

Affin Hwang

Select Bond Fund

Annual Report
31 March 2018

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



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad (429786-T)

TRUSTEE
HSBC (Malaysia) Trustee Berhad (1281-T)

AFFIN HWANG SELECT BOND FUND

Annual Report and Audited Financial Statements For the Financial Year Ended 31 March 2018

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FUND INFORMATION

Fund Name	Affin Hwang Select Bond Fund
Fund Type	Income
Fund Category	Bond
Investment Objective	To provide investors with a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.
Benchmark	Maybank 12-month fixed deposit rate
Distribution Policy	Subject to the availability of income, the Fund will distribute income on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.

BREAKDOWN OF UNITHOLDERS BY RM CLASS SIZE AS AT 31 MARCH 2018

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	89	202
5,001 to 10,000	48	371
10,001 to 50,000	222	5,888
50,001 to 500,000	271	58,447
500,001 and above	160	1,958,151
Total	790	2,023,059

* Note : Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY USD HEDGED-CLASS SIZE AS AT 31 MARCH 2018

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1	4
5,001 to 10,000	1	7
10,001 to 50,000	3	84
50,001 to 500,000	8	1,690
500,001 and above	8	75,228
Total	21	77,013

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Mar 2018 (%)	As at 31 Mar 2017 (%)	As at 31 Mar 2016 (%)
Portfolio composition			
Unquoted fixed income securities			
- Bonds – locals	25.46	25.37	13.00
- Bonds – foreign	62.32	61.69	75.09
Total unquoted fixed income securities	87.78	87.06	88.09
Collective investment scheme – local			
- Affin Hwang Aiiman Income Plus Fund	0.76	0.74	1.58
- Affin Hwang Bond Fund	0.81	0.58	0.79
Total collective investment scheme - local	1.57	1.32	2.37
Collective investment scheme – foreign			
- Affin Hwang USD Cash Fund	1.06	-	-
Total collective investment scheme – foreign	1.06	-	-
Credit-linked notes – foreign	0.27	-	-
Cash and cash equivalent	9.32	11.62	9.54
Total	100.00	100.00	100.00

Currency class	RM Class	USD Hedged-class	RM Class	USD Hedged-class	RM Class	USD Hedged-class
Total NAV (million)	1,332.454	154.026	1,340.605	135.221	615.158	43.238
NAV per Unit (in respective currencies)	0.6537	0.5178	0.6726	0.5260	0.6487	0.5084
Unit in Circulation (million)	2,023.063	77.017	1,993.314	58.124	948.241	21.816
Highest NAV	0.6848	0.5336	0.6785	0.5275	0.6647	0.5157
Lowest NAV	0.6536	0.5178	0.6489	0.5084	0.6445	0.5057
Return of the Fund (%) ⁱⁱⁱ	1.63	-0.06	8.84	5.47	4.02	1.10
- Capital Growth (%) ⁱ	-2.80	-1.56	3.684	3.462	0.496	-0.275
- Income Distribution (%) ⁱⁱ	4.56	1.52	4.97	1.94	3.50	1.38
Gross Distribution per Unit (sen)	3.00	0.80	3.25	1.00	2.25	0.70
Net Distribution per Unit (sen)	3.00	0.80	3.25	1.00	2.25	0.70
Management Expense Ratio (%) ¹		1.18		1.12		0.85
Portfolio Turnover Ratio (times) ²		0.79		1.02		0.73

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 higher MER of the Fund was due to higher expenses incurred by the Fund during the period under review.

²The lower PTR of the Fund during the period under review was due to higher average Net Asset Value of the Fund for the financial year.

RM Class

Capital Returnⁱ = (NAV per Unit @ 31/03/18 ÷ NAV per Unit @ 31/03/17* - 1) x 100
= (0.6537 ÷ 0.6726 - 1) x 100
= **-2.80%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex-date} + 1
= {0.0050 ÷ 0.6750 @ 13/06/17} + 1 = 1.0074
= {0.0050 ÷ 0.6791 @ 18/09/17} + 1 = 1.0074
= {0.0150 ÷ 0.6646 @ 12/12/17} + 1 = 1.0226
= {0.0050 ÷ 0.6561 @ 15/03/18} + 1 = 1.0076

Total Income Returnⁱⁱ = [{Income Return @ ex-date x Income Return @ ex-date} - 1] x 100
= [{1.0074 x 1.0074 x 1.0226 x 1.0076} - 1] x 100
= **4.56%**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] - 1 x 100
= [(1 + (-2.80%)) x (1 + 4.56%)] - 1 x 100
= **1.63%**

USD Hedged-class

Capital Returnⁱ = (NAV per Unit @ 31/03/18 ÷ NAV per Unit @ 31/03/17* - 1) x 100
= (0.5178 ÷ 0.5260 - 1) x 100
= **-1.56%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex-date} + 1
= {0.0020 ÷ 0.5280 @ 20/06/17} + 1 = 1.0038
= {0.0020 ÷ 0.5307 @ 18/09/17} + 1 = 1.0038
= {0.0040 ÷ 0.5252 @ 12/12/17} + 1 = 1.0176

Total Income Returnⁱⁱ = [{Income Return @ ex-date x Income Return @ ex-date} - 1] x 100
= [{1.0038 x 1.0038 x 1.0176} - 1] x 100
= **1.52%**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] - 1 x 100
= [(1 + (-1.56%)) x (1 + 1.52%)] - 1 x 100
= **-0.06%**

*Source: HSBC Trustee

Table 1: Performance of the Fund

RM Class

	1 Year (1/4/17 - 31/3/18)	3 Years (1/4/15 - 31/3/18)	5 Years (1/4/13 - 31/3/18)	Since Commencement (18/8/03 - 31/3/18)
Fund	1.63%	15.55%	29.70%	127.09%
Benchmark	3.14%	10.56%	46.32%	101.65%
Outperformance / (Underperformance)	(1.51%)	4.99%	(16.62%)	25.44%

Source of Benchmark: Maybank

USD Hedged-class

	1 Year (1/4/17 - 31/3/18)	3 Years (1/4/15 - 31/3/18)	Since Commencement (18/7/13 - 31/3/18)
Fund	(0.06%)	6.65%	11.36%
Benchmark	1.96%	3.77%	17.13%
Outperformance / (Underperformance)	(2.02 %)	2.88%	(5.77%)

Source of Benchmark: Maybank

Table 2: Average Total Return

RM Class

	1 Year (1/4/17 - 31/3/18)	3 Years (1/4/15 - 31/3/18)	5 Years (1/4/13 - 31/3/18)	Since Commencement (18/8/03 - 31/3/18)
Fund	1.63%	4.93%	5.34%	5.77%
Benchmark	3.14%	3.40%	7.91%	4.91%
Outperformance / (Underperformance)	(1.51%)	1.53%	(2.57%)	0.86%

Source of Benchmark: Maybank

USD Hedged-class

	1 Year (1/4/17 - 31/3/18)	3 Years (1/4/15 - 31/3/18)	Since Commencement (18/7/13 - 31/3/18)
Fund	(0.06%)	2.17%	2.31%
Benchmark	1.96%	1.24%	3.42%
Outperformance / (Underperformance)	(2.02%)	0.93%	(1.11%)

Source of Benchmark: Maybank

Table 3: Annual Total Return

RM Class

	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/7/15 - 31/3/16)	FYE 2015 (01/7/14 - 30/6/15)	FYE 2014 (01/7/13 - 30/6/14)
Fund	1.63%	8.84%	4.02%	7.81%	6.81%
Benchmark	3.14%	3.16%	3.94%	21.67%	7.91%
Outperformance / (Underperformance)	(1.51%)	5.68%	0.08%	(13.86%)	(1.10%)

Source of Benchmark: Maybank

USD Hedged-class

	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/7/15 - 31/3/16)	FYE 2015 (01/7/14 - 30/6/15)	FYE 2014 (18/7/13 - 30/6/14)
Fund	(0.06%)	5.47%	1.10%	4.16%	0.32%
Benchmark	1.96%	1.70%	1.16%	4.29%	7.07%
Outperformance / (Underperformance)	(2.01%)	3.77%	(0.06%)	(0.13%)	(6.75%)

Source of Benchmark: Maybank

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

RM Class

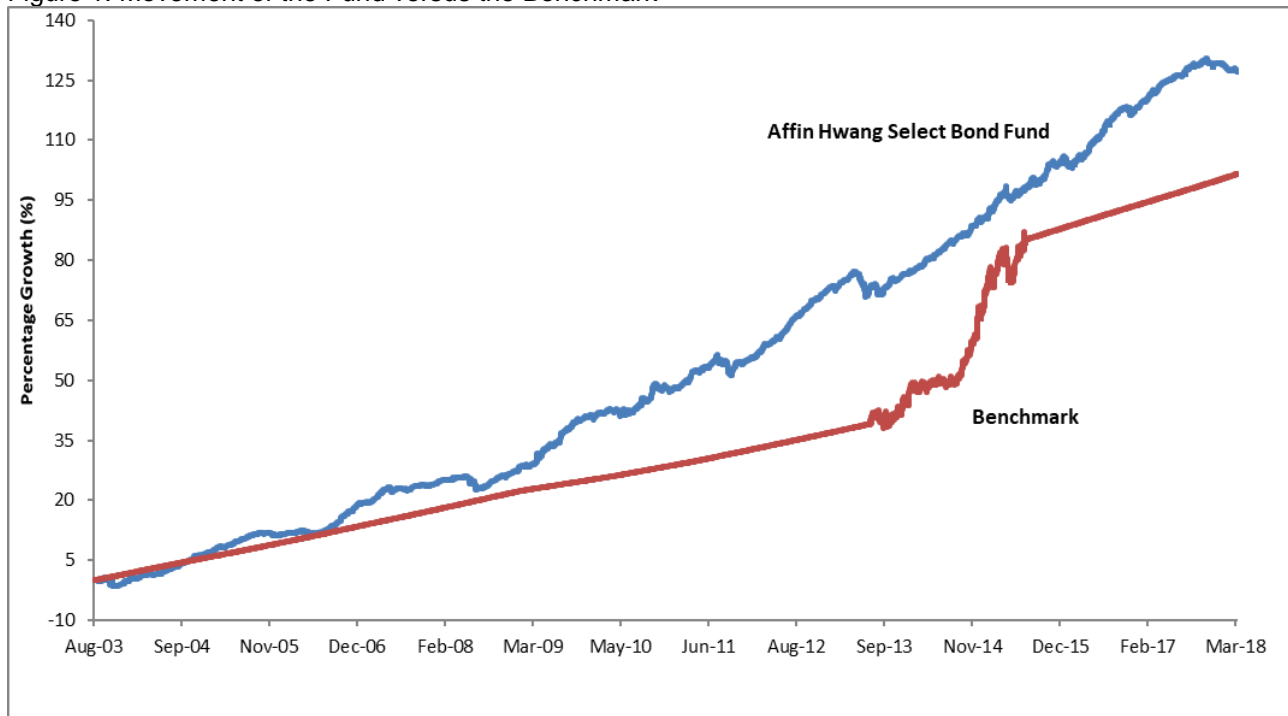
For the period under review, the Fund has registered a return of 1.63% underperformed the benchmark return of 3.14% by 1.51 percentage points. The NAV per unit of the Fund on 31 March 2018 was RM 0.6537 while the NAV per unit on 31 March 2017 was RM0.6726. The Fund has declared a gross income distribution of RM0.03 per unit for the period. (See Table 1 for performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

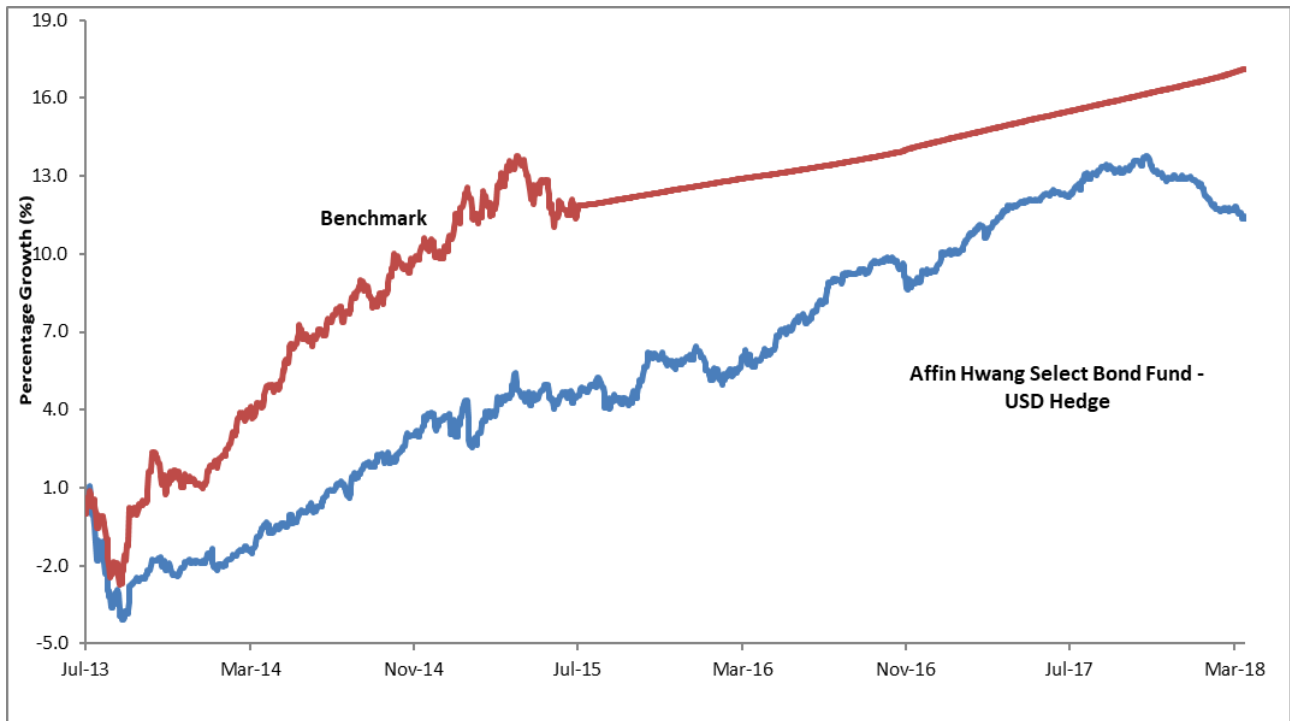
USD Hedged-class

As for the USD Hedge class, the Fund registered a return of -0.06% compared to the benchmark that rose 1.96% during the performance under review. The Fund thus underperformed the Benchmark by 2.02%. The Net Asset Value ("NAV") per unit as at 31 March 2018 was USD 0.5178 compared to the NAV per unit as 31 March 2017 was USD 0.5260. Fund has declared a total gross income distribution of USD 0.008 per unit to date.

