

Affin Hwang Select Bond Fund

Interim Report
30 September 2017

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

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2017

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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 SIZE RM CLASS AS AT 30 SEPTEMBER 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	81	195
5,001 to 10,000	56	433
10,001 to 50,000	209	5,266
50,001 to 500,000	284	37,016
500,001 and above	171	2,303,152
Total	801	2,346,062

* Note: Excluding Manager's stock

BREAKDOWN OF UNITHOLDERS BY SIZE USD HEDGED-CLASS AS AT 30 SEPTEMBER 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	2	5
5,001 to 10,000	2	13
10,001 to 50,000	5	208
50,001 to 500,000	7	1,817
500,001 and above	4	64,962
Total	20	67,005

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Sep 2017 (%)	As at 30 Sep 2016 (%)	As at 30 Sep 2015 (%)
Portfolio composition			
Unquoted fixed income securities	92.32	85.22	90.29
Unquoted credit linked investment	0.25	1.24	3.38
Collective investment scheme	3.43	1.56	2.81
Cash & cash equivalent	4.00	11.98	3.52
Total	100.00	100.00	100.00

Currency class	<u>RM</u> <u>Class</u>	<u>USD</u> <u>Hedged-</u> <u>class</u>	<u>RM</u> <u>Class</u>	<u>USD</u> <u>Hedged-</u> <u>class</u>	<u>RM</u> <u>Class</u>	<u>USD</u> <u>Hedged-</u> <u>class</u>
Total NAV (RM ¹ million)	1,591.786	149.852	941.369	97.631	512.157	27.076
NAV per unit (RM)	0.6785	0.5301	0.6750	0.5229	0.6489	0.5057
Unit in Circulation (million)	2,346.065	67.009	1,394.603	45.141	789.278	12.190
Highest NAV	0.6848	0.5336	0.6785	0.5241	0.6567	0.5134
Lowest NAV	0.6726	0.5260	0.6489	0.5084	0.6451	0.5057
Return of the Fund (%) ⁱⁱⁱ	2.37	1.54	6.02	3.84	1.30	-0.32
- Capital Return (%) ⁱ	0.88	0.78	4.05	2.85	0.53	-0.804
- Income Return (%) ⁱⁱ	1.48	0.76	1.89	0.97	0.77	0.49
Gross Distribution per Unit (sen)	1.00	0.40	1.25	0.50	0.5	0.25
Net Distribution per Unit (sen)	1.00	0.40	1.25	0.50	0.5	0.25
Management Expenses Ratio (%) ¹		0.59		0.58		0.29
Portfolio Turnover Ratio (times) ²		0.52		0.59		0.20

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

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

An illustration of the above would be as follow:-

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

¹ The Fund's MER remained relatively unchanged, albeit marginally higher than previous period under review.

² The Fund's PTR was higher than previous year due to the higher average NAV for the financial period.

RM Class

$$\begin{aligned}\text{Capital Return}^i &= \{\text{NAV per Unit @ 30/09/17} \div \text{NAV per Unit @ 31/03/17}^* - 1\} \times 100 \\ &= (0.6785 \div 0.6726 - 1) \times 100 \\ &= \mathbf{0.88\%}\end{aligned}$$

$$\begin{aligned}\text{Income Return @ ex-date} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} + 1 \\ &= \{0.0050 \div 0.6750 @ 13/06/17\} + 1 = 1.0074 \\ &= \{0.0050 \div 0.6791 @ 18/09/17\} + 1 = 1.0074\end{aligned}$$

$$\begin{aligned}\text{Total Income Return}^{ii} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} \times 100 \\ &= \{1.0074 \times 1.0074\} - 1 \times 100 \\ &= \mathbf{1.48\%}\end{aligned}$$

$$\begin{aligned}\text{Return of the Fund}^{iii} &= \{(1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1\} \times 100 \\ &= \{(1 + 0.88\%) \times (1 + 1.48\%) - 1\} \times 100 \\ &= \mathbf{2.37\%}\end{aligned}$$

USD Hedged-class

$$\begin{aligned}\text{Capital Return}^i &= \{\text{NAV per Unit @ 30/09/17} \div \text{NAV per Unit @ 31/03/17}^* - 1\} \times 100 \\ &= (0.5301 \div 0.5260 - 1) \times 100 \\ &= \mathbf{0.78\%}\end{aligned}$$

$$\begin{aligned}\text{Income Return @ ex-date} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} + 1 \\ &= \{0.0020 \div 0.5280 @ 13/06/16\} + 1 = 1.0038 \\ &= \{0.0020 \div 0.5307 @ 18/09/16\} + 1 = 1.0038\end{aligned}$$

$$\begin{aligned}\text{Total Income Return}^{ii} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex-date}\} \times 100 \\ &= \{1.0038 \times 1.0038\} - 1 \times 100 \\ &= \mathbf{0.76\%}\end{aligned}$$

$$\begin{aligned}\text{Return of the Fund}^{iii} &= \{(1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1\} \times 100 \\ &= \{(1 + 0.78\%) \times (1 + 0.76\%) - 1\} \times 100 \\ &= \mathbf{1.54\%}\end{aligned}$$

*Source – HSBC Trustee

Table 1: Performance of the Fund

RM Class

	6 Months (1/4/17 - 30/9/17)	1 Year (1/10/16 - 30/9/17)	3 Years (1/10/14 - 30/9/17)	5 Years (1/10/12 - 30/9/17)	Since Commencement (18/8/03 - 30/9/17)
Fund	2.37%	5.10%	22.79%	36.05%	128.76%
Benchmark	1.54%	3.10%	28.35%	46.30%	98.53%
Outperformance / (Underperformance)	0.83%	2.00%	(5.56%)	(10.25%)	30.23%

