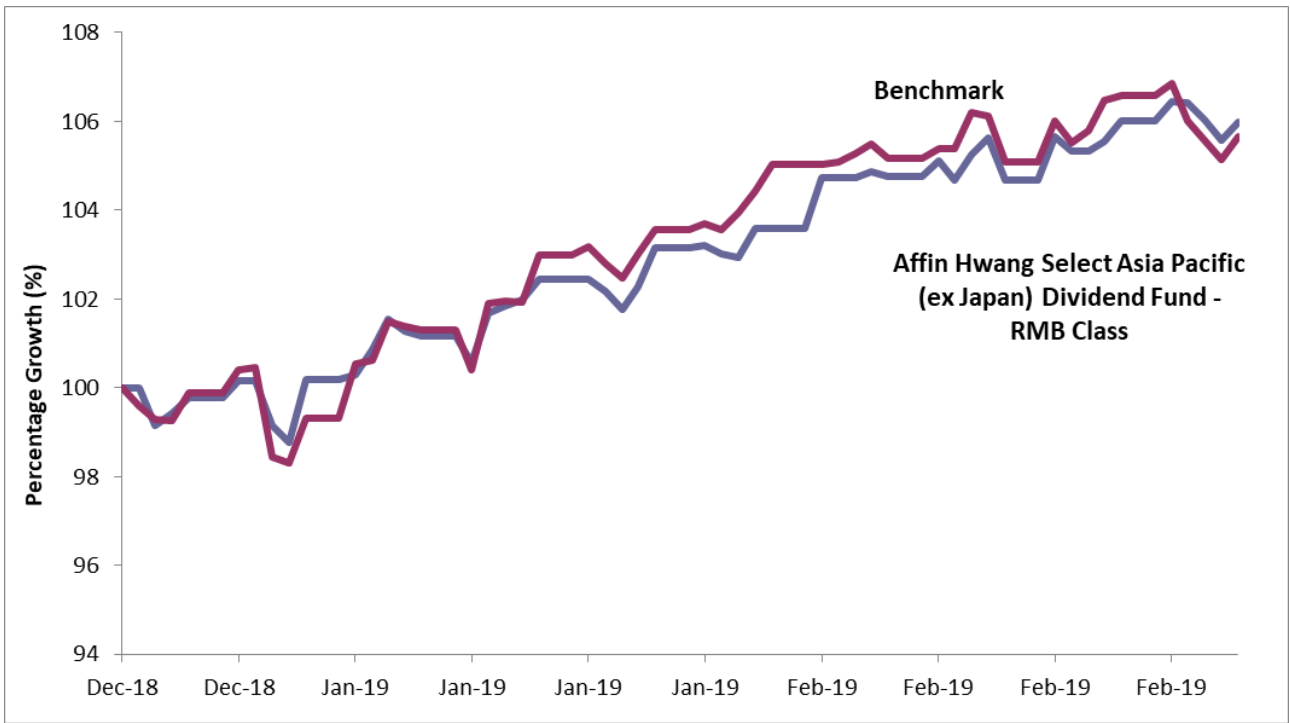
For the period under review from 25 December 2018 – 28 February 2019, the Fund registered a 7.58% return compared to the benchmark return of 6.61%. The Fund thus outperformed the Benchmark by 0.97%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5379 compared to its NAV per unit as at 24 December 2018 was RM0.5000.

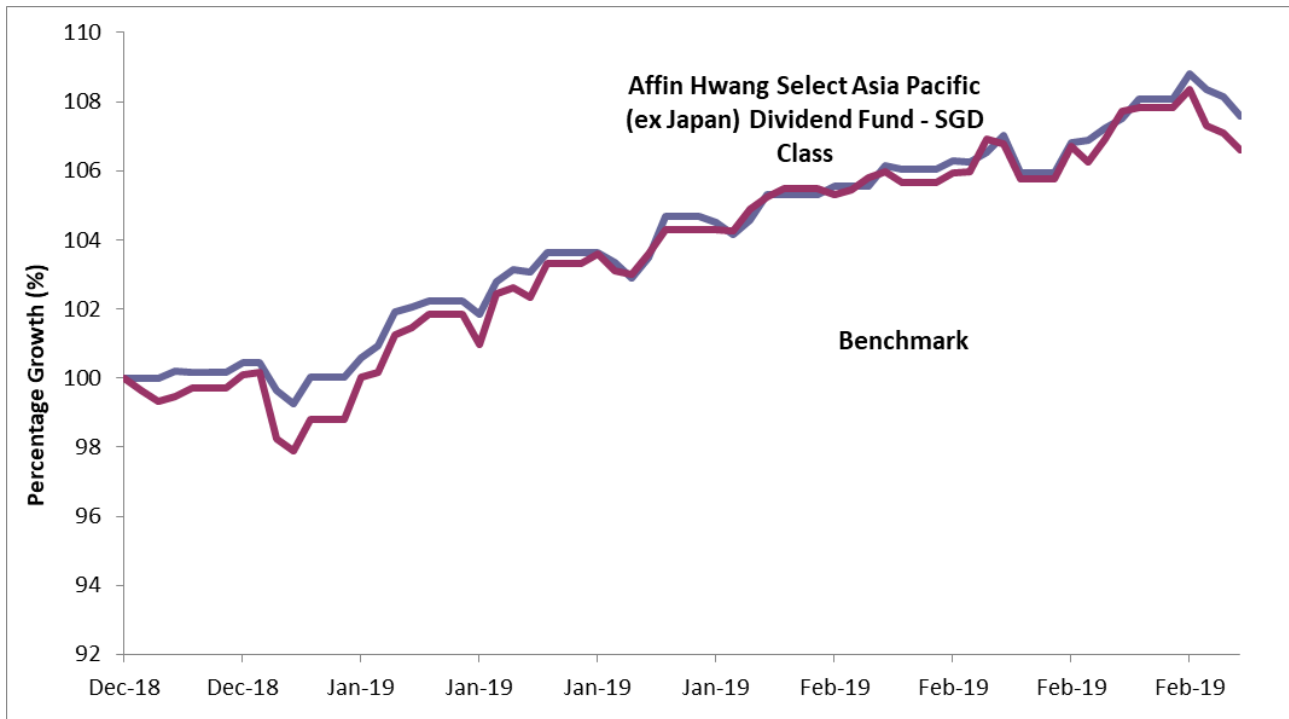
GBP Class

For the period under review from 25 December 2018 – 28 February 2019, the Fund registered a 4.04% return compared to the benchmark return of 3.86%. The Fund thus outperformed the Benchmark by 0.18%. The Net Asset Value (“NAV”) per unit of the Fund as at 28 February 2019 was RM0.5202 compared to its NAV per unit as at 24 December 2018 was RM0.5000.

Figure 1: Movement of the Fund versus the Benchmark







"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg." Benchmark: MSCI AC Asia Pacific ex Japan High Dividend Yield Index

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0150 per Unit for investors of the Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund during the period under review.

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
9 Dec 2018	10 Dec 2018	0.5836	0.0150	0.5643

No unit split were declared for the financial year ended 28 February 2019.