Since commencement, the Fund has gained 127.09% versus the Benchmark of 101.65%, which translates to an outperformance of 25.44%. The Fund has declared a total gross income distribution of RM0.3275 per unit to date. As such, the objective of providing investors with a steady income stream in the form of distribution has been met.

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: Maybank 12-month fixed deposit rate

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0300 per Unit (for RM Class) and USD0.0080 per Unit (for USD Hedged-class) to investors of the Affin Hwang Select Bond Fund during the period under review.

The NAV per Unit prior and subsequent to the distribution was as follows:-

RM Class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
12 Jun 2017	13 Jun 2017	0.6799	0.0050	0.6750
15 Sep 2017	18 Sep 2017	0.6837	0.0050	0.6791
11 Dec 2017	12 Dec 2017	0.6794	0.0150	0.6646
14 Mar 2018	15 Mar 2018	0.6606	0.0050	0.6561

USD Hedged-class

Cum Date	Ex-Date	Cum-distribution (SGD)	Distribution per Unit (SGD)	Ex-distribution (SGD)
12 Jun 2017	13 Jun 2017	0.5301	0.0020	0.5280
15 Sep 2017	18 Sep 2017	0.5326	0.0020	0.5307
11 Dec 2017	12 Dec 2017	0.5290	0.0040	0.5252

No unit splits were declared for the financial year ended 31 March 2018.

Asset Allocation

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

Figure 2: Asset allocation of the Fund

	<u>31 Mar 2018</u>	<u>31 Mar 2017</u>	<u>31 Mar 2016</u>
	(%)	(%)	(%)
Unquoted fixed income securities – local	25.46	25.37	13.00
Unquoted fixed income securities – foreign	62.32	61.69	75.09
Collective investment scheme – local	1.57	1.32	2.37
Collective investment scheme – foreign	1.06	-	-
Credit-linked notes – foreign	0.27	-	-
Cash & cash equivalent	9.32	11.62	9.54
Total	100.00	100.00	100.00

As at 31 March 2018, the asset allocation of the Fund stood at 87.78% in fixed income securities, 2.63% in collective investment scheme (CIS), 0.27% in credit-linked notes and the remaining was held in cash and cash equivalent. During the period under review, no significant changes have been made to the Fund's portfolio. The Fund's exposure into fixed income instruments remained relatively unchanged compared to a year ago. Meanwhile, new allocations were added into CIS with foreign exposure – Affin Hwang USD Cash Fund. Correspondingly, cash levels of the Fund were slightly reduced to 9.32% due to purchase of securities.

Strategies Employed

In such a compressed spread environment, we believe that the right credit selection, duration and currency strategies play an important role in how the funds will perform. As such, we will maintain a short duration bias for the fund and invest in companies with better corporate financial discipline, where leverage is manageable in a rising rate environment.

Market Review

With the return of growth, the year 2017 has seen an economic upswing that has lifted both global and regional markets in terms of asset returns and earnings recovery. Accelerating growth, but benign inflation has kept policy tightening at bay, creating the right conditions for risk-assets to perform well under a 'Goldilocks' environment.

Global benchmarks including the S&P 500 returned 11.8%, whilst the tech-heavy Nasdaq Composite Index vaulted by over 19.5% (local currency terms) in the period under review. Supportive macroeconomic data, improving fundamentals and a positive earnings revision cycle have whet investors' appetite leading to a boost in sentiment.

Marked by global reflation, as well as a recovery in trade and manufacturing PMI – Asia scored top marks and emerged as one the best performers last year. The MSCI Asia ex-Japan Index advanced 23.1%, compared to the MSCI AC World Index which had gained 11.5% in the period under review. The MSCI Asia ex-Japan performance was primarily driven by North Asia, with tech emerging as the key outperformer, across China, Korea and Taiwan.

On the domestic-front, the benchmark FBMKLCI climbed 7.1% in the period under review to close at 1863.46 points in March'18. Overall, the local market reached an inflection point with earnings growing by 7% in 2017 as opposed to negative growth recorded from 2014-2016, for 3 consecutive years. The entry of a new management into Permodalan Nasional Berhad (PNB) which subsequently led to a series of strategic corporate and restructuring exercises within its stable of companies proved effective as well in helping unlock value within its investee companies and became a major investment theme in 2017.

The strong market rally subsequently took a breather in early-February'18, as markets entered correction territory as strong inflation & labour data prompted concerns that the US Federal Reserve would accelerate the pace of interest rate hikes. After a strong start to the year, global equities were broadly down as a bond rout deepened which lifted US Treasury Yields to a 4-year high of 2.84%. Nonetheless, the current pullback is likely an overdue correction, as markets begin to reprice itself and settle to more healthy levels. The broad

economic fundamentals has not shifted significantly, and a positive earnings revision cycle continue to underpin and provide support for valuations.

Geopolitics also took centre stage following Trump's decision to replace national security advisor H.R. McMaster with foreign policy hardliner John Bolton. Bolton who was a former U.N. ambassador under President George W. Bush, is seen as heralding a rightward shift in Trump's foreign policy and an embrace of more hard-line policies. His appointment raises the spectre of geopolitical risk including its stance towards North Korea and China, especially following frayed ties in recent trade conflicts.

We expect a ramping-up of trade protectionist rhetoric and politicking in the lead up to the US midterm elections in November, as President Trump attempts to rile up support for his presidency and protectionist agenda. Nonetheless, our base case is that the outcome will be more modest than the intended threats or rhetoric used, as both parties will have to bring all their bargaining chips onto the negotiation table before eventually arriving at a middle ground. Having said that, we are not dismissing the risk especially due to the severity of the sell-down.

The local market is also trading in anticipation of the 14th General Election (GE14), with investors staying at the side-lines and fearful of its impact to markets. The Election Commission announced that the 14th General Election ("GE14") polling date will be held on May 9 this year, which is a Wednesday. Although market consensus seems to be indicating a de-risking of portfolios once elections are called, our base-case is that it will be status-quo governance. Even if there is a regime change, we don't expect markets to stay down for long. We take comfort in our decent economic picture, strong domestic liquidity and any new government will need to talk the market up to shore up confidence.

On fixed-income, Asian credits stayed resilient despite numerous political issues in Europe and the extent of the US Federal Reserve monetary policy normalization process. We had expected higher UST yields and capital outflows back to the DM space. Nonetheless, a subdued inflation trend in the US and dovish tapering comments from the ECB supported a curve flattening view. This was constructive for Asian corporate, as the inflation scare effects were muted, coupled with strong technical support from Chinese buying.

On monetary policy developments, the US Federal Reserve meeting under its new Chair Jerome Powell, delivered on a widely-expected interest rate hike, lifting rates by 25bps which puts the new benchmark funds rate at a target of 1.5 % - 1.75 %. Along its rate hike decision, the Fed painted a more upbeat economic picture citing a strong job market and improving growth, affirming its confidence that the US economy remains on a steady footing and that recent tax cuts will boost the economy and help push up inflation. Importantly, Powell signalled policy continuity from his predecessor Janet Yellen emphasising further 'gradual adjustments' in its monetary policy stance, without shifting its dot-plot and sticking to its forecast of 3 rate hikes by the end of 2018.

Locally, Bank Negara Malaysia (BNM) raised the overnight policy rate (OPR) by 25bps to 3.25% at its monetary policy meeting in January. Whilst, BNM seem to indicate a more hawkish tilt at its decision, the central bank is likely to hold off on raising rates for now and not act too aggressively in removing the degree of monetary accommodation.

Investment Outlook

The recent market correction will likely presage a new era of higher volatility in markets. We expect volatility to pick-up in the year, as markets adjust to a reversal of a rate-cut cycle, with global central banks expected to gradually lift interest rates and embark on their balance-sheet unwinding. The gradual withdrawal of monetary stimulus would be a key focal point in markets, as markets adjust to tighter liquidity conditions. Inflation data may be a key-data point to monitor in coming quarters, especially if inflation picks up more than market's expectation, which would lead to an acceleration in rate hikes.

In the domestic market, we expect growth to spread as positive spillover effects from exports are starting to trickle down into domestic demand, which would be supportive of growth. With also less selling pressure going into 2018 and with potentially better micro support for the GDP number, we think market prospects for the KLCI should be more vibrant. Markets will look to better earnings growth as catalyst, where we expect the positive momentum will carry through into 2018 as strong GDP data and Ringgit strength will support consensus forecast of 5-7% growth this year.

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.

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BOND FUND

We have acted as Trustee of **Affin Hwang Select Bond Fund** ("the Fund") for the financial year ended 31 March 2018. To the best of our knowledge, **Affin Hwang Asset Management Berhad** ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 3.00 sen per unit (gross) for RM class and 0.80 cent per unit (gross) for USD Hedged-class have been distributed to the unitholders of the Fund respectively. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Head, Trustee Operations

Kuala Lumpur
18 May 2018

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> RM	<u>2017</u> RM
INVESTMENT INCOME			
Dividend income		1,321,714	647,902
Interest income	4	71,996,393	46,942,839
Rebate of management fee		449,104	-
Net gain on foreign currency exchange		17,469,996	707,275
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		72,101,342	(29,911,356)
Net (loss)/gain on interest rate swaps at fair value through profit or loss		(65,091)	569,750
Net (loss)/gain on credit default swaps at fair value through profit or loss		(80,433)	-
Net loss on futures at fair value through profit or loss		(1,202,215)	(104,756)
Net (loss)/gain on financial assets at fair value through profit or loss	9	(137,831,278)	83,770,105
		<u>24,159,532</u>	<u>102,621,759</u>
EXPENSES			
Management fee	5	(16,314,577)	(10,034,798)
Trustee fee	6	(1,142,021)	(729,267)
Auditors' remuneration		(8,340)	(6,800)
Tax agent's fee		(6,200)	(4,000)
Other expenses		(1,341,856)	(844,651)
		<u>(18,812,994)</u>	<u>(11,619,516)</u>
NET PROFIT BEFORE FINANCE COST AND TAXATION		5,346,538	91,002,243
FINANCE COST			
Distributions	7	(68,319,851)	(52,145,115)
NET (LOSS)/PROFIT BEFORE TAXATION		(62,973,313)	38,857,128
Taxation	8	(742,835)	(1,158,442)
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>(63,716,148)</u>	<u>37,698,686</u>
(Decrease)/increase in net assets attributable to unitholders comprises the following:			
Realised amount		18,701,159	11,289,592
Unrealised amount		(82,417,307)	26,409,094
		<u>(63,716,148)</u>	<u>37,698,686</u>

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

**STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> RM	<u>2017</u> RM
ASSETS			
Financial assets at fair value through profit or loss	9	1,338,890,313	1,304,467,558
Cash and cash equivalents	10	88,829,134	214,587,953
Margin accounts	11	3,103,394	-
Dividends receivable		98,828	-
Amount due from Manager			
- creation of units		1,537,979	5,495,877
Amount due from brokers		15,466,514	220,160
Rebate of management fee receivable		23,698	-
Forward foreign currency contracts at fair value through profit or loss	12	43,503,933	-
Interest rate swaps at fair value through profit or loss	14	591,648	-
TOTAL ASSETS		<u>1,492,045,441</u>	<u>1,524,771,548</u>
LIABILITIES			
Forward foreign currency contracts at fair value through profit or loss	12	3,208,975	288,175
Credit default swaps at fair value through profit or loss	13	983,218	-
Interest rate swaps at fair value through profit or loss	14	-	86,882
Amount due to Manager			
- management fee		1,283,389	1,221,146
- cancellation of units		3,944,516	11,751,131
Amount due to Trustee		89,837	86,632
Amount due to brokers		5,947,000	35,413,067
Auditors' remuneration		8,000	6,800
Tax agent's fee		4,300	3,700
Other payables and accruals		97,157	86,540
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>15,566,392</u>	<u>48,944,073</u>
NET ASSET VALUE OF THE FUND		<u>1,476,479,049</u>	<u>1,475,827,475</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>1,476,479,049</u>	<u>1,475,827,475</u>

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

**STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

	<u>Note</u>	<u>2018</u> RM	<u>2017</u> RM
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS			
- RM Class		1,322,453,524	1,340,605,866
- USD Hedged Class		154,025,525	135,221,609
		<u>1,476,479,049</u>	<u>1,475,827,475</u>
NUMBER OF UNITS IN CIRCULATION			
- RM Class	15	2,023,063,000	1,993,314,000
- USD Hedged Class	15	77,017,000	58,124,000
		<u>2,100,080,000</u>	<u>2,051,438,000</u>
NET ASSET VALUE PER UNIT			
- RM Class		0.6537	0.6726
- USD Hedged Class		1.9999	2.3264
		<u>0.6537</u>	<u>2.3264</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- RM Class		RM 0.6537	RM 0.6726
- USD Hedged Class		USD 0.5178	USD 0.5260
		<u>RM 0.6537</u>	<u>USD 0.5260</u>

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	<u>2018</u> RM	<u>2017</u> RM
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	1,475,827,475	658,395,976
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications	454,767,985	894,446,299
- RM Class	353,828,919	791,919,269
- USD Hedged Class	100,939,066	102,527,030
Creation of units arising from distributions	65,973,177	50,122,286
- RM Class	63,719,434	48,250,987
- USD Hedged Class	2,253,743	1,871,299
Cancellation of units	(456,373,440)	(164,835,772)
- RM Class	(394,041,578)	(138,894,148)
- USD Hedged Class	(62,331,862)	(25,941,624)
Net (decrease)/increase in net assets attributable to unitholders during the financial year	(63,716,148)	37,698,686
- RM Class	(41,659,117)	24,171,925
- USD Hedged Class	(22,057,031)	13,526,761
	_____	_____
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	<u>1,476,479,049</u>	<u>1,475,827,475</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	<u>2018</u> RM	<u>2017</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		1,194,853,498	743,026,683
Purchase of investments		(1,412,240,690)	(1,356,918,082)
Decrease in margin accounts		(3,103,394)	-
Dividend received		1,222,886	647,902
Interest received		71,674,294	39,232,244
Rebate of management fee received		441,856	-
Management fee paid		(16,268,784)	(9,353,014)
Trustee fee paid		(1,138,816)	(681,315)
Payment for other fees and expenses		(1,343,979)	(812,898)
Realised gain/(loss) on forward foreign currency contracts		31,518,209	(5,957,191)
Realised loss on futures		(1,202,215)	-
Realised gain/(loss) on interest rate swap		(743,621)	(946,175)
Realised gain on credit default swap		902,785	-
Net realised foreign currency exchange (loss)/gains		(281,243)	31,084,225
		<u>(135,709,212)</u>	<u>(560,677,621)</u>
Net cash used in operating activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		458,725,883	892,570,305
Payments for cancellation of units		(464,180,055)	(153,084,641)
Payment for distributions		(2,346,674)	(2,022,829)
		<u>(7,800,846)</u>	<u>737,462,835</u>
Net cash (used in)/generated from financing activities			
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(143,510,058)	176,785,214
EFFECTS OF FOREIGN CURRENCY EXCHANGE		17,751,239	1,562,791
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>214,587,953</u>	<u>36,239,948</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	<u><u>88,829,134</u></u>	<u><u>214,587,953</u></u>

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 FINANCIAL YEAR ENDED 31 MARCH 2018

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 revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 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 April 2017:

- Amendments to MFRS 107 'Statement of Cash Flows' – Disclosure initiative

The adoption of these amendments did not have any impact on the current year and is not likely to affect future years.

(b) The new standards and amendments to the published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 April 2018

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) The new standards and amendments to published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(i) Financial year beginning on/after 1 April 2018 (continued)

- A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund has reviewed its financial assets and liabilities and does not expect any impact from the adoption of the new standard on 1 April 2018.

There will be no impact on the Fund's accounting for financial assets at the Fund's equity investments currently measured at fair value through profit or loss will continue to be measured on the same basis under MFRS 9.

There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

B INCOME RECOGNITION

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

Interest income from short term deposits with licensed financial institutions and unquoted fixed income securities are recognised based on effective interest rate method on an accrual basis.

For unquoted fixed income securities 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 cost adjusted for accretion of discount or amortisation of premium on investments.

For unquoted credit linked investment contracts, 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 cost.

For collective investment schemes ("CIS"), realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

C DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as a finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

D TAXATION

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

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

E FUNCTIONAL AND PRESENTATION CURRENCY

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

F FOREIGN CURRENCY TRANSLATION

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund designates its investment in unquoted fixed income securities and collective investment schemes 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, amount due from Manager and amount due from brokers.

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

(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.

Financial liabilities, within the scope of MFRS 139, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Unquoted fixed income securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the SC as per the SC Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

Unquoted fixed income securities denominated in foreign currencies are revalued at least twice a week by reference to the mid-price quoted in Bloomberg. We use the Composite Bloomberg Bond Trader (CBBT) which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

Investment in collective investment schemes is valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

For assets carried at amortised cost, the Fund assesses at the end of the reporting period 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' 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.

If, in a subsequent 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.

H CASH AND CASH EQUIVALENTS

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

I AMOUNTS DUE FROM/ (TO) BROKERS

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amount due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

I AMOUNTS DUE FROM/ (TO) BROKERS (CONTINUED)

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial re-organisation, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or loans expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

J CREATION AND CANCELLATION OF UNITS

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the RM class and USD class, which are cancelled at the unitholder's option and do not have identical features subject to restrictions as stipulated in the Prospectus and SC's Guidelines on Unit Trust Funds. 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. 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.

K INCREASE/DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

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.

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 forward currency contracts and interest rate swap. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

N CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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 SC Guidelines on Unit Trust Funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Select Bond Fund (the "Fund") pursuant to the execution of a Deed dated 1 July 2003, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007 and Third Supplemental Deed dated 15 October 2008. The Fund has changed its name from HwangDBS Select Bond Fund to Hwang Select Bond Fund as amended by its Fourth Supplemental Deed dated 18 January 2012. The Fund then issued a new class of units in United States Dollar ("USD") as amended by its Fifth Supplemental Deed dated 3 May 2013. The Fund changed its name from Hwang Select Bond Fund to Affin Hwang Select Bond Fund as amended by Sixth Supplemental Deed dated 27 June 2014 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager"), HSBC (Malaysia) Trustee Berhad (the "Trustee") and the registered unitholders of the Fund.

The Fund was launched on 28 July 2003 and will continue its operations until terminated by the Trustee as provided under Clause 3.1 of the Deed.

The Fund may invest in any of the following investments, including but not limited to:

- (a) Securities of companies listed on Bursa Malaysia or any other stock exchanges recognised or approved by the SC;
- (b) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing or and quotation for such securities;
- (c) Cash at hand, fixed deposit and money market deposits with commercial banks and investment banks;
- (d) Other money market instruments such as negotiable certificates of deposits and bankers acceptance;
- (e) Government bonds, treasury bills and other government approved or guaranteed bonds;
- (f) Debentures including private debt securities and bonds;
- (g) Financial derivatives, for the purpose of hedging only;
- (h) Structured product;
- (i) Warrants;
- (j) Units/shares in collective investment schemes, both local and foreign;
- (k) Securities in foreign markets where the SC has approved the foreign markets for investment from time to time; and
- (l) Other investments approved by the relevant authorities from time to time.

All investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

The main objective of the Fund is to provide investors with a steady income stream in the form of distribution through investing primarily in bonds and other fixed income securities.

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 services to private clients.

The financial statements were authorised for issue by the Manager on 18 May 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	<u>Loans and receivables</u> RM	<u>Financial assets/ (liabilities) at fair value through profit or loss</u> RM	<u>Total</u> RM
<u>2018</u>				
Unquoted fixed income securities	9	-	1,296,194,247	1,296,194,247
Unquoted credit linked investment contracts	9	-	3,942,447	3,942,447
Collective investment schemes	9	-	38,753,619	38,753,619
Cash and cash equivalents	10	88,829,134	-	88,829,134
Margin accounts	11	3,103,394	-	3,103,394
Amount due from Manager				
- creation of units		1,537,979	-	1,537,979
Amount due from brokers		15,466,514	-	15,466,514
Dividends receivable		98,828	-	98,828
Rebate of management fee receivable		23,698	-	23,698
Forward foreign currency contracts	12	-	40,294,958	40,294,958
Credit default swaps	13	-	(983,218)	(983,218)
Interest rate swaps	14	-	591,648	591,648
Total		<u>109,059,547</u>	<u>1,378,793,701</u>	<u>1,487,853,248</u>
<u>2017</u>				
Unquoted fixed income securities	9	-	1,285,049,088	1,285,049,088
Collective investment schemes	9	-	19,418,470	19,418,470
Cash and cash equivalents	10	214,587,953	-	214,587,953
Amount due from Manager				
- creation of units		5,495,877	-	5,495,877
Amount due from brokers		220,160	-	220,160
Forward foreign currency contracts	11	-	(288,175)	(288,175)
Interest rate swaps	12	-	(86,882)	(86,882)
Total		<u>220,303,990</u>	<u>1,304,092,501</u>	<u>1,524,396,491</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Market risk

(a) Price risk

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

The Fund's overall exposed to price risk was as follow:

	<u>2018</u> RM	<u>2017</u> RM
Unquoted investments*		
Unquoted fixed income securities designated at fair value through profit or loss	1,296,194,247	1,285,049,088
Unquoted credit linked investment contract designated at fair value through profit or loss	3,942,447	-
	<u> </u>	<u> </u>
Collective investment schemes		
Collective investment schemes designated at fair value through profit or loss	38,753,619	19,418,470
	<u> </u>	<u> </u>

* Includes interest receivable of RM17,584,692 (2017: RM16,342,963)

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 unquoted securities and collective investment schemes having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit</u> <u>after tax/NAV</u> RM
<u>2018</u>		
-5%	1,255,240,340	(66,065,281)
0%	1,321,305,621	-
+5%	1,387,370,902	66,065,281
	<u> </u>	<u> </u>
<u>2017</u>		
-5%	1,223,718,365	(64,406,230)
0%	1,288,124,595	-
+5%	1,352,530,825	64,406,230
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, unquoted fixed income securities prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted fixed income securities until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted fixed income securities fund since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities, unquoted credit linked investment contracts and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate increased and decreased by 1% (100 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2018</u>	<u>2017</u>
	RM	RM
+ 1%	(2,756,160)	(2,881,904)
- 1%	2,769,567	2,903,560
	<u> </u>	<u> </u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk

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

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

	Unquoted fixed income <u>securities</u> RM	Unquoted credit linked investment <u>contracts</u> RM	Collective investment <u>schemes</u> RM	Forward foreign currency <u>contracts</u> RM	Credit default <u>swaps</u> RM	Interest rate <u>swaps</u> RM	Cash and cash <u>equivalents</u> RM	Other assets*/ <u>(liabilities)**</u> RM	Net asset attributable <u>to unitholders</u>	<u>Total</u>
<u>2018</u>										
Australian Dollar	90,743,426	-	-	3,589,076	-	-	6,131,320	(5,947,000)	-	94,516,822
Chinese Yuan	6,319,738	-	-	-	-	-	145	-	-	6,319,883
European Euro	14,273,517	-	-	135,644	-	-	52,405	-	-	14,461,566
Indonesian Rupiah	46,981,331	-	-	-	-	-	4	-	-	46,981,335
Indian Rupee	38,382,726	-	-	-	-	-	-	-	-	38,382,726
British Pound	-	-	-	-	-	-	99,102	-	-	99,102
Singapore Dollar	109,379,189	-	-	3,154,518	-	-	5,085,512	4,538,662	-	122,157,881
United States Dollar	614,152,800	3,942,447	15,577,314	33,415,720	(983,218)	591,648	4,427,780	3,865,266	(154,025,525)	520,964,232
	<u>920,232,727</u>	<u>3,942,447</u>	<u>15,577,314</u>	<u>40,294,958</u>	<u>(983,218)</u>	<u>591,648</u>	<u>15,796,268</u>	<u>2,456,928</u>	<u>(154,025,525)</u>	<u>843,883,547</u>

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

** Other liabilities consist of amount due to Manager and amount due to brokers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

	Unquoted fixed income <u>securities</u> RM	Forward foreign currency <u>contracts</u> RM	Interest rate <u>swaps</u> RM	Cash and cash <u>equivalents</u> RM	Other assets*/ <u>(liabilities)**</u> RM	Net asset attributable <u>to unitholders</u> RM	<u>Total</u> RM
<u>2017</u>							
Australian Dollar	96,974,116	(177,988)	-	67,305	-	-	96,863,433
Chinese Yuan	6,670,723	-	-	652,982	-	-	7,323,705
European Euro	17,739,919	128,621	-	93,140	-	-	17,961,680
Indonesian Rupiah	50,130,018	-	-	5	-	-	50,130,023
Indian Rupee	49,613,009	-	-	-	-	-	49,613,009
Singapore Dollar	97,045,707	(1,103,970)	-	7,568,000	-	-	103,509,737
United States Dollar	592,329,847	865,162	(86,883)	2,862,621	(17,845,948)	(135,221,609)	442,903,190
	<u>910,503,339</u>	<u>(288,175)</u>	<u>(86,883)</u>	<u>11,244,053</u>	<u>(17,845,948)</u>	<u>(135,221,609)</u>	<u>768,304,777</u>

* Other assets consist of amount due from Manager.