Asset Allocation

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

Figure 2: Asset allocation of the Fund

	<u>28 Feb 2019</u>	<u>28 Feb 2018</u>	<u>28 Feb 2017</u>
	(%)	(%)	(%)
Quoted equities – local	7.59	5.65	10.73
Quoted equities – foreign	84.02	84.69	81.55
Cash & cash equivalent	8.39	9.66	7.72
Total	100.00	100.00	100.00

As at 28 February 2019, the Fund's equities weighting stood at 91.61% while the balance was held in cash and cash equivalent. During the period under review, the Manager had increased its exposure within the domestic equities space – from 5.65% a year ago to 7.59%. Allocations into REITs had increased to 1.74% from a previous zero exposure. On the other hand, Consumer services and REITs have been added into the asset allocation within the foreign equities space, accounting for 9.65% and 15.38% of the Fund's NAV respectively, compared to a zero exposure previously. Financials was still at the top of the list at 18.76%, down from 27.83% of the Fund's NAV a year ago, followed by Technology and REITs. Cash level of the Fund remained at a moderate level of 8.39% over the same period.

Strategies Employed

With the return of volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we took a view that the correction was overdone and a recession was not imminent, where we then deployed back into the market with a focus on quality and secular growth.

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.

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. After a yearlong bitter trade conflict, we've since seen the two economic powerhouses change their political rhetoric to one of compromise and cooperation after extending the initial 1 March deadline. 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.

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.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) DIVIDEND FUND

We have acted as Trustee for Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund Dividend Fund ("the Fund") for the financial period 28 February 2019. To the best of our knowledge, for the financial period under review, Affin Hwang Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager 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 and pricing for the Fund has been carried out in accordance with the Deeds of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deeds of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during this financial period ended 28 February 2019 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
16 April 2019

**INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019**

	<u>Note</u>	6 months financial period ended <u>28.2.2019</u> RM	6 month financial period ended <u>28.2.2018</u> RM
INVESTMENT INCOME			
Dividend income		2,631,150	1,174,585
Interest income from deposits with licensed financial institutions		443,300	36,704
Net loss on foreign currency exchange		(12,088)	(853,217)
Net gain on forward foreign currency contracts at fair value through profit or loss		2,275,514	6,465,510
Net (loss)/gain on financial assets at fair value through profit or loss	8	(2,570,210)	9,660,128
		<u>2,767,666</u>	<u>16,483,710</u>
EXPENSES			
Management fee	4	(2,783,226)	(2,207,300)
Trustee fee	5	(96,683)	(71,992)
Auditors' remuneration		(3,719)	(3,719)
Tax agent's fee		(44,234)	(42,622)
Transaction costs		(1,392,006)	(1,851,021)
Other expenses		(59,628)	(300,134)
		<u>(4,379,496)</u>	<u>(4,476,788)</u>
NET (LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(1,611,830)	12,006,922
FINANCE COST (EXCLUDING INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)			
Distribution	6	(6,626,790)	(7,298,880)
NET (LOSS)/PROFIT BEFORE TAXATION		(8,238,620)	4,708,042
TAXATION	7	(155,947)	(291,806)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(8,394,567)</u>	<u>4,416,236</u>

**INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)**

<u>Note</u>	6 months financial period ended <u>28.2.2019</u> RM	6 month financial period ended <u>28.2.2018</u> RM
(Decrease)/ increase in net asset attributable to unitholders comprise the following:		
Realised amount	(15,432,693)	7,001,463
Unrealised amount	7,038,126	(2,585,227)
	<u>(8,394,567)</u>	<u>4,416,236</u>

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

**INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
Financial assets at fair value through profit or loss	8	427,084,717	252,130,028
Cash and cash equivalents	9	17,658,082	28,300,255
Dividend receivables		250,787	362,744
Amount due from Manager			
- creation of units		1,036,602	827,673
Amount due from brokers		7,616,560	6,091,436
Forward foreign currency contract at fair value through profit or loss	10	651,960	212,010
TOTAL ASSETS		<u>454,298,708</u>	<u>287,924,146</u>
LIABILITIES			
Forward foreign currency contract at fair value through profit or loss	10	81,724	334,941
Amount due to Manager			
- management fee		624,173	369,241
- cancellation of units		142,944	51,326
Amount due to Trustee		20,243	11,975
Amount due to brokers		8,033,713	7,979,502
Auditors' remuneration		3,719	3,719
Tax agent's fee		(2,653)	6,885
Other payables and accruals		15,728	53,952
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>8,919,591</u>	<u>8,811,541</u>
NET ASSET VALUE OF THE FUND		<u>445,379,117</u>	<u>279,112,605</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>445,379,117</u>	<u>279,112,605</u>

**INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019 (CONTINUED)**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS			
- RM Class		445,168,198	279,112,605
- AUD Class		1,578	-
- EUR Class		2,543	-
- GBP Class		2,816	-
- RMB Class		321	-
- SGD Class		1,623	-
- USD Class		202,038	-
		<u>445,379,117</u>	<u>279,112,605</u>
NUMBER OF UNITS IN CIRCULATION			
- RM Class	11(a)	755,286,000	427,351,000
- AUD Class	11(b)	1,000	-
- EUR Class	11(c)	1,000	-
- GBP Class	11(d)	1,000	-
- RMB Class	11(e)	1,000	-
- SGD Class	11(f)	1,000	-
- USD Class	11(g)	91,000	-
		<u>755,382,000</u>	<u>427,351,000</u>
NET ASSET VALUE PER UNIT (RM)			
- RM Class		0.5894	0.6531
- AUD Class		1.5772	-
- EUR Class		2.5422	-
- GBP Class		2.8146	-
- RMB Class		0.3205	-
- SGD Class		1.6223	-
- USD Class		2.2202	-
		<u>0.5894</u>	<u>0.6531</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- RM Class		RM 0.5894	RM 0.6531
- AUD Class		AUD 0.5430	-
- EUR Class		EUR 0.5491	-
- GBP Class		GBP 0.5202	-
- RMB Class		RMB 0.5279	-
- SGD Class		SGD 0.5379	-
- USD Class		USD 0.5462	-
		<u>RM 0.5894</u>	<u>RM 0.6531</u>

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

INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019

	6 months financial period ended <u>28.2.2019</u> RM	6 months financial period ended <u>28.2.2018</u> RM
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	287,600,999	227,256,810
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications	186,953,522	48,742,377
- MYR Class	186,741,832	48,742,377
- AUD Class	1,485	-
- EUR Class	2,392	-
- GBP Class	2,649	-
- RMB Class	302	-
- SGD Class	1,527	-
- USD Class	203,335	-
Creation of units arising from distributions	6,584,174	7,226,519
- MYR Class	6,584,174	7,226,519
- AUD Class	-	-
- EUR Class	-	-
- GBP Class	-	-
- RMB Class	-	-
- SGD Class	-	-
- USD Class	-	-
Cancellation of units	(27,365,011)	(8,529,337)
- MYR Class	(27,365,011)	(8,529,337)
- AUD Class	-	-
- EUR Class	-	-
- GBP Class	-	-
- RMB Class	-	-
- SGD Class	-	-
- USD Class	-	-

INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

	6 months financial period ended <u>28.2.2019</u> RM	6 months financial period ended <u>28.2.2018</u> RM
Net (decrease)/increase in net assets attributable to unitholders during the financial period	(8,394,567)	4,416,236
- MYR Class	(8,393,796)	4,416,236
- AUD Class	93	-
- EUR Class	151	-
- GBP Class	167	-
- RMB Class	19	-
- SGD Class	96	-
- USD Class	(1,297)	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>445,379,117</u>	<u>279,112,605</u>