** Other liabilities consist of amount due to Manager and amount due to brokers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

The table below summarises the sensitivity of the Fund's 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.

	Change in <u>price</u> %	Impact on profit after tax/ <u>NAV</u> RM
<u>2018</u>		
Australian Dollar	+/- 5	+/- 4,725,841
Chinese Yuan	+/- 5	+/- 315,994
European Euro	+/- 5	+/- 723,078
Indonesian Rupiah	+/- 5	+/- 2,349,067
Indian Rupee	+/- 5	+/- 1,919,136
British Pound	+/- 5	+/- 4,955
Singapore Dollar	+/- 5	+/- 6,107,894
United States Dollar	+/- 5	+/- 26,048,212
<u>2017</u>		
Australian Dollar	+/- 5	+/- 4,843,172
Chinese Yuan	+/- 5	+/- 366,185
European Euro	+/- 5	+/- 898,084
Indonesian Rupiah	+/- 5	+/- 2,506,501
Indian Rupee	+/- 5	+/- 2,480,651
Singapore Dollar	+/- 5	+/- 5,175,487
United States Dollar	+/- 5	+/-22,145,159

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2018</u>			
Amount due to Manager			
- management fee	1,283,389	-	1,283,389
- release of units	3,944,516	-	3,944,516
Amount due to Trustee	89,837	-	89,837
Amount due to brokers	5,947,000	-	5,947,000
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	4,300	4,300
Other payables and accruals	82,444	14,713	97,157
Forward foreign currency contracts	2,522,514	686,461	3,208,975
Credit default swaps	-	983,218	983,218
Net assets attributable to unitholders	154,025,525	-	154,025,525
	<u>167,895,225</u>	<u>1,696,692</u>	<u>169,591,917</u>
<u>2017</u>			
Amount due to Manager			
- management fee	1,221,146	-	1,221,146
- release of units	11,751,131	-	11,751,131
Amount due to Trustee	86,632	-	86,632
Amount due to brokers	35,413,067	-	35,413,067
Auditors' remuneration	-	6,800	6,800
Tax agent's fee	-	3,700	3,700
Other payables and accruals	78,490	8,050	86,540
Forward foreign currency contracts	(85,117)	373,292	288,175
Interest rate swaps	-	86,882	86,882
Net assets attributable to unitholders	39,155,694	1,436,671,781	1,475,827,475
	<u>87,621,043</u>	<u>1,437,150,505</u>	<u>1,524,771,548</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

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

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.

For unquoted fixed income securities, the manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and Securities Commission's Guidelines on Unit Trust Funds.

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

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

	Unquoted fixed income securities RM	Forward foreign currency contracts RM	Interest rate swaps RM	Cash and cash equivalents RM	Other assets*	Total
<u>31.3.2018</u>						
Basic materials						
Ba3	7,623,846	-	-	-	-	7,623,846
Baa2	35,720,825	-	-	-	-	35,720,825
Consumer goods						
A1	6,981,928	-	-	-	-	6,981,928
AA2	1,517,662	-	-	-	-	1,517,662
Baa2	13,556,548	-	-	-	-	13,556,548
BBB-	11,482,257	-	-	-	-	11,482,257
NR	8,706,542	-	-	-	-	8,706,542
Consumer services						
AAA	35,346,455	-	-	-	-	35,346,455
Government						
AAA	18,627,359	-	-	-	-	18,627,359
Baa3	24,200,848	-	-	-	-	24,200,848
SOV	50,608,435	-	-	-	-	50,608,435
Industrials						
A1	17,758,653	-	-	-	-	17,758,653
AA-	39,065,619	-	-	-	-	39,065,619
Ba3	14,992,284	-	-	-	-	14,992,284
Baa1	22,492,160	-	-	-	-	22,492,160
Baa3	6,402,445	-	-	-	-	6,402,445
BBB	41,134,591	-	-	-	-	41,134,591
NR	62,282,081	-	-	-	-	62,282,081
Oil & gas						
Baa3	21,683,831	-	-	-	-	21,683,831
BBB-	7,401,507	-	-	-	-	7,401,507
NR	4,143,269	-	-	-	-	4,143,269

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Forward foreign currency <u>contracts</u> RM	Interest rate <u>swaps</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u>	<u>Total</u>
<u>31.3.2018</u>						
Technology						
A1	3,900,148	-	-	-	-	3,900,148
Telecommunications						
AAA	5,106,677	-	-	-	-	5,106,677
Baa1	4,908,156	-	-	-	-	4,908,156
NR	14,341,496	-	-	-	-	14,341,496
Utilities						
A3	3,724,116	-	-	-	-	3,724,116
AA-	22,218,661	-	-	-	-	22,218,661
AA+	5,075,103	-	-	-	-	5,075,103
AA1	15,321,036	-	-	-	-	15,321,036
Baa2	4,922,441	-	-	-	-	4,922,441
Baa3	15,668,617	-	-	-	-	15,668,617
BBB	12,533,323	-	-	-	-	12,533,323
BBB-	18,662,118	-	-	-	-	18,662,118
NR	5,904,224	-	-	-	-	5,904,224
Financials						
A	5,425,539	-	-	-	-	5,425,539
A-	8,747,029	-	-	-	-	8,747,029
A1	13,744,775	-	-	-	-	13,744,775
A2	17,198,894	-	-	-	-	17,198,895
A3	70,529,093	-	-	-	-	70,529,093
AA+	30,137,059	-	-	-	-	30,137,059
AA1	15,512,723	4,604,796	-	-	-	20,117,519
AA2	11,791,608	6,881,227	-	-	-	18,672,835
AA3	13,234,776	3,068,630	-	-	-	16,303,406
AAA	31,184,989	27,828,756	591,648	91,932,528	-	151,537,921
Ba1	24,730,904	-	-	-	-	24,730,904
Ba2	14,042,208	-	-	-	-	14,042,208
Baa1	61,802,602	-	-	-	-	61,802,602
Baa2	63,790,105	-	-	-	-	63,790,105
Baa3	65,363,722	-	-	-	-	65,363,722
BB-	11,910,729	-	-	-	-	11,910,729
BBB	11,689,529	-	-	-	-	11,689,529
BBB-	10,676,986	-	-	-	-	10,676,986
NR	164,468,462	1,120,524	-	-	98,828	165,687,814
B1	14,237,253	-	-	-	-	14,237,253
BBB+	15,665,998	-	-	-	-	15,665,998
BB	16,184,917	-	-	-	-	16,184,917
Healthcare						
AA-	5,142,108	-	-	-	-	5,142,108
NR	18,909,425	-	-	-	-	18,909,425
Others						
NR	-	-	-	-	17,028,191	17,028,191
	<u>1,300,136,694</u>	<u>43,503,933</u>	<u>591,648</u>	<u>91,932,528</u>	<u>17,128,0191,453,291,822</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>31.3.2017</u>				
Basic Materials				
- Baa2	31,142,773			31,142,773
- NR	14,814,740			14,814,740
Consumer Goods				
- AA1	5,105,225	-	-	5,105,225
- AA2	1,510,357	-	-	1,510,357
- A1	7,060,120	-	-	7,060,120
- Baa2	15,680,687	-	-	15,680,687
- BB-	9,964,217	-	-	9,964,217
- NR	8,393,237	-	-	8,393,237
Consumer Services				
- AAA	46,504,248	-	-	46,504,248
- Baa2	35,103,600	-	-	35,103,600
Financials				
- AAA	41,510,441	129,334,878	-	170,845,319
- AA1	27,340,318	20,033,754	-	47,374,072
- AA2	31,773,868	-	-	31,773,868
- AA3	16,408,395	60,189,924	-	76,598,319
- A1	-	5,029,397	-	5,029,397
- A2	29,966,902	-	-	29,966,902
- A3	98,642,541	-	-	98,642,541
- A	6,394,119	-	-	6,394,119
- A-	6,989,553	-	-	6,989,553
- Baa1	56,261,501	-	-	56,261,501
- Baa2	17,476,267	-	-	17,476,267
- Baa3	10,127,940	-	-	10,127,940
- BBB-	36,068,723	-	-	36,068,723
- Ba1	52,129,358	-	-	52,129,358
- Ba2	21,062,575	-	-	21,062,575
- B+	4,649,556	-	-	4,649,556
- NR	101,416,765	-	-	101,416,765
Government				
- AAA	10,163,285	-	-	10,163,285
- AA1	3,997,279	-	-	3,997,279
- Baa3	49,102,503	-	-	49,102,503
- BBB-	11,033,960	-	-	11,033,960
- SOV	39,830,750	-	-	39,830,750
Industrials				
- AA2	6,585,862	-	-	6,585,862
- AA-	57,345,697	-	-	57,345,697
- A3	11,071,345	-	-	11,071,345
- Baa2	7,533,422	-	-	7,533,422
- Baa3	4,391,867	-	-	4,391,867

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

Credit risk (continued)

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

	Unquoted fixed income <u>securities</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>31.3.2017</u> (continued)				
Industrials (continued)				
- BBB	13,876,665	-	-	13,876,665
- BBB-	8,810,616	-	-	8,810,616
- NR	9,951,029	-	-	9,951,029
Oil & Gas				
- Baa2	6,772,418	-	-	6,772,418
- Baa3	18,389,912	-	-	18,389,912
Real Estate				
- AAA	13,030,059	-	-	13,030,059
- AA2	3,789,737	-	-	3,789,737
- AA-	505,325	-	-	505,325
- A	4,856,359	-	-	4,856,359
- Baa2	25,196,240	-	-	25,196,240
- Baa3	2,348,140	-	-	2,348,140
- Ba1	6,670,723	-	-	6,670,723
- Ba3	8,830,323	-	-	8,830,323
- B2	18,871,995	-	-	18,871,995
- NR	95,590,662	-	-	95,590,662
Technology				
- A2	4,548,073	-	-	4,548,073
Telecommunications				
- AA+	4,686,928	-	-	4,686,928
- A1	7,052,041	-	-	7,052,041
Utilities				
- AA1	1,012,855	-	-	1,012,855
- AA+	5,054,803	-	-	5,054,803
- AA-	22,406,061	-	-	22,406,061
- A-	6,407,729	-	-	6,407,729
- A3	13,863,853	-	-	13,863,853
- Baa2	2,384,519	-	-	2,384,519
- Baa3	9,411,278	-	-	9,411,278
- BBB-	36,176,749	-	-	36,176,749
Others				
- NR	-	-	5,716,037	5,716,037
	<u>1,285,049,088</u>	<u>214,587,953</u>	<u>5,716,037</u>	<u>1,505,353,078</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by the 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 unitholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

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

(i) Fair value hierarchy

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

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

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

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 FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2018</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	1,296,194,247	-	1,296,194,247
- unquoted credit linked investment contracts	-	-	3,942,447	3,942,447
- collective investment schemes	38,753,619	-	-	38,753,619
- forward foreign currency contracts	-	40,294,958	-	40,294,958
- interest rate swap	-	591,648	-	591,648
	<u>38,753,619</u>	<u>1,337,080,853</u>	<u>3,942,447</u>	<u>1,379,776,919</u>
Financial liabilities at fair value through profit or loss				
- Credit default swaps	-	(983,218)	-	(983,218)
	<u>-</u>	<u>(983,218)</u>	<u>-</u>	<u>(983,218)</u>
<u>2017</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	1,285,049,088	-	1,285,049,088
- collective investment schemes	19,418,470	-	-	19,418,470
	<u>19,418,470</u>	<u>1,285,049,088</u>	<u>-</u>	<u>1,304,467,558</u>
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	(288,175)	-	(288,175)
- interest rate swaps	-	(86,882)	-	(86,882)
	<u>-</u>	<u>(375,057)</u>	<u>-</u>	<u>(375,057)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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 unquoted fixed income securities, forward foreign currency contracts, interest rate swaps, credit default swaps and futures. 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.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include credit linked investment contracts. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

There are two methods the issuers use to determine valuations for unquoted credit linked investments that the fund invests in. Issuers who originate unquoted credit linked investments directly by themselves, would utilise risk management models based on probability testing. Such models utilise market observable input factors such as interest rate levels, remaining time to maturity and underlying credit spread or Credit Default Swap spread against benchmark treasury yields, historical volatility; and combine them with the issuer's own assumptions such as expected future level of correlation between the price movements of the various underlying factors. These market observable quantitative inputs and in-house assumptions are then typically put through a random process and simulated multiple times to create a sufficiently large sample size whereby the issuer is able to arrive at a meaningful average level which is used as the mark to market valuation for the unquoted credit linked investments. Such risk management models are audited by the respective issuer's internal auditors and are approved by their respective risk committees. The models themselves are maintained by a separate team from the issuer's structures and traders of the unquoted credit-linked investment contracts in order to ensure fairness and accuracy in valuations.

The Fund also invests in unquoted credit linked investments that are issued by issuers who do not originate them directly but repackage the underlying investments and reissue out. For such issuers, valuation of unquoted credit linked investments are determined by attempting to obtain bid quotes from issuers that originate such investments directly themselves. These quotes will be based on similar terms as the contract in regards to the underlying reference entity, notional amounts, credit event characteristics, coupon frequency, coupon amounts and maturity dates. Once the Issuer has received these quotes, it will determine a notional price on the basis of weighted average of such quotes.

As a counter-check to either method of valuations, the Manager monitors the movement of the market observable quantitative factors generally used. By this, the Manager is able to better determine the degree of change in any particular factor (some which are likely to affect the mark to market valuation of the unquoted credit linked investment contracts more than other factors, such as the change in underlying credit spread or Credit Default Swap spread against benchmark treasury) and extrapolate it against the mark to market valuations provided by the issuer to determine fairness.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

The sensitivity of fair value valuations for unquoted credit linked investments to non-market observable factors are not static and can vary substantially depending on the issuers assumptions. As such, the relative change in valuations of such unquoted credit linked investments can vary substantially higher or lower as compared to relative movements of market observable factors. In order to better estimate and monitor factors that are non-market observable, the Manager uses proxy factors, that are market observable, to determine rates of change in values. For example, in terms of implied future correlation level of underlying foreign exchange exposures, a proxy factor such as historical correlation levels would be used to give a closer indication of changes in those assumptions used by the issuer.

	<u>2018</u> RM	<u>2017</u> RM
Opening balance	-	-
Purchase/additional	4,163,819	-
Net change in fair value reserve on financial assets at fair value through profit or loss	(221,372)	-
	<u>3,942,447</u>	<u>-</u>

(ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from brokers and all current liabilities except for forward foreign currency contracts, credit default swap and interest rate swap are a reasonable approximation of the fair values due to their short term nature.

4 INTEREST INCOME

	<u>2018</u> RM	<u>2017</u> RM
Interest income from:		
- short term deposits with licensed financial institutions	2,057,159	5,375,306
- unquoted fixed income securities	69,939,234	41,567,533
	<u>71,996,393</u>	<u>46,942,839</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

5 MANAGEMENT FEE

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

For the financial year ended 31 March 2018, the management fee is recognised at a rate of 1.00% (2017: 1.00%) per annum of the NAV of the Fund calculated on a daily basis.

As this Fund invests in units of Affin Hwang Aiiman Income Plus Fund, Affin Hwang Bond Fund and Affin Hwang USD Cash Fund, any management fee charged to CIS are fully refunded to this Fund. Accordingly, there is no double charging of management fee.

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

6 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum of the NAV of the Fund subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 March 2018, the Trustee fee is recognised at a rate of 0.07% (2017: 0.07%) per annum of the NAV of the Fund inclusive of local custodian fee, but exclusive of foreign sub-custodian fee, calculated on a daily basis.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

7 FINANCE COST

	<u>2018</u> RM	<u>2017</u> RM
Distribution to unitholders is from the following sources:		
Interest income	53,358,924	23,019,256
Previous year's realised income	14,960,927	36,954,609
	<hr/>	<hr/>
Gross realised income	68,319,851	59,973,865
Less: expenses	-	(7,828,750)
	<hr/>	<hr/>
	<u>68,319,851</u>	<u>52,145,115</u>

	<u>Gross/net distribution per unit (sen)</u>	
	<u>RM Class</u> RM	<u>USD Class</u> USD
<u>2018</u>		
13.06.2017	0.500	0.200
18.09.2017	0.500	0.200
12.12.2017	1.500	0.400
15.03.2018	0.500	-
	<hr/>	<hr/>
	<u>3.000</u>	<u>0.800</u>
 <u>2017</u>		
07.06.2016	0.625	0.250
19.09.2016	0.625	0.250
19.12.2016	1.500	0.300
28.03.2017	0.500	0.200
	<hr/>	<hr/>
	<u>3.250</u>	<u>1.000</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 distribution for the financial year is an amount of RM14,960,927 (2017: RM36,954,609) made from previous year's realised income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

8 TAXATION

	<u>2018</u> RM	<u>2017</u> RM
Current taxation - foreign	<u>742,835</u>	<u>1,158,442</u>

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

	<u>2018</u> RM	<u>2017</u> RM
Net profit before taxation	<u>5,346,538</u>	<u>91,002,243</u>
Tax at Malaysian statutory rate of 24% (2017: 24%)	1,283,169	21,840,538
Tax effects of:		
Investment income not subject to tax	(5,798,287)	(24,629,222)
Expenses not deductible for tax purposes	593,462	374,931
Restriction on tax deductible expenses for unit trust funds	3,921,656	2,413,753
Foreign income subject to foreign tax rate	<u>742,835</u>	<u>1,158,442</u>
Tax expense	<u>742,835</u>	<u>1,158,442</u>

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2018</u> RM	<u>2017</u> RM
Designated at fair value through profit or loss at inception:		
- unquoted fixed income securities – local	375,961,519	374,545,747
- unquoted fixed income securities – foreign	920,232,728	910,503,341
- unquoted credit linked investment contract - foreign	3,942,447	-
- collective investment schemes – local	23,176,305	19,418,470
- collective investment schemes – foreign	<u>15,577,314</u>	<u>-</u>
	<u>1,338,890,313</u>	<u>1,304,467,558</u>
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised gains on sale of investments	1,257,936	34,489,100
- unrealised (loss)/gain on changes in fair value	<u>(139,089,214)</u>	<u>49,281,005</u>
	<u>(137,831,278)</u>	<u>83,770,105</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(a) Unquoted fixed income securities – local

(i) Unquoted fixed income securities – local as at 31 March 2018 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>BONDS</u>				
4.55% Sabah Development Bank Bhd (08.08.2022) (AA1)	7,000,000	6,977,031	6,925,745	0.47
4.8% CIMB Bank Bhd (Call: 13.09.2018) (AA+)	30,000,000	30,132,964	30,137,059	2.04
6.5% Eco World Capital Assets Bhd (12.08.2022) (NR)	20,250,000	20,423,535	20,614,334	1.40
4.78% GENM Capital Bhd (31.03.2022) (AAA)	20,000,000	20,005,238	20,075,438	1.36
4.6% WCT Holdings Bhd (28.08.2020) (AA-)	5,000,000	4,854,837	4,991,414	0.34
4.7% Tan Chong Motor Holdings Bhd (24.11.2021) (A1)	7,200,000	7,219,910	6,981,928	0.47
4.65% Abu Dhabi National Energy Co (03.03.2022) (AA1)	5,000,000	5,068,677	5,020,249	0.34
5.2% Ambank (M) Bhd (Call: 31.12.2018) (AA3)	5,000,000	5,093,016	5,092,997	0.35
5.1% Krung Thai Bank PLC (Call: 06.07.2020) (AA2)	11,500,000	11,650,128	11,791,608	0.80
4.85% Berjaya Land Bhd (16.12.2019) (AAA)	10,000,000	10,203,037	10,210,592	0.69
3.8% MGS (17.08.2023) (SOV)	25,000,000	25,191,254	25,303,097	1.71
3.9% MGS (30.11.2026) (SOV)	15,000,000	15,442,248	15,199,855	1.03
6.9% Mah Sing Group Bhd (Call: 04.04.2022) (NR)	6,800,000	7,031,386	7,061,646	0.48
4.65% Digi Telecommunications SdnBhd (14.04.2027) (AAA)	5,000,000	5,106,377	5,106,677	0.35
4.98% Bank Pembangunan Malaysia Bhd (02.03.2032) (AAA)	5,000,000	5,020,299	5,044,549	0.34
4.62% Bank Pembangunan Malaysia Bhd (02.03.2027) (AAA)	11,000,000	11,041,770	11,018,340	0.75
6.2% Jimah East Power Sdn Bhd (04.12.2031) (AA-)	10,000,000	10,866,811	11,281,438	0.76
6.1% MEX II Sdn Bhd (29.04.2031) (AA-)	7,000,000	7,311,385	7,665,839	0.52
6.2% MEX II Sdn Bhd (29.04.2032) (AA-)	3,100,000	3,244,605	3,418,274	0.23
4.045% GII (15.08.2024) (SOV)	10,000,000	10,089,609	10,105,483	0.68

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(a) Unquoted fixed income securities – local (continued)

(i) Unquoted fixed income securities – local as at 31 March 2018 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>BONDS (CONTINUED)</u>				
4.85% UEM Edgenta Bhd (26.04.2022) (AA-)	5,000,000	5,104,308	5,142,108	0.35
4.95% GovCo Holdings Bhd (20.02.2032) (NR)	8,000,000	8,041,227	8,128,267	0.55
4.94% Danga Capital Bhd (26.01.2033) (AAA)	5,000,000	5,043,986	5,051,986	0.34
4.9% Lembaga Pembiayaan Perumah SA (21.09.2046) (NR)	8,000,000	8,011,814	7,601,414	0.51
6% TF Varlik Kiralama AS (28.06.2019) (AA3)	5,000,000	5,087,855	5,093,938	0.35
5.05% YTL Power International Bhd (03.05.2027) (AA1)	9,000,000	9,185,536	9,287,146	0.63
5.85% Jimah East Power Sdn Bhd (04.06.2031) (AA-)	10,000,000	11,053,117	10,937,223	0.74
5% Lafarge Cement Sdn Bhd (11.12.2020) (A1)	7,700,000	7,814,973	7,734,508	0.52
4.75% Konsortium Lebu Raya UT KL SB (02.12.2027) (AA-)	5,000,000	5,114,985	5,048,881	0.34
5.17% WCT Holdings Bhd (23.10.2023) (AA-)	8,000,000	8,237,104	8,150,104	0.55
4.8% Mydin Mohamed Holdings Bhd (07.05.2020) (AAA)	5,000,000	5,054,575	5,060,425	0.34
6.3% MEX II Sdn Bhd (29.04.2033) (AA-)	500,000	555,443	555,844	0.04
4.35% First Resources Ltd (05.06.2020) (AA2)	1,500,000	1,515,583	1,517,662	0.10
4.79% Danalinfra Nasional Bhd (27.11.2034) (NR)	10,000,000	10,341,989	10,016,841	0.68
5.69% UniTapah Sdn Bhd (12.12.2025) (AA1)	3,500,000	3,559,951	3,801,168	0.26
4.55% Kapar Energy Ventures SB (05.07.2021) (AA+)	5,000,000	5,078,498	5,075,103	0.34
4.86% PTPTN (12.03.2032) (NR)	10,000,000	10,023,967	10,035,767	0.68
4.6% Malaysia Building Society Bhd (29.05.2019) (AA1)	1,000,000	1,016,786	1,017,541	0.07
4.5% Bank Pembangunan Malaysia Bhd (04.11.2026) (AAA)	15,000,000	15,270,000	15,122,100	1.02
4.8% Lafarge Cement Sdn Bhd (13.01.2020) (A1)	10,000,000	10,124,563	10,024,145	0.68

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(a) Unquoted fixed income securities – local (continued)

(i) Unquoted fixed income securities – local as at 31 March 2018 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>BONDS (CONTINUED)</u>				
4.59% Teknologi Tenaga Perlis Conсор (29.01.2021) (AA1)	1,000,000	1,013,154	1,013,641	0.07
5.9% MEX II Sdn Bhd (27.04.2029) (AA-)	8,500,000	8,840,722	9,235,263	0.63
6.8% Mah Sing Group Bhd (Call: 31.03.2020) (NR)	8,250,000	8,253,074	8,263,882	0.56
	<hr/>	<hr/>	<hr/>	<hr/>
Total unquoted fixed income securities – local	<u>368,800,000</u>	<u>375,317,327</u>	<u>375,961,519</u>	<u>25.46</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>644,192</u>		
Total unquoted fixed income securities – local		<u><u>375,961,519</u></u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(a) Unquoted fixed income securities – local (continued)

(ii) Unquoted fixed income securities – local as at 31 March 2017 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>BONDS</u>				
4.30% ADCB Finance Cayman Ltd (03.05.2017) (AAA)	10,000,000	10,177,001	10,173,834	0.69
4.62% Bank Pembangunan Malaysia Bhd (02.03.2027) (AAA)	11,000,000	11,041,429	11,081,909	0.75
4.98% Bank Pembangunan Malaysia Bhd (02.03.2032) (AAA)	5,000,000	5,020,299	5,047,299	0.34
4.50% Bank Pembangunan Malaysia Bhd (04.11.2026) (AAA)	15,000,000	15,273,699	15,207,399	1.03
4.65% Berjaya Land Bhd (15.12.2017) (AAA)	5,000,000	5,085,618	5,079,721	0.34
4.85% Berjaya Land Bhd (16.12.2019) (AAA)	10,000,000	10,241,743	10,230,649	0.69
4.75% Berjaya Land Bhd (15.12.2017) (AAA)	10,000,000	10,148,243	10,154,145	0.69
4.90% BGSM Management Sdn Bhd (27.12.2018) (AA3)	1,000,000	1,020,002	1,020,999	0.07
5.25% BGSM Management Sdn Bhd (24.12.2020) (AA3)	1,500,000	1,541,251	1,548,706	0.10
5.27% Celcom Networks Sdn Bhd (28.10.2026) (AA+)	4,500,000	4,657,885	4,686,928	0.32
4.79% Danalinfra Nasional Bhd (27.11.2034) (NR)	10,000,000	10,347,665	9,951,029	0.67
4.24% F&N Capital Sdn Bhd (05.10.2019) (AA1)	5,000,000	5,097,944	5,105,225	0.35
4.35% First Resources Ltd (05.06.2020) (AA2)	1,500,000	1,513,418	1,510,357	0.10
5.30% GB Services Bhd (08.11.2019) (AAA)	1,000,000	1,040,460	1,037,314	0.07
4.78% GENM Capital Bhd (31.03.2022) (AAA)	20,000,000	20,002,619	20,002,419	1.36
4.95% GovCo Holdings Bhd (20.02.2032) (NR)	8,000,000	8,041,227	8,122,427	0.55
4.20% Inverfin Sdn Bhd (28.02.2018) (AAA)	13,000,000	13,062,420	13,030,059	0.88
5.85% Jimah East Power Sdn Bhd (04.06.2031) (AA-)	10,000,000	11,097,123	11,026,521	0.75
6.20% Jimah East Power Sdn Bhd (04.12.2031) (AA-)	10,000,000	10,897,139	11,379,540	0.77
4.55% Kapar Energy Ventures SB (05.07.2021) (AA+)	5,000,000	5,085,534	5,054,803	0.34