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

**INTERIM STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019**

<u>Note</u>	6 months financial period ended <u>28.2.2019</u> RM	6 month financial period ended <u>28.2.2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	142,153,631	253,085,193
Purchase of investments	(370,263,119)	(283,258,318)
Dividends received	2,767,240	768,894
Interest received from deposits with licensed Financial institutions	443,300	36,704
Management fee paid	(2,613,263)	(2,187,210)
Trustee fee paid	(91,171)	(71,341)
Realised gain on forward foreign currency contract	866,203	6,425,763
Payment for other fees and expenses	(120,160)	(347,871)
Net realised foreign currency exchange gain/(loss)	415,470	(5,596,000)
	<hr/>	<hr/>
Net cash used in operating activities	(226,441,869)	(31,144,186)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	186,157,333	49,102,939
Payments for cancellation of units	(27,443,941)	(8,974,980)
Payment for distribution	(42,616)	(72,361)
	<hr/>	<hr/>
Net cash generated from financing activities	158,670,776	40,055,598
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(67,771,093)	8,911,411
EFFECTS OF FOREIGN CURRENCY EXCHANGE	(9,867)	3,583
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	85,439,042	19,385,261
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9 17,658,082	28,300,255
	<hr/> <hr/>	<hr/> <hr/>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2018:

- MFRS 9 ‘Financial Instruments’ became effective for annual periods beginning on or after 1 September 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (“SPPI”). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss (“ECL”) impairment model.

MFRS 9 has been applied retrospectively by the Fund and has resulted in the changed outlined in Note H.

The Fund’s investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2018: (continued)

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 September 2018 that have a material effect on the financial statements of the Fund.

- (b) New standards, amendments and interpretations effective after 1 September 2018 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 September 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B INCOME RECOGNITION

Interest income

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

Up to 31 August 2018, when a loan and receivable is impaired, the Fund reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 September 2018, 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).

The change did not result in any material impact in the Fund.

Dividend income

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

For quoted equities and exchange traded funds, 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

C DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund

D 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.

E TAXATION

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

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FOREIGN CURRENCY TRANSLATIONS

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

Up to 31 August 2018, the Fund designates its investment in quoted equities as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Derivatives are financial assets/liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges (Note M).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents, dividend receivables, amount due from brokers and amount due from Manager.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

From 1 September 2018, the Fund classifies its financial assets in the following measurement categories:

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, dividend receivables, amount due from brokers and amount due from Manager as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

H 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 139 up to 31 August 2018 and MFRS 9 from 1 September 2018, 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.

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

Derivative investments consist of forward foreign currency contracts. Financial derivative position will be “marked to market” at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument.

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

(iii) Impairment

Up to 31 August 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The asset’s carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If ‘loans and receivables’ or a ‘held-to-maturity investment’ has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument’s fair value using an observable market price.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

If, in a subsequent financial year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

From 1 September 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial period.

I CREATION AND CANCELLATION OF UNITS

The unitholders' capital to the Fund meets the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in seven classes of units, known respectively as the MYR class, AUD class, EUR class, GBP class, RMB class, SGD class and USD class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

I CREATION AND CANCELLATION OF UNITS (CONTINUED)

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

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

J AMOUNT DUE FROM/(TO) BROKERS

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

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

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

K CASH AND CASH EQUIVALENTS

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

L SEGMENT REPORTING

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

M DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

The Fund's derivative financial instruments comprise foreign forward currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note H.

Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders.

N CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unit Trust Funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Hwang Select Asia Pacific (ex Japan) Dividend Fund (the "Fund") pursuant to the execution of a Deed dated 1 July 2013 as modified by second Supplemental Deed dated 23 July 2018. The Fund has changed its name from Hwang Select Asia Pacific (ex Japan) Dividend Fund to Affin Hwang Select Asia Pacific (ex Japan) Dividend Fund as amended by the Supplemental Deed dated 5 November 2014 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager"), and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 29 December 2014 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deeds.

The Fund has introduced other classes of units in accordance with unitholder's resolution passed on 24 December 2018.

The Fund may invest in any of the following investments:

- 1) Listed securities
- 2) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities
- 3) Government bonds, treasury bills and other government approved or guaranteed bonds
- 4) Debentures
- 5) Money market instruments
- 6) Deposits with Financial Institutions
- 7) Structured products such as credit-linked notes
- 8) Derivatives instruments, including but not limited to options, futures contracts, forward contracts and swaps
- 9) Warrants
- 10) Units or shares in local and foreign collective investment schemes which are in line with the objective of the Fund
- 11) Any other form of 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 endeavours to provide investors with regular income and capital growth over the medium to long-term period.

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

The financial statements were authorised for issue by the Manager on 18 April 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised <u>costs</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2019</u>				
Quoted equities	8	-	408,045,623	408,045,623
Exchange-traded funds	8	-	19,039,094	19,039,094
Cash and cash equivalents	9	17,658,082	-	17,658,082
Dividend receivables		250,787	-	250,787
Amount due from Manager - creation of units		1,036,602	-	1,036,602
Amount due from brokers		7,616,560	-	7,616,560
Forward foreign currency contracts at fair value through profit or loss	10	-	570,236	570,236
Total		<u>26,562,031</u>	<u>427,654,953</u>	<u>454,216,984</u>

	<u>Note</u>	Loans and <u>receivables</u> RM	Financial assets at fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2018</u>				
Quoted equities	8	-	252,130,028	252,130,028
Cash and cash equivalents	9	28,300,255	-	28,300,255
Dividend receivables		362,744	-	362,744
Amount due from Manager - creation of units		827,673	-	827,673
Amount due from brokers		6,091,436	-	6,091,436
Forward foreign currency contracts at fair value through profit or loss	10	-	(122,931)	(122,931)
Total		<u>35,582,108</u>	<u>252,007,097</u>	<u>287,589,205</u>

All current liabilities, except foreign forward currency contracts are financial liabilities which are carried at amortised cost.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund's overall exposure to price risk was as follows:

	<u>2019</u> RM	<u>2018</u> RM
Quoted investments		
Quoted equities designated at fair value through profit or loss	408,045,623	252,130,028
Exchange-traded funds at fair value through profit or loss	19,039,094	-
	<u>427,084,717</u>	<u>252,130,028</u>

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 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2019</u>		
-5%	405,730,481	(21,354,236)
0%	427,084,717	-
+5%	448,438,953	21,354,236
	<u>427,084,717</u>	<u>21,354,236</u>
<u>2018</u>		
-5%	239,523,527	(12,606,501)
0%	252,130,028	-
+5%	264,736,529	12,606,501
	<u>252,130,028</u>	<u>12,606,501</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

Market risk (continued)

(b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short term deposit placement with a financial institution. The Manager overcomes this exposure by way of maintaining deposits on short term basis.

The Fund's exposure to interest rate risk associated with deposit with licensed financial institutions is not material as the deposits are held on a short term basis.