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(a) Unquoted fixed income securities – local (continued)

(ii) Unquoted fixed income securities – local as at 31 March 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
4.75% Konsortium Lebu Raya UT KL Sdn. Bhd. (02.12.2027) (AA-)	5,000,000	5,119,364	5,040,232	0.34
5.10% Krung Thai Bank PLC (Call: 06.07.2020) (AA2)	11,500,000	11,660,247	11,834,497	0.80
4.4% Lafarge Cement Sdn Bhd (15.01.2018) (AA2)	1,500,000	1,514,104	1,515,574	0.10
4.8% Lafarge Cement Sdn Bhd (13.01.2020) (AA2)	5,000,000	5,051,288	5,070,288	0.34
4.9% Lembaga Pembiayaan Perumah SA (21.09.2046) (NR)	8,000,000	8,011,814	7,731,254	0.52
6.9% Mah Sing Group Bhd (Call: 04.04.2022) (NR)	17,050,000	17,050,000	17,050,000	1.16
6.80% Mah Sing Group Bhd (Call: 31.03.2020) (NR)	8,250,000	8,251,519	8,245,102	0.56
4.50% Malaysia Building Society Bhd (29.05.2018) (AA1)	15,000,000	15,242,666	15,238,716	1.03
4.60% Malaysia Building Society Bhd (29.05.2019) (AA1)	1,000,000	1,017,887	1,016,461	0.07
3.80% MGS (17.08.2023) (SOV)	25,000,000	25,210,794	24,918,595	1.69
3.90% MGS (30.11.2026) (SOV)	15,000,000	15,466,062	14,912,155	1.01
5.90% MEX II Sdn Bhd (27.04.2029) (AA-)	8,500,000	8,847,634	9,251,739	0.63
6.1% MEX II Sdn Bhd (29.04.2031) (AA-)	7,000,000	7,316,807	7,706,389	0.52
6.20% MEX II Sdn Bhd (29.04.2032) (AA-)	3,100,000	3,246,923	3,428,752	0.23
6.30% MEX II Sdn Bhd (29.04.2033) (AA-)	500,000	550,660	555,638	0.04
4.15% Orix Leasing Malaysia (29.03.2018) (NR)	10,000,000	10,004,548	10,004,448	0.68
4.86% PTPTN (12.03.2032) (NR)	10,000,000	10,023,967	10,004,767	0.68
4.55% Sabah Development Bank Bhd (08.08.2022) (AA1)	7,000,000	6,963,497	6,801,495	0.46
4.70% Tan Chong Motor Holdings Bhd (24.11.2021) (A1)	7,200,000	7,196,133	7,060,120	0.48
4.65% Abu Dhabi National Energy Co (03.03.2022) (AA1)	5,000,000	5,079,873	4,951,962	0.34

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(a) Unquoted fixed income securities – local (continued)

(ii) Unquoted fixed income securities – local as at 31 March 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
4.59% Teknologi Tenaga Perlis Conсор (29.01.2021) (AA1)	1,000,000	1,014,828	1,012,855	0.07
6.00% TF Varlik Kiralama AS (28.06.2019) (AA3)	5,000,000	5,096,065	5,085,416	0.34
4.25% UEM Sunrise Bhd (21.12.2017) (AA-)	500,000	505,506	505,325	0.03
5.69% UniTapah Sdn Bhd (12.12.2025) (AA2)	3,500,000	3,559,440	3,789,737	0.26
4.6% WCT Holdings Bhd (28.08.2020) (AA-)	5,000,000	4,793,072	4,974,964	0.34
4.95% WCT Holdings Bhd (22.10.2021) (AA-)	13,000,000	13,274,677	13,218,829	0.90
5.05% WCT Holdings Bhd (21.10.2022) (AA-)	5,000,000	5,127,167	5,071,943	0.34
5.17% WCT Holdings Bhd (23.10.2023) (AA-)	8,000,000	8,244,524	8,097,211	0.55
Total unquoted fixed income securities – local	<u>368,100,000</u>	<u>374,833,785</u>	<u>374,545,747</u>	<u>25.37</u>
Accumulated unrealised loss on unquoted fixed income securities – local		<u>(288,038)</u>		
Total unquoted fixed income securities – local		<u>374,545,747</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign

(i) Unquoted fixed income securities – foreign as at 31 March 2018 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS</u>				
4% Vicinity Centres (Call: 26.01.2027) (A2)	4,460,250	5,018,614	4,512,460	0.31
5.4% Asciano Finance Ltd (12.05.2027) (Baa3)	5,947,000	6,531,043	6,402,445	0.43
4.75% Emirates NBD PJSC (09.02.2028) (A3)	4,460,250	4,726,383	4,540,499	0.31
4.5% Verizon Communications Inc (17.08.2027) (Baa1)	4,757,600	5,435,693	4,908,156	0.33
6% DBNGP Finance Co Pty Ltd (11.10.2019) (BBB)	11,894,000	12,984,635	12,533,323	0.85
3.25% Westpac Banking Corp (28.10.2020) (Aa3)	2,973,500	3,125,718	3,047,841	0.21
3.25% UBS AG (08.03.2023) (A1)	2,973,500	3,063,146	2,968,379	0.20
4.9% Landesbank Baden- Wuerttemberg (29.06.2027) (Baa2)	9,515,200	10,816,661	10,120,578	0.69
5% Societe Generale SA (19.05.2027) (Baa3)	13,380,750	15,048,370	14,316,394	0.97
3.83% Challenger Life Co Ltd (Call: 24.11.2022) (BBB)	8,920,500	9,574,266	9,047,298	0.61
3.165% OCBC/Sydney (17.03.2020) (Aa1)	3,716,875	3,849,940	3,768,269	0.26
3.54% DBS Group Holdings Ltd (Call:16.03.2023) (A3)	8,177,125	8,341,555	8,181,303	0.55
5.24% AAI Ltd (Call:06.10.2022) (A3)	5,947,000	6,625,685	6,396,482	0.43
6.75% Longfor Properties Co Ltd (28.05.2018) (Baa3)	6,160,000	6,194,580	6,319,738	0.43
4.75% BHP Billiton Finance Ltd (Call: 22.04.2021) (Baa2)	4,759,300	5,299,036	5,505,878	0.37
6% HSBC Holdings PLC (Call: 29.09.2023) (Baa3)	1,189,825	1,419,307	1,367,453	0.09
3.75% Hutchison Whampoa Europe Fin. (call: 10.05.2018) (Baa1)	7,138,950	7,366,218	7,400,187	0.50
7% Indosat Tbk PT (10.06.2018) (NR)	11,252,000	12,897,699	11,378,627	0.77
7.2% Bank Rakyat Indonesia Persero (16.04.2018) (NR)	11,252,000	13,463,872	11,401,856	0.77
7% Indonesia Treasury Bond (15.05.2022) (Baa3)	23,033,688	27,100,931	24,200,848	1.64

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 31 March 2018 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
7.375% NTPC Ltd (10.08.2021) (BBB-)	17,790,000	18,955,637	18,662,118	1.26
8.567% Indiabulls Housing Finance Ltd (15.10.2019) (NR)	16,604,000	17,189,338	16,710,391	1.13
7.875% Housing Development Finance (21.08.2019) (NR)	2,965,000	2,969,286	3,010,217	0.20
4.85% Ciputra Development Tbk PT (20.09.2021) (BB-)	11,795,200	12,475,208	11,910,729	0.81
4.6% GLL IHT Pte Ltd (Call: 23.01.2023) (NR)	14,006,800	14,285,445	13,967,159	0.95
3.95% StarHub Limited (Call: 16.06.2022) (NR)	2,948,800	33,826	2,962,869	0.20
3.75% Landesbank Baden -Wuerttemberg (Call: 18.05.2022) (Baa2)	7,372,000	7,822,741	7,545,737	0.51
4.5% Mapletree Treasury Services (Call: 19.01.2022) (NR)	8,846,400	9,459,227	9,021,353	0.61
3.5% United Overseas Bank Ltd (Call: 27.02.2024) (A3)	14,744,000	15,766,156	15,075,215	1.02
5% FCL Treasury Pte Ltd (Call: 09.03.2020) (NR)	8,846,400	9,053,713	8,930,004	0.60
4.875% Commerzbank AG (Call: 01.03.2022) (BBB-)	4,423,200	4,725,014	4,583,056	0.31
3.95% Mapletree Treasury Services (Call: 12.11.2022) (NR)	5,897,600	6,282,553	5,914,413	0.40
4% Westpac Banking Corp (Call: 12.08.2022) (Baa1)	5,897,600	5,628,023	6,110,859	0.41
4.35% Wing Tai Properties Fin Ltd (Call: 24.08.2020) (NR)	8,846,400	9,444,776	8,706,542	0.59
3% Manulife Financial Corp (Call: 21.11.2024) (A-)	8,846,400	9,329,250	8,747,029	0.59
3.9% CITIC Envirotech Ltd (Call: 19.10.2020) (NR)	5,897,600	6,342,366	5,904,224	0.40
3.8% Tencent Holdings Ltd (11.02.2025) (A1)	3,862,000	4,240,529	3,900,148	0.26
3.25% Enn Energy Holdings Ltd (24.07.2022) (Baa2)	5,020,600	5,597,435	4,922,441	0.33
3.95% Vanke Real Estate HK Co Ltd (23.12.2019) (Baa2)	13,517,000	15,788,492	13,781,295	0.93

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 31 March 2018 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
3.5% Azure Nova Intl Finance Ltd (21.03.2022) (A3)	5,793,000	6,649,687	5,710,578	0.39
3.625% Geely Automobile Holdings Ltd (25.01.2023) (BBB-)	11,586,000	11,894,385	11,482,257	0.78
2.75% China Great Wall Int Hldg III (31.08.2020) (Baa1)	7,724,000	8,562,922	7,595,943	0.51
5.125% UBS AG (15.05.2024) (BBB+)	14,675,600	17,790,676	15,665,998	1.06
3.125% China Great Wall Int Hldg III (31.08.2022) (Baa1)	5,406,800	5,984,394	5,250,352	0.36
3.875% Longfor Properties Co Ltd (13.07.2022) (BBB)	11,779,100	12,242,356	11,689,529	0.79
4.6% Radiant Access Ltd (Call: 18.05.2020) (A2)	13,517,000	15,425,764	12,332,836	0.84
4.375% NWD MTN Ltd (30.11.2022) (NR)	11,586,000	12,963,943	11,922,051	0.81
4.75% New World China Land Ltd (23.01.2027) (NR)	6,565,400	7,665,556	6,647,941	0.45
5.75% NWD Finance BVI Ltd (Call: 05.10.2021) (NR)	11,586,000	12,810,439	11,295,319	0.77
4.375% IOI Investment Bhd (27.06.2022) (Baa2)	13,130,800	15,564,759	13,556,548	0.92
4.625% Tewoo Group Finance No 3 Ltd (06.04.2020) (BBB)	7,724,000	8,968,486	7,933,186	0.54
4.5% Tewoo Group Finance No 2 Ltd (16.12.2019) (BBB)	17,379,000	19,677,558	17,673,139	1.20
4.8% Press Metal Labuan Ltd (Call: 30.10.2020) (Ba3)	7,724,000	8,627,510	7,623,846	0.52
3.25% SGSP Australia Assets Pty Ltd (29.07.2026) (A3)	3,862,000	4,132,519	3,724,116	0.25
5.5% Tewoo Group Finance No 3 Ltd (06.04.2022) (BBB)	6,179,200	7,279,446	6,480,968	0.44
4.75% Cloverie Plc for Zurich Ins Co (Call: 20.01.2022) (A)	5,793,000	5,998,769	5,425,539	0.37
3.875% Allianz SE (Call: 07.03.2022) (A2)	386,200	397,517	353,599	0.02

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 31 March 2018 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
2.75% HPHT Finance Ltd (11.09.2022) (Baa1)	5,406,800	5,920,868	5,205,817	0.35
4.125% Santos Finance Ltd (Call: 14.06.2027) (BBB-)	7,724,000	8,393,114	7,401,507	0.50
6.75% Australia New Zealand Bank Gp (Call: 15.06.2026) (Baa2)	21,241,000	25,514,518	23,009,844	1.56
5.375% CIFI Holdings Group Co Ltd (Call: 24.08.2022) (B1)	15,448,000	17,267,340	14,237,253	0.96
4% CK Hutchison Capital Sec17 Ltd (Call: 12.05.2022) (Baa1)	6,179,200	7,048,234	6,159,701	0.42
4.375% Bluestar Finance Holdings Ltd (Call: 17.12.2018) (Baa2)	7,724,000	8,727,834	7,840,933	0.53
5.875% QBE Insurance Group Ltd (Call: 17.06.2026) (BBB-)	5,793,000	6,241,425	6,093,930	0.41
4.875% PTT Exploration & Production (Call: 18.06.2019) (Baa3)	21,241,000	20,882,982	21,683,831	1.47
7.375% Societe Generale SA (Call: 13.09.2021) (Ba2)	5,793,000	6,142,112	6,186,273	0.42
4% China Life Insurance Co. Ltd (Call: 03.07.2020) (A3)	27,034,000	29,133,858	26,979,331	1.83
3.6% DBS Group Holdings Ltd (Call: 07.09.2021) (Baa1)	13,517,000	14,305,034	13,085,808	0.89
7.5% Standard Chartered PLC (Call: 02.04.2022) (Ba1)	7,724,000	8,891,821	8,463,895	0.57
4.45% Sun Hung Kai Properties Cap Mk (Call: 23.05.2020) (A1)	11,586,000	13,140,597	10,776,396	0.73
5.625% Bank of East Asia Ltd/The (Call: 18.05.2022) (Ba2)	7,724,000	8,852,514	7,855,935	0.53
7% Yinson TMC Sdn Bhd (Call: 25.09.2020) (NR)	20,468,600	22,840,033	20,492,480	1.39
4.25% Parkway Pantai Ltd (Call: 27.07.2022) (NR)	19,310,000	21,598,398	18,909,425	1.28
4.4% ABN AMRO Bank NV (Call: 27.03.2023) (Baa2)	9,268,800	10,622,968	9,332,651	0.63
6.875% UBS Group AG (Call: 16.03.2021) (Ba1)	15,448,000	17,414,982	16,267,009	1.10

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(i) Unquoted fixed income securities – foreign as at 31 March 2018 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>BONDS (CONTINUED)</u>				
4.475% Heungkuk Life Insurance Co Ltd (Call: 09.11.2022) (Baa3)	27,034,000	30,083,688	26,059,462	1.76
4.5% Huarong Finance 2017 Co (Call: 24.01.2022) (Baa1)	11,586,000	13,406,604	11,467,533	0.78
7.125% UBS AG (Call: 19.02.2020) (BB)	15,448,000	18,381,207	16,184,917	1.10
6.463% AXA SA (Call: 14.12.2018) (Baa1)	10,929,460	12,428,969	11,114,271	0.75
5.625% Electricite de France (Call: 22.01.2024) (Baa3)	15,448,000	17,797,043	15,668,617	1.06
6.75% BHP Billiton Finance USA Ltd (Call: 19.10.2025) (Baa2)	19,310,000	23,378,780	22,374,014	1.52
4.6% Petron Corp (Call: 19.07.2023) (NR)	4,248,200	4,422,583	4,143,269	0.28
4.5% Postal Savings Bk China Co Ltd (Call: 27.09.2022) (Ba3)	15,448,000	17,139,304	14,992,284	1.02
7.85% Yinson Juniper Ltd (Call: 05.10.2022) (NR)	30,896,000	35,148,905	31,772,760	2.15
4% Huarong Finance 2017 Co (Call: 07.11.2022) (Baa1)	7,337,800	8,163,039	7,177,836	0.49
6% HSBC Holdings PLC (Call: 22.05.2027) (Baa3)	10,041,200	11,468,686	10,157,678	0.69
3.5% Dianjian Haiyu Ltd (Call: 14.06.2022) (Baa1)	3,862,000	4,299,176	3,726,455	0.25
4% Sumitomo Life Insurance Co (Call: 14.09.2027) (A3)	3,862,000	4,028,179	3,645,685	0.25
4.625% Minejesa Capital BV (10.08.2030) (Baa3)	7,337,800	8,175,328	7,142,997	0.48
2.75% United States Treasury N/B (15.02.2028) (Aaa)	13,517,000	13,673,562	13,575,373	0.92
Total unquoted fixed income securities – foreign	<u>907,369,273</u>	<u>1,001,842,738</u>	<u>920,232,728</u>	<u>62.32</u>
Accumulated unrealised loss on unquoted fixed income securities – foreign		<u>(81,610,010)</u>		
Total unquoted fixed income securities – foreign		<u>920,232,728</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 31 March 2017 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS</u>				
4.985% AAI Ltd (Call:06.10.2022) (A3)	6,763,000	6,652,239	7,145,170	0.48
3.75% APT Pipelines Ltd (Call: 22-07-2023) (Baa2)	6,763,000	6,447,751	6,772,418	0.46
2.75% Australian Government (21.11.2028) (Aaa)	10,144,500	10,126,361	10,163,285	0.69
4.625% BNP Paribas SA (09.03.2027) (Baa2)	6,763,000	6,080,489	6,799,617	0.46
6.00% DBNGP Finance Co Pty Ltd (11.10.2019) (BBB-)	13,526,000	13,010,233	14,535,738	0.98
7.635% Swiss Reinsurance Co Via ELM (Call: 25.05.2017) (A3)	16,907,500	17,547,161	17,449,649	1.18
3.657% General Property Trust (24.08.2026) (A)	5,072,250	4,636,947	4,856,359	0.33
5.00% GPT Wholesale Shopping Centre (13.11.2017) (A-)	6,763,000	6,468,313	6,989,553	0.47
5.00% National Bank of Abu Dhabi (07.03.2018) (Aa3)	3,381,500	3,186,937	3,459,263	0.23
2.995% OCBC/Sydney (17.03.2020) (Aa1)	4,226,875	3,850,953	4,283,646	0.29
4.00% Optus Finance Pty Ltd (17.06.2022) (A1)	6,763,000	5,776,450	7,052,041	0.48
6.00% Queensland Treasury Corp (21.07.2022) (Aa1)	3,381,500	3,357,938	3,997,279	0.27
3.25% Westpac Banking Corp (28.10.2020) (Aa2)	3,381,500	3,127,831	3,470,100	0.24
6.75%Longfor Properties Co Ltd (28.05.2018) (Ba1)	6,418,900	6,234,553	6,670,723	0.45
2.241% Allianz SE (Call: 07.07.2025) (A2)	4,730,000	4,106,860	4,785,126	0.32
4.75% BHP Billiton Finance Ltd (Call: 22.04.2021) (Baa2)	4,730,000	5,409,108	5,421,370	0.37
3.75% Hutchison Whampoa Europe Fin. (Call: 10.05.2018) (Baa2)	7,095,000	7,540,821	7,533,422	0.51
7.95%Astra Sedaya Finance PT (21.05.2017) (NR)	8,300,000	7,598,317	8,393,237	0.57
11.40%Ciputra Residence PT (02.04.2017) (NR)	2,656,000	2,377,484	2,715,884	0.18
8.75%Indonesia Treasury Bond (15.05.2031) (BBB-)	3,320,000	3,549,202	3,781,120	0.26

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 31 March 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
8.375% Indonesia Treasury Bond (15.09.2026) (BBB-)	6,640,000	6,791,920	7,252,840	0.49
7% Indonesia Treasury Bond (15.05.2022) (Baa3)	27,185,156	27,156,162	27,986,938	1.90
7.875% Housing Development Finance (21.08.2019) (NR)	8,866,000	7,695,891	9,066,814	0.61
8.567% Indiabulls Housing Finance Ltd (15.10.2019) (NR)	19,096,000	17,198,826	18,905,184	1.28
7.375% NTPC Ltd (10.08.2021) (BBB-)	20,460,000	19,066,931	21,641,011	1.47
4.875% Commerzbank AG (Call: 01.03.2022) (BBB-)	9,492,000	9,452,701	9,803,721	0.66
5.00% FCL Treasury Pte Ltd (Call: 09.03.2020) (NR)	9,492,000	9,054,598	9,713,644	0.66
5.125% Genting Singapore PLC (Call: 12.09.2017) (Baa2)	34,804,000	30,727,349	35,103,600	2.38
4.5% Mapletree Treasury Services (Call: 19.01.2022) (NR)	12,656,000	12,619,944	13,173,336	0.89
3.5% United Overseas Bank Ltd (Call: 27.02.2024) (A3)	22,148,000	22,077,385	22,696,482	1.54
4.0% Westpac Banking Corp (Call: 12.08.2022) (A3)	6,328,000	5,630,287	6,554,924	0.44
4.4% ABN AMRO Bank NV (Call: 27.03.2023) (Baa2)	10,615,200	10,623,438	10,676,650	0.72
4.50% AIA Group Ltd (Call: 16.09.2045) (A2)	8,846,000	9,020,931	9,028,006	0.61
3.875% Allianz SE (Call: 07.03.2022) (A2)	2,211,500	1,961,375	1,929,497	0.13
5.75% AusNet Services Hldgs Pty Ltd (Call: 17.09.2021) (Baa2)	2,211,500	2,067,445	2,384,519	0.16
6.75% Australia New Zealand Bank Gp (Call: 15.06.2026) (Baa1)	24,326,500	25,753,016	27,196,419	1.84
3.5% Azure Nova Intl Finance Ltd (21.03.2022) (A2)	6,634,500	6,644,490	6,654,882	0.45
6.75% BHP Billiton Finance USA Ltd (Call: 19.10.2025) (Baa2)	22,115,000	23,710,923	25,721,403	1.74
3.85% BNP Paribas (23.06.2021) (NR)	4,423,000	4,180,498	4,581,478	0.31
6.25% Chalco HK Investment Co Ltd (Call: 29.04.2017) (NR)	8,846,000	9,089,382	9,105,089	0.62

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 31 March 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
4.00% China Life Insurance Co.Ltd (03.07.2075) (A3)	28,749,500	26,901,154	29,194,478	1.98
3.875% CITIC Ltd (28.02.2027) (A3)	11,057,500	11,178,489	11,071,345	0.75
5.625% Cloverie Plc for Zurich Ins Co (Call: 24.06.2026) (A2)	4,423,000	4,301,452	4,965,453	0.34
4.75% Cloverie Plc for Zurich Ins Co (Call: 20.01.2022) (A)	6,634,500	6,006,652	6,394,119	0.43
4.25% CLP Power HK Financing Ltd (Call: 07.11.2019) (A3)	4,423,000	4,484,720	4,609,651	0.31
4.00% Dai-ichi Life Insurance Co Ltd (Call: 24.07.2026) (A3)	6,634,500	5,993,890	6,516,701	0.44
3.60% DBS Group Holdings Ltd (Call: 07.09.2021) (Baa1)	11,057,500	10,946,409	10,917,070	0.74
5.375% Franshion Brilliant Ltd (17.10.2018) (Baa3)	2,211,500	2,233,574	2,348,140	0.16
4.25% HeSteel Hong Kong Co Ltd (07.04.2020) (NR)	5,749,900	5,724,708	5,709,651	0.39
4.45% HLP Finance Ltd (16.04.2021) (NR)	11,057,500	8,258,450	11,775,086	0.80
2.875% HongKong Electric Finance Ltd (03.05.2026) (A-)	6,634,500	5,844,110	6,407,729	0.43
4.5% Huarong Finance 2017 Co (Call: 24.01.2022) (Baa1)	17,692,000	17,883,465	18,148,012	1.23
4.25% Indust & Comm BankofChina Asia (Call: 21.07.2021) (Ba1)	17,692,000	17,574,324	17,491,442	1.19
3.875% Lembaga Pembiayaan Ekspor Indo (06.04.2024) (Baa3)	3,317,250	3,309,212	3,317,250	0.22
4.375% IOI Investment Bhd (27.06.2022) (Baa2)	15,038,200	15,634,399	15,680,687	1.06
5.5% Japfa Comfeed Indonesia Tbk PT (Call: 31.03.2020) (BB-)	9,951,750	9,912,289	9,964,217	0.68
3.875% JD.com Inc (29.04.2026) (Baa3)	4,423,000	3,910,916	4,391,867	0.30
5.20% Krung Thai Bank PLC (Call: 26.12.2019) (B+)	4,423,000	3,273,218	4,649,556	0.32
8.975% KWG Property Holding Ltd (Call: 18.05.2017) (B2)	17,692,000	17,544,255	18,871,995	1.28
4.75% New World China Land Ltd (23.01.2027) (NR)	11,942,100	12,188,297	12,419,452	0.84

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 31 March 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
5.75% NWD Finance BVI Ltd (Call: 05.10.2021) (NR)	22,115,000	21,467,001	22,473,508	1.52
4.375% NWD MTN Ltd (30.11.2022) (NR)	13,269,000	12,979,603	13,982,937	0.95
6.00% OCBC Wing Hang Bank Ltd (Call: 20.04.2017) (A3)	8,846,000	9,181,737	9,085,137	0.62
5.875% OVPH Ltd (Call: 01.03.2021) (BBB)	13,269,000	13,402,557	13,876,665	0.94
5% Pakuwon Prima Pte Ltd (Call: 14.02.2021) (Ba3)	8,846,000	8,732,388	8,830,323	0.60
4.75% PCPD Capital Ltd (09.03.2022) (NR)	6,634,500	6,693,509	6,674,989	0.45
5.25% Perusahaan Listrik Negara PT (24.10.2042) (Baa3)	4,423,000	4,224,294	4,510,557	0.31
5.50% Perusahaan Listrik Negara PT (22.11.2021) (Baa3)	4,423,000	4,341,099	4,900,721	0.33
Perusahaan Penerbit SBSN 4.15% (29.03.2027) (Baa3)	12,163,250	12,174,304	12,228,087	0.83
3.4% Perusahaan Penerbit SBSN (29.03.2022) (Baa3)	8,846,000	8,853,671	8,887,478	0.60
3.25% Proven Glory Capital Ltd (21.02.2022) (NR)	6,634,500	6,682,073	6,625,286	0.45
4.875% PTT Exploration & Production (Call: 18.06.2019) (Baa3)	17,692,000	14,333,762	18,389,912	1.25
6.797% QBE Capital Funding II LP (Call: 01.06.2017) (Baa3)	6,634,500	6,858,836	6,810,690	0.46
6.75% QBE Insurance Group Ltd (Call: 02.12.2024) (BBB-)	8,846,000	9,758,930	9,874,900	0.67
5.875% QBE Insurance Group Ltd (Call: 17.06.2026) (BBB-)	6,634,500	6,255,686	7,071,363	0.48
3.90% Societe Generale SA (10.7.2021) (NR)	8,846,000	8,391,245	9,223,282	0.62
3.25% SGSP Australia Assets Pty Ltd (29.07.2026) (A3)	4,423,000	4,140,496	4,302,240	0.29
2.875% Shinhan Bank (28.03.2022) (Aa3)	5,307,600	5,286,340	5,294,011	0.36
5.7% Shui On Development Hldgs Ltd (06.02.2021) (NR)	4,423,000	4,449,722	4,522,997	0.31
8.25% Societe Generale SA (Call: 29.11.2018) (Ba2)	13,269,000	12,566,975	14,288,833	0.97