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movements 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(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:

	Quoted equities RM	Exchange -traded funds RM	Forward foreign currency contracts RM	Cash and cash equivalents RM	Other Assets*/ (liabilities)** RM	Net assets attributable to unitholders RM	Total RM
<u>2019</u>							
Australian Dollar	5,977,321	-	(77,852)	7,448,721	-	1,578	13,349,768
China Renminbi	-	-	-	2,366,625	-	321	2,366,946
Euro	-	-	-	2,315	-	2,543	4,858
Hong Kong Dollar	138,734,422	19,039,094	-	-	3,715,642	-	161,489,158
Indian Rupee	5,174,545	-	-	-	-	-	5,174,545
Indonesia Rupiah	2,409,784	-	-	-	3,896,102	-	6,305,886
Korea Won	20,895,616	-	-	3	39,352	-	20,934,971
Philippines Peso	2,549,463	-	-	-	-	-	2,549,463
Pound Sterling	-	-	-	2,705	-	2,816	5,521
Singapore Dollar	98,568,393	-	-	514,327	182,802	1,623	99,267,145
Taiwan Dollar	26,590,106	-	-	-	(3,572,128)	-	23,017,978
Thailand Bath	17,399,520	-	-	-	-	-	17,399,520
US Dollar	55,914,007	-	648,088	4,143,551	(4,428,135)	202,038	56,479,549
	<u>374,213,177</u>	<u>19,039,094</u>	<u>570,236</u>	<u>14,478,247</u>	<u>(166,365)</u>	<u>210,919</u>	<u>408,345,308</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(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>Quoted equities</u> RM	<u>Forward foreign currency contracts</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*/ (liabilities)**</u> RM	<u>Total</u> RM
<u>2018</u>					
Australian Dollar	-	-	45,249	-	45,249
Chinese Yuan	11,544,875	-	2,901,981	-	14,446,856
Indian Rupee	13,576,206	-	-	-	13,576,206
Hong Kong Dollar	101,599,779	-	2,360,508	2,877,967	106,838,254
Indonesian Rupiah	7,229,143	-	-	(3,071,960)	4,157,183
Korean Won	35,583,603	212,010	-	362,744	36,158,357
Singapore Dollar	37,347,988	-	50,329	-	37,398,317
Thailand Bath	5,051,007	-	-	-	5,051,007
Taiwan Dollar	17,959,781	-	-	-	17,959,781
United States Dollar	6,478,406	(334,941)	11,248,870	-	17,392,335
	<u>236,370,788</u>	<u>(122,931)</u>	<u>16,606,937</u>	<u>168,751</u>	<u>253,023,545</u>

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

**Other liabilities consist of amount due to brokers.

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 by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (decrease)/increase in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in price %</u>	<u>Impact on profit after tax/NAV RM</u>
<u>2019</u>		
Australian Dollar	+/- 5	+/- 667,488
Chinese Yuan	+/- 5	+/- 118,347
Indian Rupee	+/- 5	+/- 258,727
Euro	+/- 5	+/- 243
Hong Kong Dollar	+/- 5	+/- 8,074,458

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

	Change in price %	Impact on profit after tax tax/ NAV RM
<u>2019</u> (continued)		
Indonesian Rupiah	+/- 5	+/- 315,294
Korean Won	+/- 5	+/- 1,046,749
Philippines	+/- 5	+/- 127,473
Pound Sterling	+/- 5	+/- 276
Singapore Dollar	+/- 5	+/- 4,963,357
Thailand Baht	+/- 5	+/- 869,976
Taiwan Dollar	+/- 5	+/- 1,150,899
United States Dollar	+/- 5	+/- 2,823,977
<u>2018</u>		
Australian Dollar	+/- 5	+/- 2,262
Chinese Yuan	+/- 5	+/- 722,343
Indian Rupee	+/- 5	+/- 678,810
Hong Kong Dollar	+/- 5	+/- 5,341,913
Indonesian Rupiah	+/- 5	+/- 207,859
Korean Won	+/- 5	+/- 1,807,918
Singapore Dollar	+/- 5	+/- 1,869,916
Thailand Baht	+/- 5	+/- 252,550
Taiwan Dollar	+/- 5	+/- 897,989
United States Dollar	+/- 5	+/- 869,617

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

Credit risk (continued)

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

	Forward foreign currency contracts RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2019</u>				
Consumer goods				
- NR	-	-	7,627,454	7,627,454
Finance				
- AA3	651,960	14,603,546	-	15,255,506
- AA-	-	3,055,886	-	3,055,886
- A3	(81,724)	-	-	(81,724)
- NR	-	-	182,802	182,802
Industrial				
- NR	-	-	23,641	23,641
Other				
- NR	-	-	1,036,602	1,036,602
Technology				
- NR	-	-	33,450	33,450
	<u>570,236</u>	<u>17,659,432</u>	<u>8,903,949</u>	<u>27,133,617</u>
<u>2018</u>				
Basic materials				
- NR	-	-	28,941	28,941
Consumer goods				
- NR	-	-	81,782	81,782
Finance				
- AAA	(42,628)	11,669,592	-	11,626,954
- AA1	-	16,630,663	-	16,630,663
- AA3	(21,208)	-	-	(21,208)
- A3	(59,095)	-	-	(59,095)
- NR	-	-	6,091,436	6,091,436
Industrial				
- NR	-	-	191,324	191,324
Oil & Gas				
- NR	-	-	60,697	60,697
Other				
- NR	-	-	827,673	827,673
	<u>(122,931)</u>	<u>28,300,255</u>	<u>7,281,853</u>	<u>35,459,167</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

Credit risk (continued)

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

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

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>2019</u>			
Amount due to Manager			
- management fee	624,173	-	624,173
- cancellation of units	142,944	-	142,944
Amount due to Trustee	20,243	-	20,243
Amount due to brokers	8,033,713	-	8,033,713
Auditor's remuneration	-	3,719	3,719
Tax agent's fee	-	(2,653)	(2,653)
Other payables and accruals	-	15,728	15,728
Forward foreign currency contracts at fair value through profit or loss	81,724	-	81,724
Net assets attributable to unitholders*	445,379,117	-	445,379,117
	<u>454,281,914</u>	<u>16,794</u>	<u>454,298,708</u>

*Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of the instruments typically retain them for the medium to long term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2018</u>			
Amount due to Manager			
- management fee	369,241	-	369,241
- cancellation of units	51,326	-	51,326
Amount due to Trustee	11,975	-	11,975
Amount due to brokers	7,979,502	-	7,979,502
Auditor's remuneration	-	3,719	3,719
Tax agent's fee	-	6,885	6,885
Other payables and accruals	39,505	14,447	53,952
Forward foreign currency contracts at fair value through profit or loss	334,941	-	334,941
	<u>8,786,490</u>	<u>25,051</u>	<u>8,811,541</u>

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders. The amount of net assets attributable to unitholders 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

3 FAIR VALUE ESTIMATION

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

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

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	408,045,623	-	-	408,045,623
- exchange-traded funds	19,039,094	-	-	19,039,094
- forward foreign currency contracts	-	570,236	-	570,236
	<u>427,084,717</u>	<u>570,236</u>	<u>-</u>	<u>427,654,953</u>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- quoted equities	252,130,028	-	-	252,130,028
	<u>252,130,028</u>	<u>-</u>	<u>-</u>	<u>252,130,028</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	(122,931)	-	(122,931)
	<u>-</u>	<u>(122,931)</u>	<u>-</u>	<u>(122,931)</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATES

	6 months financial period ended <u>28.2.2019</u> RM	6 months financial period ended <u>28.2.2018</u> RM
Gross management fee	2,981,063	2,219,740
Management fee rebate	(197,837)	(12,440)
	<hr/>	<hr/>
Net management fee	<u>2,783,226</u>	<u>2,207,300</u>

In accordance with the Deeds, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the NAV of the Fund calculated on a daily basis.

For the financial period ended 28 February 2019, the management fee is recognised at a rate of 1.85% (2018: 1.85%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

The management fee rebate is derived from the interest income earned by the Manager from the Fund's trust collection account maintained by the Manager. The interest income earned is reimbursed to the unitholders of the Fund in the form of management fee rebate.

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 0.10% per annum on the NAV of the Fund, subject to a minimum fee of RM12,000 per annum (excluding foreign custodian fees and charges) calculated and accrued daily.

For the financial period ended 28 February 2019, the Trustee fee is recognised at a rate of 0.06% (2018: 0.06%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on daily basis as stated in the Fund's Prospectus.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

6 DISTRIBUTION

	6 months financial period ended <u>28.2.2019</u> RM	6 months financial period ended <u>28.2.2018</u> RM
Distribution to unitholders are from the following sources:		
Previous year's realised income	6,626,790	7,298,880
	<u>6,626,790</u>	<u>7,298,880</u>
Less: Expenses	-	-
	<u>6,626,790</u>	<u>7,298,880</u>
 Gross/net distribution per unit (sen)	 1.50	 2.00
	<u> </u>	<u> </u>
 Ex date	 10.12.2018	 17.01.2018
	<u> </u>	<u> </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.

Included in the distribution for the financial period is an amount of RM6,626,790 (2018: RM7,298,880) made from previous year's realised income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

7 TAXATION

	6 months financial period ended <u>28.2.2019</u> RM	6 month financial period ended <u>28.2.2018</u> RM
Current taxation - foreign	<u>155,947</u>	<u>291,806</u>

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

	6 months financial period ended <u>28.2.2019</u> RM	6 month financial period ended <u>28.2.2018</u> RM
Net (loss)/profit before taxation	<u>(1,611,830)</u>	<u>12,006,922</u>
Tax at Malaysian statutory rate of 24% (2018: 24%)	(386,839)	2,881,661
Tax effects of:		
Investment income not subject to tax	(664,240)	(3,956,090)
Expenses not deductible for tax purposes	381,855	542,892
Restriction on tax deductible expenses for Unit Trust Funds	669,224	531,537
Foreign income subject to foreign tax rate	155,947	291,806
Tax expense	<u>155,947</u>	<u>291,806</u>

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Designated at fair value through profit or loss at inception:		
- quoted equities – local	33,832,446	15,759,240
- quoted equities – foreign	374,213,177	236,370,788
- exchange-traded funds – foreign	19,039,094	-
	<u>427,084,717</u>	<u>252,130,028</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

	<u>2019</u> RM	<u>2018</u> RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- realised (loss)/gain on sale of investments	(8,208,892)	12,288,685
- unrealised gain/(loss) on changes in fair value	5,638,682	(2,628,557)
	<u>(2,570,210)</u>	<u>9,660,128</u>

(a) Quoted equities – local

(i) Quoted equities – local as at 28 February 2019 is as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Financials</u>				
Malayan Banking Bhd	675,300	6,524,208	6,435,609	1.44
<u>Industrial Products & Services</u>				
Petronas Chemicals Group Bhd	113,500	1,004,520	1,046,470	0.23
Press Metal Aluminium Hldg Bhd	1,023,700	4,419,518	4,309,777	0.97
	<u>1,137,200</u>	<u>5,424,038</u>	<u>5,356,247</u>	<u>1.20</u>
<u>REIT's</u>				
Axis Real Estate Investment Trust	1,393,600	2,296,334	2,410,928	0.54
IGB REIT	3,082,300	5,279,876	5,363,202	1.20
	<u>4,475,900</u>	<u>7,576,210</u>	<u>7,774,130</u>	<u>1.74</u>
<u>Utilities</u>				
Mega First Corp Bhd	1,556,000	2,925,280	5,959,480	1.34
Tenaga Nasional Bhd	619,000	8,572,779	8,306,980	1.87
	<u>2,175,000</u>	<u>11,498,059</u>	<u>14,266,460</u>	<u>3.21</u>
Total quoted equities – local	<u>8,463,400</u>	<u>31,022,515</u>	<u>33,832,446</u>	<u>7.59</u>
Accumulated unrealised gain on quoted equities – local		<u>2,809,931</u>		
Total quoted equities – local		<u>33,832,446</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(a) Quoted equities – local (continued)

(ii) Quoted equities – local as at 28 February 2018 is as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Financials</u>				
Allianz Malaysia Bhd	446,800	5,346,665	5,745,848	2.06
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Trading & Services</u>				
Sime Darby Bhd	1,556,000	2,925,280	5,632,720	2.02
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Utilities</u>				
Mega First Corp Bhd	793,600	4,167,363	4,380,672	1.57
	<hr/>	<hr/>	<hr/>	<hr/>
Total quoted equities – local	<u>2,796,400</u>	12,439,308	<u>15,759,240</u>	<u>5.65</u>
Accumulated unrealised gain on quoted equities – local		<u>3,319,932</u>		
Total quoted equities – local		<u>15,759,240</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 28 February 2019 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>AUSTRALIA</u>				
<u>Basic materials</u>				
Hastings Technology Metals Ltd	2,300,000	1,450,159	935,185	0.21
OZ Minerals Ltd	76,499	2,189,352	2,272,861	0.51
	<u>2,376,499</u>	<u>3,639,511</u>	<u>3,208,046</u>	<u>0.72</u>
<u>Industrials</u>				
Sydney Airport	134,297	2,652,311	2,769,275	0.62
	<u>134,297</u>	<u>2,652,311</u>	<u>2,769,275</u>	<u>0.62</u>
<u>HONG KONG</u>				
<u>Consumer goods</u>				
Guangzhou Automobile Gp Co Ltd	450,000	2,184,009	2,243,885	0.50
	<u>450,000</u>	<u>2,184,009</u>	<u>2,243,885</u>	<u>0.50</u>
<u>Financials</u>				
AIA Group Ltd	436,400	14,985,648	17,727,180	3.98
China Construction Bank Corp	4,198,000	15,080,029	15,150,856	3.40
China Vanke Co Ltd	457,800	6,738,876	7,052,202	1.58
Hong Kong Exchange & Clearing	27,700	3,385,992	3,881,231	0.87
Indust & Comm Bank of China	1,859,000	5,590,951	5,804,418	1.30
Ping An Insurance Grp Co China	189,500	7,506,761	8,109,872	1.82
	<u>7,168,400</u>	<u>53,288,257</u>	<u>57,725,759</u>	<u>12.95</u>
<u>Industrials</u>				
China State Const Int Hold Ltd	854,000	4,025,097	3,661,425	0.82
Jiangsu Expressway Co Ltd	788,000	4,664,619	4,414,845	0.99
	<u>1,642,000</u>	<u>8,689,716</u>	<u>8,076,270</u>	<u>1.81</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2019 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG (continued)</u>				
<u>Oil & Gas</u>				
Cnooc Ltd	1,336,000	9,252,178	9,366,710	2.10
PetroChina Company Ltd	3,712,000	11,609,413	9,975,560	2.24
	<u>5,048,000</u>	<u>20,861,591</u>	<u>19,342,270</u>	<u>4.34</u>
<u>Technology</u>				
HKBN Ltd	2,417,000	12,133,198	15,268,572	3.43
Tencent Holdings Ltd	102,400	17,298,140	17,805,026	4.00
	<u>2,519,400</u>	<u>29,431,338</u>	<u>33,073,598</u>	<u>7.43</u>
<u>Utilities</u>				
CK Infrastructure Holdings Ltd	540,000	17,341,463	18,272,640	4.10
<u>INDONESIA</u>				
<u>Financials</u>				
Bank Mandiri Persero Tbk PT	1,170,700	2,557,973	2,409,784	0.54
<u>INDIA</u>				
<u>Financials</u>				
Housing Development Finance	25,922	2,681,984	2,742,995	0.62
ICICI Bank Ltd	120,564	2,567,111	2,431,550	0.55
	<u>146,486</u>	<u>5,249,095</u>	<u>5,174,545</u>	<u>1.17</u>
<u>PHILIPPINES</u>				
<u>Financials</u>				
BDO Unibank Inc	254,200	2,639,600	2,549,463	0.57