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(b) Unquoted fixed income securities – foreign (continued)

(ii) Unquoted fixed income securities – foreign as at 31 March 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>BONDS (CONTINUED)</u>				
7.375% Societe Generale SA (Call: 13.09.2021) (Ba2)	6,634,500	6,145,215	6,773,742	0.46
7.50% Standard Chartered PLC (Call: 02.04.2022) (Ba1)	4,423,000	4,213,508	4,776,655	0.32
6.50% Standard Chartered PLC (Call: 02.04.2020) (Ba1)	8,846,000	7,849,128	9,016,015	0.61
3.80% Tencent Holdings Ltd (11.02.2025) (A2)	4,423,000	4,274,282	4,548,073	0.31
4.625% Tewoo Group Finance No 3 Ltd (06.04.2020) (BBB-)	8,846,000	8,777,106	8,810,616	0.60
5.375% TF Varlik Kiralama AS (24.04.2019) (BBB)	8,846,000	8,351,595	9,318,739	0.63
3.625% Toronoto-Dominion Bank (Call: 15.09.2026) (A2)	2,653,800	2,423,915	2,603,938	0.18
6.875% UBS Group AG (Call: 16.03.2021) (Ba1)	17,692,000	17,498,958	18,449,521	1.25
7.125% UBS Group AG (Call: 10.08.2021) (Ba1)	2,211,500	2,094,823	2,395,725	0.16
3.95% Vanke Real Estate HK Co Ltd (23.12.2019) (Baa2)	24,326,500	24,877,324	25,196,240	1.71
2.85% Westpac Banking Corp (13.05.2026) (Aa2)	6,634,500	6,064,924	6,464,823	0.44
Total unquoted fixed income securities – foreign	<u>880,368,731</u>	<u>854,058,429</u>	<u>910,503,341</u>	<u>61.69</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		<u>56,444,912</u>		
Total unquoted fixed income securities – foreign		<u>910,503,341</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(c) Unquoted credit linked investment contract - foreign

(i) Unquoted credit linked investment contract – foreign as at 31 March 2018 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>CREDIT-LINKED NOTE</u>				
3.85% BNP Paribas SA (23.06.2021) (NR)	<u>3,862,000</u>	4,163,819	<u>3,942,447</u>	<u>0.27</u>
Accumulated unrealised gain on unquoted credit linked investments contracts – foreign		<u>(221,372)</u>		
Total unquoted credit linked investments contract – foreign		<u>3,942,447</u>		

(ii) There is no investment in unquoted credit linked investment contract – as at 31 March 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(d) Collective investment schemes – local

(i) Collective investment schemes – local as at 31 March 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Aiiman Income Plus Fund	19,765,586	11,075,429	11,203,134	0.76
Affin Hwang Bond Fund	20,902,883	11,988,332	11,973,171	0.81
Total collective investment schemes – local	<u>40,668,469</u>	<u>23,063,761</u>	<u>23,176,305</u>	<u>1.57</u>
Accumulated unrealised gain on collective investment schemes – local		<u>112,544</u>		
Total collective investment schemes – local		<u>23,176,305</u>		

(ii) Collective investment schemes – local as at 31 March 2017 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Aiiman Income Plus Fund	19,262,588	10,790,036	10,896,846	0.74
Affin Hwang Bond Fund	14,717,831	8,382,517	8,521,624	0.58
Total collective investment schemes – local	<u>33,980,419</u>	<u>19,172,553</u>	<u>19,418,470</u>	<u>1.32</u>
Accumulated unrealised gain on collective investment schemes – local		<u>245,917</u>		
Total collective investment schemes – local		<u>19,418,470</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

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

(e) Collective investment schemes – foreign

(i) Collective investment schemes – foreign as at 31 March 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang USD Cash Fund	4,000,678	17,189,091	15,577,314	1.06
Total collective investment schemes – local	<u>4,000,678</u>	<u>17,189,091</u>	<u>15,577,314</u>	<u>1.06</u>
Accumulated unrealised loss on collective investment schemes – local		<u>(1,611,777)</u>		
Total collective investment schemes – local		<u>15,577,314</u>		

(ii) There is no investment in collective investment schemes – foreign as at 31 March 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

10 CASH AND CASH EQUIVALENTS

	<u>2018</u> RM	<u>2017</u> RM
Cash and bank balances	13,476,131	11,543,427
Deposits with licensed financial institutions	75,353,003	203,044,526
	<u>88,829,134</u>	<u>214,587,953</u>

Weighted average effective interest rates per annum and weighted average maturity of deposits with licensed financial institutions are as follows:

	<u>2018</u> %	<u>2017</u> %
Deposits with licensed financial institutions	<u>3.40</u>	<u>3.62</u>

Deposits with licensed financial institutions have an average maturity of 5 days (2017: 33 days).

11 MARGIN ACCOUNTS

Margin accounts represent margin deposits held in respect of open exchange-traded futures contracts.

12 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are seventy two (2017: fifty eight) forward currency contracts outstanding. The notional principal amount of the outstanding forward currency contracts amounted to RM962,454,414 (2017: RM813,288,873). The forward currency contracts entered into during the financial year were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Australian Dollar, European Euro, Singapore Dollar and United States Dollar. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

13 CREDIT DEFAULT SWAPS

As at the date of statement of financial position, there are 2 (2017: Nil) credit default swaps outstanding. The notional principal amount of the outstanding credit default swaps amounted to USD16,000,000 (2017: USD Nil). As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the credit default swap is recognised immediately in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

14 INTEREST RATE SWAPS

As at the date of statement of financial position, there are three (2017: three) interest rate swaps outstanding. The notional principal amount of the outstanding interest rate swaps amounted to USD30,000,000 (2017: USD30,000,000). As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the interest rate swaps is recognised immediately in the statement of comprehensive income.

15 NUMBER OF UNITS IN CIRCULATION

(a) RM CLASS UNITS IN CIRCULATION

	<u>2018</u>	<u>2017</u>
	No. of units	No. of units
At the beginning of the financial year	1,993,314,000	948,241,000
Creation of units arising from applications during the financial year	521,581,678	1,223,636,784
Creation of units arising from distribution during the financial year	95,491,322	28,483,227
Cancellation of units during the financial year	<u>(587,324,000)</u>	<u>(207,047,011)</u>
At the end of the financial year	<u><u>2,023,063,000</u></u>	<u><u>1,993,314,000</u></u>

(b) USD CLASS UNITS IN CIRCULATION

	<u>2018</u>	<u>2017</u>
	No. of units	No. of units
At the beginning of the financial year	58,124,000	21,816,000
Creation of units arising from applications during the financial year	46,485,645	47,907,734
Creation of units arising from distribution during the financial year	1,027,887	208,245
Cancellation of units during the financial year	<u>(28,620,532)</u>	<u>(11,807,979)</u>
At the end of the financial year	<u><u>77,017,000</u></u>	<u><u>58,124,000</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

16 TRANSACTIONS WITH DEALERS AND FINANCIAL INSTITUTIONS

- (i) Details of transactions with the top 10 dealers for the financial year ended 31 March 2018 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
HSBC Bank Malaysia Bhd, Malaysia	270,810,221	11.20
Standard Chartered Bank K.L.	206,427,662	8.54
Citibank Bhd	183,977,718	7.61
RHB Investment Bank Bhd#	147,787,013	6.11
JP Morgan Chase Bank Bhd, KL	140,613,792	5.81
Barclays Capital	114,876,996	4.75
UBS AG London	108,500,273	4.49
Affin Hwang Investment Bank Bhd#	107,397,740	4.44
DBS Bank Ltd	102,596,019	4.24
Affin Hwang Asset Management Bhd	90,532,845	3.74
Others#	944,817,499	39.07
	<u>2,418,337,778</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 dealers for the financial year ended 31 March 2017 are as follows:

<u>Name of dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Citigroup	235,613,598	11.92
CIMB Bank Bhd	219,326,501	11.09
HSBC Group	211,601,856	10.70
RHB Investment Bank Bhd#	168,982,978	8.55
JP Morgan Chase Bank	130,377,663	6.60
Merrill Lynch International London	80,102,316	4.05
Deutsche Bank	77,515,728	3.92
OCBC Bank (M) Bhd	74,748,093	3.78
Maybank Group#	73,821,150	3.73
UBS Limited	70,396,764	3.56
Others#	634,524,033	32.10
	<u>1,977,010,680</u>	<u>100.00</u>

Included in transactions with dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd and Affin Hwang Asset Management Bhd, companies related to the Manager amounting to RM197,930,585 (2017 RM116,260,000). The Manager is of the opinion that all transactions with the related company have been entered into agreed terms between the related parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

16 TRANSACTIONS WITH DEALERS AND FINANCIAL INSTITUTIONS (CONTINUED)

Included in the transactions with dealers are cross trades conducted between the Fund and other funds; and private mandates managed by the Manager amounting to:

<u>Name of dealers</u>	<u>2018</u> RM	<u>2017</u> RM
RHB Investment Bank Bhd	101,926,174	120,578,266
Maybank Bhd	-	29,837,650
Nomura Singapore Ltd	25,479,600	20,203,375
Affin Hwang Investment Bank	72,241,740	9,066,150
Bank Islam Malaysia Bhd	15,691,500	-
Bank Muamalat Malaysia Bhd	5,606,000	-
RHB Bank Bhd	2,857,300	-
	<u>223,802,314</u>	<u>179,685,441</u>

The cross trades are conducted between the Funds and other funds; and private mandates managed by the Manager as follows:

	<u>2018</u> RM	<u>2017</u> RM
Affin Hwang Aiiman Income Plus Fund	83,383,000	7,047,400
Affin Hwang Bond Fund	-	9,087,200
Affin Hwang Enhanced Deposit Fund	12,033,910	-
Affin Hwang Fixed Maturity Income Fund VIII	-	34,123,020
Affin Hwang Fixed Maturity Income Fund XII	7,623,618	13,676,112
Affin Hwang Fixed Maturity Income Fund XIII	-	9,422,612
Affin Hwang Flexible Maturity Income Fund I	8,901,383	-
Affin Hwang Flexible Maturity Income Fund III	-	3,284,400
Affin Hwang Flexible Maturity Income Fund IV	-	22,307,532
Affin Hwang Flexible Maturity Income Fund 5	9,330,292	-
Affin Hwang Flexible Maturity Income Fund 6	1,440,995	2,500,000
Affin Hwang Flexible Maturity Income Fund 7	59,837,966	-
Affin Hwang PRS Conservative Fund	-	1,676,470
Affin Hwang Select Cash Fund	25,542,630	-
Affin Hwang Wholesale Fund I	-	5,033,900
Private mandates managed by the Manager	15,708,520	71,526,795
	<u>223,802,314</u>	<u>179,685,441</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

17 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 in its financial statements	Subsidiary and associated companies disclosed 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 year are as follows:

	<u>2018</u>		<u>2017</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purpose)				
- RM Class	3,267	2,136	3,197,362	2,150,546
- USD Class	3,444	6,888	3,496	8,133
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Party related to Manager:</u>				
Directors of Affin Hwang Asset Management Berhad (The units are held beneficially) Berhad				
- RM Class	106,799,435	69,814,791	26,655,725	17,928,641
- USD Class	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)**

18 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2018</u> %	<u>2017</u> %
MER	<u>1.18</u>	<u>1.12</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is RM1,630,784,145 (2017: RM1,040,724,536).

19 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2018</u>	<u>2017</u>
PTR (times)	<u>0.79</u>	<u>1.02</u>

PTR is derived from the following calculation:

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

where:

total acquisitions for the financial year = RM1,382,774,623 (2017: RM1,391,452,893)
total disposals for the financial year = RM1,208,841,916 (2017: RM738,336,976)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

20 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 commensurate with an acceptable level of risk within the portfolio. These returns consist of interest and gains on the appreciation in the value of investments and are derived from unquoted fixed income securities, unquoted credit linked investment contract and collective investment schemes from Malaysia, Singapore, India, Indonesia, Thailand, Australia, China, Korea and United Kingdom.

The Fund has a diversified unitholder population. However, as at 31 March 2018, there was 1 unitholder (2017: 1 unitholder) who held more than 10% of the Fund's NAV. The unitholder's holding was 29.80% (2017: 33.60%).

There were no changes in the reportable segment during the financial year.

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

AFFIN HWANG SELECT BOND 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 13 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 31 March 2018 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 2018 in accordance with 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

Kuala Lumpur
18 May 2018

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Select Bond Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 71.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SELECT BOND FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
18 May 2018

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