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2019 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>SINGAPORE</u>				
<u>Consumer services</u>				
Sheng Siong Group Ltd	695,500	2,070,416	2,265,363	0.51
<u>Financials</u>				
DBS Group Holdings Ltd	75,300	5,584,635	5,641,096	1.27
United Overseas Bank Ltd	69,000	5,271,909	5,206,589	1.17
	<u>144,300</u>	<u>10,856,544</u>	<u>10,847,685</u>	<u>2.44</u>
<u>Industrials</u>				
NetLink NBN Trust	239,500	570,465	574,235	0.13
Singapore Airport Terminal	319,700	4,467,066	4,936,618	1.11
Singapore Tech Engineering Ltd	1,014,500	10,762,425	11,412,422	2.56
	<u>1,573,700</u>	<u>15,799,956</u>	<u>16,923,275</u>	<u>3.80</u>
<u>REIT's</u>				
Ascendas Real Estate InvTrust	1,594,500	12,466,838	13,464,787	3.02
CapitaLand Commercial Trust	1,625,900	9,064,039	9,463,855	2.13
CDL Hospitality Trusts	1,006,300	4,718,318	4,795,142	1.08
Frasers Centrepoint Trust	967,300	6,616,239	6,651,399	1.49
Frasers Logistic & Indus Trust	1,844,350	4,882,928	6,118,613	1.37
Keppel DC REIT	1,025,800	4,320,661	4,516,817	1.01
Mapletree Industrial Trust	1,597,200	9,312,697	9,633,991	2.16
Mapletree North Asia Com Trust	3,683,800	12,256,547	13,887,466	3.12
	<u>13,345,150</u>	<u>63,638,267</u>	<u>68,532,070</u>	<u>15.38</u>
<u>KOREA</u>				
<u>Basic materials</u>				
LG Chem Ltd	2,170	3,087,656	3,059,290	0.69

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2019 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>KOREA</u> (continued)				
<u>Consumer goods</u>				
Samsung Electronics Co Ltd	43,013	6,499,737	7,012,495	1.57
Samsung Electronics Co Ltd - Preference Shares	19,417	2,624,158	2,526,858	0.57
	<u>62,430</u>	<u>9,123,895</u>	<u>9,539,353</u>	<u>2.14</u>
<u>Industrials</u>				
Meerecompany Inc	25,671	7,027,609	6,004,037	1.35
Wooshin Systems Co Ltd	97,886	3,016,482	2,292,936	0.52
	<u>123,557</u>	<u>10,044,091</u>	<u>8,296,973</u>	<u>1.87</u>
<u>THAILAND</u>				
<u>Industrials</u>				
Airports of Thailand PCL	759,400	6,408,642	6,595,765	1.48
<u>Consumer services</u>				
CP all PCL	1,079,900	10,572,574	10,803,755	2.43
<u>TAIWAN</u>				
<u>Financials</u>				
Mega Financial Holding Co Ltd	1,353,000	4,793,224	4,857,811	1.09
<u>Industrials</u>				
Compeq Manufacturing Co Ltd	787,000	3,214,087	2,358,167	0.53

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2019 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>TAIWAN</u> (continued)				
<u>Technology</u>				
Nanya Technology Corp	431,000	3,565,919	3,538,682	0.80
Taiwan Semiconductor Manufac	503,000	14,713,587	15,835,446	3.56
	<u>934,000</u>	<u>18,279,506</u>	<u>19,374,128</u>	<u>4.36</u>
 <u>UNITED STATES</u>				
<u>Consumer services</u>				
Alibaba Group Holding Ltd	27,856	19,050,446	20,724,204	4.65
Amazon.com Inc	1,377	9,155,620	9,178,733	2.06
	<u>29,233</u>	<u>28,206,066</u>	<u>29,902,937</u>	<u>6.71</u>
 <u>Technology</u>				
Alphabet Inc - Class C	1,972	8,948,934	8,983,332	2.02
Facebook Inc	8,208	5,803,497	5,387,864	1.21
Microsoft Corporation	25,555	11,347,053	11,639,874	2.61
	<u>35,735</u>	<u>26,099,484</u>	<u>26,011,070</u>	<u>5.84</u>
 Total quoted equities – foreign	 <u>42,375,057</u>	 360,729,272	 <u>374,213,177</u>	 <u>84.02</u>
Accumulated unrealised gain on quoted equities – foreign		<u>13,483,905</u>		
Total quoted equities – foreign		<u>374,213,177</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2018 is as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>CHINA</u>				
<u>Consumer goods</u>				
Midea Group Co Ltd	89,400	2,728,167	3,035,784	1.09
<u>Industrial products</u>				
Han's Laser Tech Ind Grp Co	132,000	4,469,395	4,643,907	1.66
Hangzhou Hikvision Digi Tech	146,900	2,801,892	3,865,184	1.39
	<u>278,900</u>	<u>7,271,287</u>	<u>8,509,091</u>	<u>3.05</u>
<u>HONG KONG</u>				
<u>Financials</u>				
China Construction Bank Corp	3,285,000	11,945,039	13,377,970	4.79
Indust & Comm Bank of China	2,907,000	9,763,333	9,817,010	3.52
Ping An Insurance Grp Co China	299,000	11,524,549	12,475,779	4.47
China Resources Land Ltd	186,000	2,694,012	2,600,909	0.93
China Overseas Prop Hldgs Ltd	6,395,000	6,514,118	8,446,464	3.03
	<u>13,072,000</u>	<u>42,441,051</u>	<u>46,718,132</u>	<u>16.74</u>
<u>Health care</u>				
Sinopharm Group Co Ltd	270,000	4,688,071	4,667,048	1.67
China Tradi Chinese Med Co Ltd	1,732,000	4,013,326	4,089,972	1.47
	<u>2,002,000</u>	<u>8,701,397</u>	<u>8,757,020</u>	<u>3.14</u>
<u>Industrial products</u>				
Beijing Capital Intl Airport	556,000	3,322,673	3,215,608	1.15
China Communications Const Co	523,000	2,518,783	2,289,498	0.82
CSR Corp Ltd	1,230,000	4,732,194	4,412,195	1.58
Sunny Optical Technology Group	65,100	4,237,969	4,250,323	1.52
	<u>2,374,100</u>	<u>14,811,619</u>	<u>14,167,624</u>	<u>5.07</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 28 February 2018 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG (continued)</u>				
<u>Oil & Gas</u>				
Kunlun Energy Co Ltd	1,208,000	4,958,299	4,442,063	1.59
China Petroleum & Chemical	1,812,000	5,887,407	5,711,224	2.05
Cnooc Ltd	961,000	5,749,978	5,471,370	1.96
	<u>3,981,000</u>	<u>16,595,684</u>	<u>15,624,657</u>	<u>5.60</u>
<u>Technology</u>				
HKBN Ltd	1,872,500	8,719,243	8,375,096	3.00
Tencent Holdings Ltd	36,800	5,492,022	7,957,250	2.85
	<u>1,909,300</u>	<u>14,211,265</u>	<u>16,332,346</u>	<u>5.85</u>
<u>INDONESIA</u>				
<u>Financials</u>				
Bank Mandiri Persero Tbk PT	1,282,900	3,073,530	3,030,441	1.09
<u>Industrial products</u>				
Pembangunan Perumahan Persero	4,759,030	5,210,183	4,198,702	1.51
<u>INDIA</u>				
<u>Financials</u>				
Housing Development Finance	24,446	2,652,320	2,657,350	0.95
ICICI Bank Ltd	117,992	2,548,469	2,226,674	0.80
Yes Bank Ltd	107,187	2,340,486	2,074,948	0.74
	<u>249,625</u>	<u>7,541,275</u>	<u>6,958,972</u>	<u>2.49</u>
<u>Industrial</u>				
Mahindra & Mahindra Ltd	109,614	4,747,415	4,783,073	1.71

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(ii) Quoted equities – foreign as at 28 February 2018 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>INDIA (continued)</u>				
<u>Technology</u>				
Vakrangee Ltd	169,265	4,225,019	1,834,161	0.66
<u>SINGAPORE</u>				
<u>Financials</u>				
Frasers Logistic & Indus Trust	1,448,500	3,823,906	4,672,335	1.67
DBS Group Holdings Ltd	118,100	8,249,677	10,002,499	3.58
City Developments Ltd	33,500	1,197,482	1,263,000	0.45
	<u>1,600,100</u>	<u>13,271,065</u>	<u>15,937,834</u>	<u>5.70</u>
<u>Industrial products</u>				
Venture Corp Ltd	119,500	5,845,153	9,746,218	3.49
<u>Oil & Gas</u>				
SembCorp Marine Ltd	607,400	3,443,402	3,810,655	1.37
SembCorp Industries Ltd	282,500	2,819,302	2,666,847	0.96
Keppel Corporation Ltd	218,800	5,079,483	5,186,434	1.86
	<u>1,108,700</u>	<u>11,342,187</u>	<u>11,663,936</u>	<u>4.19</u>
<u>KOREA</u>				
<u>Basic materials</u>				
POSCO	2,933	3,784,386	3,826,974	1.37
<u>Consumer products</u>				
Samsung Electronics Co Ltd	646	4,084,339	4,658,130	1.67
Orion Corp	6,610	2,499,873	2,580,248	0.92
	<u>7,256</u>	<u>6,584,212</u>	<u>7,238,378</u>	<u>2.59</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2018 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>KOREA</u> (continued)				
<u>Industrial products</u>				
Hyosung Corp	14,724	7,541,227	6,652,303	2.38
Hyundai Heavy Industries Co.	2,509	1,262,996	1,183,443	0.42
Synopex Inc	311,863	5,552,696	5,427,457	1.94
Meerecompany Inc	22,961	6,383,314	8,713,975	3.12
	<u>352,057</u>	<u>20,740,233</u>	<u>21,977,178</u>	<u>7.86</u>
<u>Oil & Gas</u>				
SK Innovation Co Ltd	3,364	2,620,277	2,498,642	0.90
<u>Rights</u>				
Hyundai Heavy Industries Co.	443	-	42,431	0.02
<u>THAILAND</u>				
<u>Financials</u>				
Kasikornbank Public Co Ltd	175,100	5,002,382	5,051,007	1.81
<u>TAIWAN</u>				
<u>Industrial products</u>				
Yageo Corp	98,000	3,797,719	4,320,624	1.55
<u>Technology</u>				
Taiwan Semiconductor Manufac	231,000	5,765,512	7,591,954	2.72
Inventec Corp	590,000	1,892,630	1,840,540	0.66
Globalwafers Co Ltd	74,000	3,550,251	4,206,663	1.51
	<u>895,000</u>	<u>11,208,393</u>	<u>13,639,157</u>	<u>4.89</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 28 February 2018 is as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost</u>	<u>Fair value</u>	<u>Percentage of NAV</u>
<u>UNITED STATES</u>				
<u>Consumer products</u>				
Alibaba Group Holding Ltd	8,910	4,035,630	6,478,406	2.32
Total quoted equities – foreign	<u>34,648,497</u>	219,789,529	<u>236,370,788</u>	<u>84.69</u>
Accumulated unrealised gain on quoted equities – foreign		<u>16,581,259</u>		
Total quoted equities – foreign		<u>236,370,788</u>		

(c) Exchange-traded funds – foreign

(i) Exchange-traded funds – foreign as at 28 February 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>HONG KONG</u>				
ChinaAMC ETF Series – China AMC	405,200	8,054,236	9,147,827	2.05
IShares MSCI China Index ETF	338,200	4,236,553	4,500,582	1.01
Premia CSI Caixin CN BedR ETF	1,575,000	5,573,251	5,390,685	1.21
Total exchange-traded funds – foreign	<u>2,318,400</u>	17,864,040	<u>19,039,094</u>	<u>4.27</u>
Accumulated unrealised gain on exchange-traded funds – foreign		<u>1,175,054</u>		
Total exchange-traded funds – foreign		<u>19,039,094</u>		

(ii) There is no exchange-traded funds – foreign as at 28 February 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

9 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	14,602,196	16,630,663
Deposit with a licensed financial institution	3,055,886	11,669,592
	<u>17,658,082</u>	<u>28,300,255</u>

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

	<u>2019</u> %	<u>2018</u> %
Deposit with a licensed financial institution	<u>3.25</u>	<u>3.25</u>

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

10 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 4 (2018: 4) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to RM94,899,617 (2018: RM89,077,382). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign securities denominated in United States Dollar and Australia Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

11 NUMBER OF UNITS IN CIRCULATION

(a) RM class units in circulation

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial period	454,274,000	356,011,000
Creation of units arising from applications during the financial period	336,896,000	73,594,827
Creation of units arising from distribution during the financial period	11,530,953	10,671,173

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(a) RM class units in circulation (continued)

	<u>2019</u>	<u>2018</u>
	No. of units	No. of units
Cancellation of units during the financial period	(47,414,953)	(12,926,000)
At the end of the financial period	<u>755,286,000</u>	<u>427,351,000</u>

(b) AUD class units in circulation

	<u>2019</u>	<u>2018</u>
	No. of units	No. of units
At the beginning of the financial period	-	-
Creation of units arising from applications during the financial period	1,000	-
At the end of the financial period	<u>1,000</u>	<u>-</u>

(c) EUR class units in circulation

	<u>2019</u>	<u>2018</u>
	No. of units	No. of units
At the beginning of the financial period	-	-
Creation of units arising from applications during the financial period	1,000	-
At the end of the financial period	<u>1,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(d) GBP class units in circulation

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial period	-	-
Creation of units arising from applications during the financial period	1,000	-
At the end of the financial period	<u>1,000</u>	<u>-</u>

(e) RMB class units in circulation

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial period	-	-
Creation of units arising from applications during the financial period	1,000	-
At the end of the financial period	<u>1,000</u>	<u>-</u>

(f) SGD class units in circulation

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial period	-	-
Creation of units arising from applications during the financial period	1,000	-
At the end of the financial period	<u>1,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

11 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(g) USD class units in circulation

	<u>2019</u>	<u>2018</u>
	No. of units	No. of units
At the beginning of the financial period	-	-
Creation of units arising from applications during the financial period	1,000	-
At the end of the financial period	<u>1,000</u>	<u>-</u>

12 TRANSACTIONS WITH BROKERS

(i) Detail of transactions with the top 10 brokers for the 6 months financial period ended 28 February 2019 is as follows:

<u>Name of brokers</u>	Percentage of <u>value of trade</u> RM	Brokerage <u>total trade</u> %	Percentage of total <u>fees</u> RM	<u>brokerage</u> %
China International Capital Corporation Hong Kong Securities Ltd	58,378,561	11.07	43,262	3.11
Macquarie Bank Ltd (Hong Kong)	56,815,737	10.78	122,560	8.80
CLSA Ltd (Hong Kong)	56,640,025	10.74	96,550	6.94
Citigroup Global Markets Ltd	51,681,469	9.80	153,277	11.01
CCB International Securities	33,902,690	6.43	121,273	8.71
DBS Vickers Securities (Singapore) Pte Ltd	30,334,352	5.76	107,536	7.72
Instinet Pacific Ltd Hong Kong Branch	27,597,322	5.23	80,900	5.81
Daiwa Securities Capital Markets Korea Co Ltd	27,522,961	5.22	88,406	6.35
Merrill Lynch International Ltd	22,967,109	4.36	68,005	4.89
Morgan Stanley And Co. International Plc, London Branch	17,971,901	3.41	53,014	3.81
Others	143,413,290	27.20	457,224	32.85
	<u>527,225,417</u>	<u>100.00</u>	<u>1,392,007</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

12 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Detail of transactions with the top 10 brokers for the 6 months financial period ended 28 February 2018 is as follows:

<u>Name of brokers</u>	Percentage of <u>value of trade</u> RM	Brokerage <u>total trade</u> %	Percentage of total <u>fees</u> RM	<u>brokerage</u> %
Daiwa Securities Capital Markets Korea Co Ltd	52,066,479	9.57	189,802	10.25
UOB Kay Hian Pte Ltd	35,393,184	6.50	121,658	6.57
CLSA Ltd (Hong Kong)	33,563,900	6.17	89,172	4.82
Instinet Pacific Ltd	32,392,259	5.95	120,467	6.51
China International Capital Corporation Hong Kong Securities Ltd	31,536,672	5.80	103,864	5.61
CLSA Securities Korea Ltd.	28,494,736	5.24	118,398	6.40
Citigroup Global Markets Ltd	27,615,296	5.07	77,726	4.20
CCB International Securities	22,670,152	4.17	78,516	4.24
DBS Vickers Securities (Singapore) Pte Ltd	21,393,718	3.93	71,776	3.88
Masterlink Securities Co. Ltd	21,239,391	3.90	95,720	5.17
Others	237,792,352	43.70	783,810	42.35
	<u>544,158,139</u>	<u>100.00</u>	<u>1,850,909</u>	<u>100.00</u>

Included in transactions with brokers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM6,720,713 (2018: RM9,262,831). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

13 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>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad (“ABB”)	Ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager

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

	<u>2019</u>		<u>2018</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purpose)				
- RM class	369,492	217,779	3,477	2,271
- AUD class	1,000	2,815	-	-
- EUR class	1,000	1,577	-	-
- GBP class	1,000	2,220	-	-
- RMB class	1,000	320	-	-
- SGD class	1,000	1,622	-	-
- USD class	1,776	4,515	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Parties related to the Manager</u>				
Director of Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)				
	<u>2,602</u>	<u>1,534</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

14 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>28.2.2019</u> %	6 month financial period ended <u>28.2.2018</u> %
MER	<u>0.98</u>	<u>1.06</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM324,912,076 (2018: RM241,932,941).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>28.2.2019</u>	6 month financial period ended <u>28.2.2018</u>
PTR (times)	<u>0.82</u>	<u>1.10</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM377,685,274 (2018: RM291,237,820)
total disposal for the financial period = RM158,396,774 (2018: RM241,897,544)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (CONTINUED)

16 SEGMENT INFORMATION

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

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

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in the value of investments and are derived from quoted equities in Malaysia, Australia, China, Hong Kong, Indonesia, India, Korea, Philippines, Taiwan, Singapore, Thailand and United States.

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

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

17 MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note A, the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies and adjustments to the financial position:

(a) Classification and measurement of financial assets

Up to 31 August 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables. **Note H** set out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 September 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets:

- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Fund has made an irrevocable choice to present changes in fair value in other comprehensive income ('OCI') for investments that are not held for trading.
- Embedded derivatives in financial asset host contracts: The Fund apply the classification and measurement of financial assets to the entire hybrid instrument for financial assets with embedded derivatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

17 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Impairment

From 1 September 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2019
(CONTINUED)**

17 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Impairment (continued)

As disclosed above, the adoption of MFRS 9 in 2018 resulted in reclassification and change in measurement of certain financial assets and financial liabilities.

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 September 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- cations	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Loans and receivables	Amortised cost	28,300,255	-	-	28,300,255
Investment in equity securities	FVTPL	FVTPL	252,130,028	-	-	252,130,028
Amount due from manager	Loans and receivables	Amortised cost	827,673	-	-	827,673
Amount due from broker	Loans and receivables	Amortised cost	6,091,436	-	-	6,091,436
Dividend receivables	Loans and receivables	Amortised cost	362,744	-	-	362,744
Forward foreign currency contracts at fair value through profit or loss	FVTPL	FVTPL	212,010	-	-	212,010
Liabilities						
Forward foreign currency contracts at fair value through profit or loss	FVTPL	FVTPL	334,941	-	-	334,941
Amount due to manager	Amortised cost	Amortised cost	420,567	-	-	420,567
Amount due to trustee	Amortised cost	Amortised cost	11,975	-	-	11,975
Amount due to brokers	Amortised cost	Amortised cost	7,979,502	-	-	7,979,502
Auditors' remuneration	Amortised cost	Amortised cost	3,719	-	-	3,719
Tax agent fee	Amortised cost	Amortised cost	6,885	-	-	6,885
Other payables and accruals	Amortised cost	Amortised cost	53,952	-	-	53,952

AFFIN HWANG SELECT ASIA PACIFIC (EX JAPAN) DIVIDEND FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 20 to 71 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 28 February 2019 and of its financial performance, changes in equity and cash flows for the financial period ended 28 February 2019 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,

AFFIN HWANG ASSET MANAGEMENT BERHAD

TENG CHEE WAI

EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur

18 April 2019

DIRECTORY OF SALES OFFICE

HEAD OFFICE

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

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

SELANGOR

Affin Hwang Asset Management Berhad
A-7-G Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor

Tel: 03-7620 1290
Fax: 03-7620 1298

PENANG

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

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

PERAK

Affin Hwang Asset Management Berhad
13A Persiaran Greentown 7
Greentown Business Centre
30450 Ipoh Perak

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

MELAKA

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

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

JOHOR

Affin Hwang Asset Management Berhad
1st Floor, Lot 93
Jalan Molek 1/29, Taman Molek
81100 Johor Bahru
Johor

Tel : 07 – 351 5977
Fax : 07 – 351 5377

SABAH

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

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

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

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

Tel : 082 – 233 320

Fax : 082 – 233 663

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

Tel : 085 – 418 403

Fax : 085 – 418 372

www.affinhwangam.com

Affin Hwang Asset Management Berhad
(429786-T)