Source of Benchmark: Maybank

USD Hedged-class

	6 Months (1/4/17 - 30/9/17)	1 Year (1/10/16 - 30/9/17)	3 Years (1/10/14 - 30/9/17)	Since Commencement (18/7/13 - 30/9/17)
Fund	1.54%	3.13%	10.71%	13.14%
Benchmark	0.93%	1.94%	7.28%	15.95%
Outperformance / (Underperformance)	0.61%	1.19%	3.43%	(2.81%)

Source of Benchmark: Maybank

Table 2: Average Total Return

RM Class

	1 Year (1/10/16 - 30/9/17)	3 Years (1/10/14 - 30/9/17)	5 Years (1/10/12 - 30/9/17)	Since Commencement (18/8/03 - 30/9/17)
Fund	5.10%	7.08%	6.35%	6.03%
Benchmark	3.10%	8.67%	7.90%	4.97%
Outperformance / (Underperformance)	2.00%	(1.59%)	(1.55%)	1.06%

Source of Benchmark: Maybank

USD Hedged-class

	1 Year (1/10/16 - 30/9/17)	3 Years (1/10/14 - 30/9/17)	Since Commencement (18/7/13 - 30/9/17)
Fund	3.13%	3.45%	2.98%
Benchmark	1.94%	2.37%	3.58%
Outperformance / (Underperformance)	1.19%	1.08%	(0.60%)

Source of Benchmark: Maybank

Table 3: Annual Total Return

RM Class

	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)	FYE 2013 (01/7/12 - 30/6/13)
Fund	8.84%	4.02%	7.81%	6.81%	4.98%
Benchmark	3.16%	3.94%	21.67%	7.91%	3.15%
Outperformance / (Underperformance)	5.68%	0.08%	(13.86%)	(1.10%)	1.83%

Source of Benchmark: Maybank

USD Hedged-class

	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	5.47%	1.10%	4.16%	0.32%
Benchmark	1.70%	1.16%	4.29%	7.07%
(Underperformance)	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

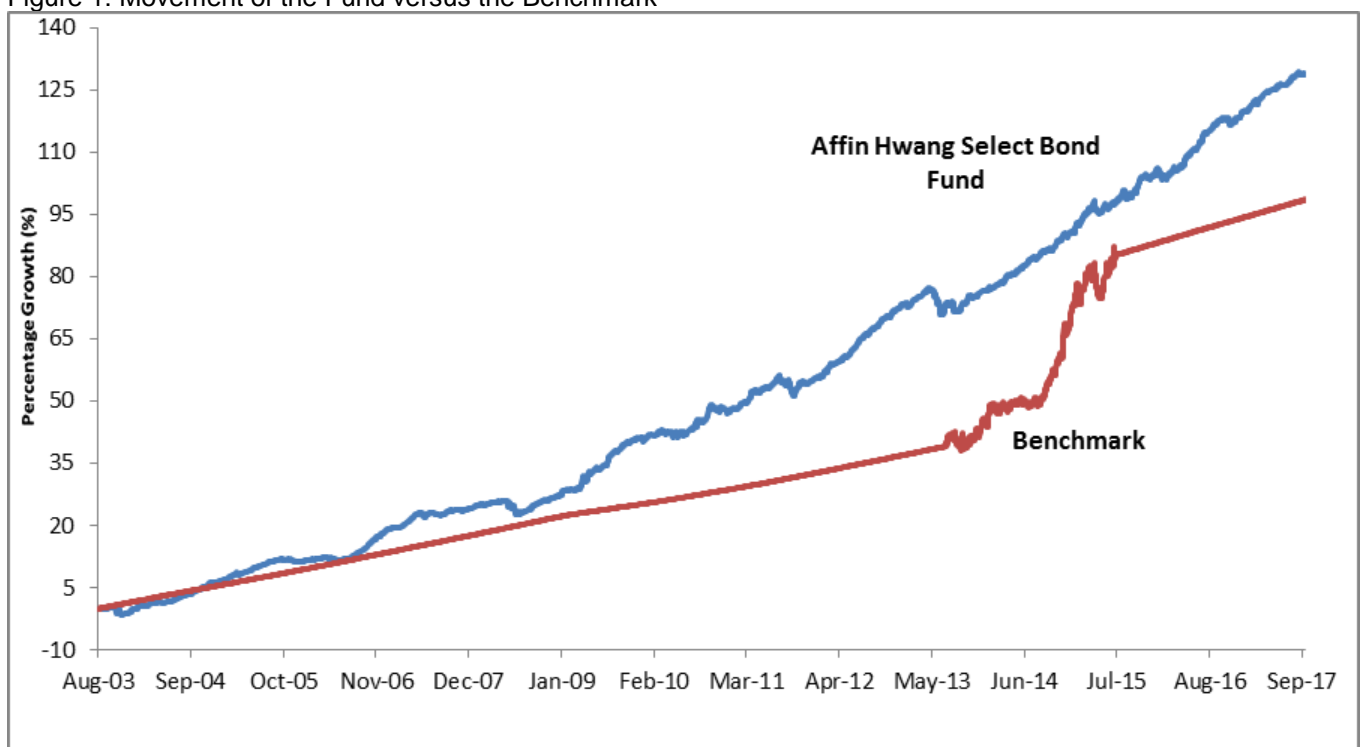
RM Class

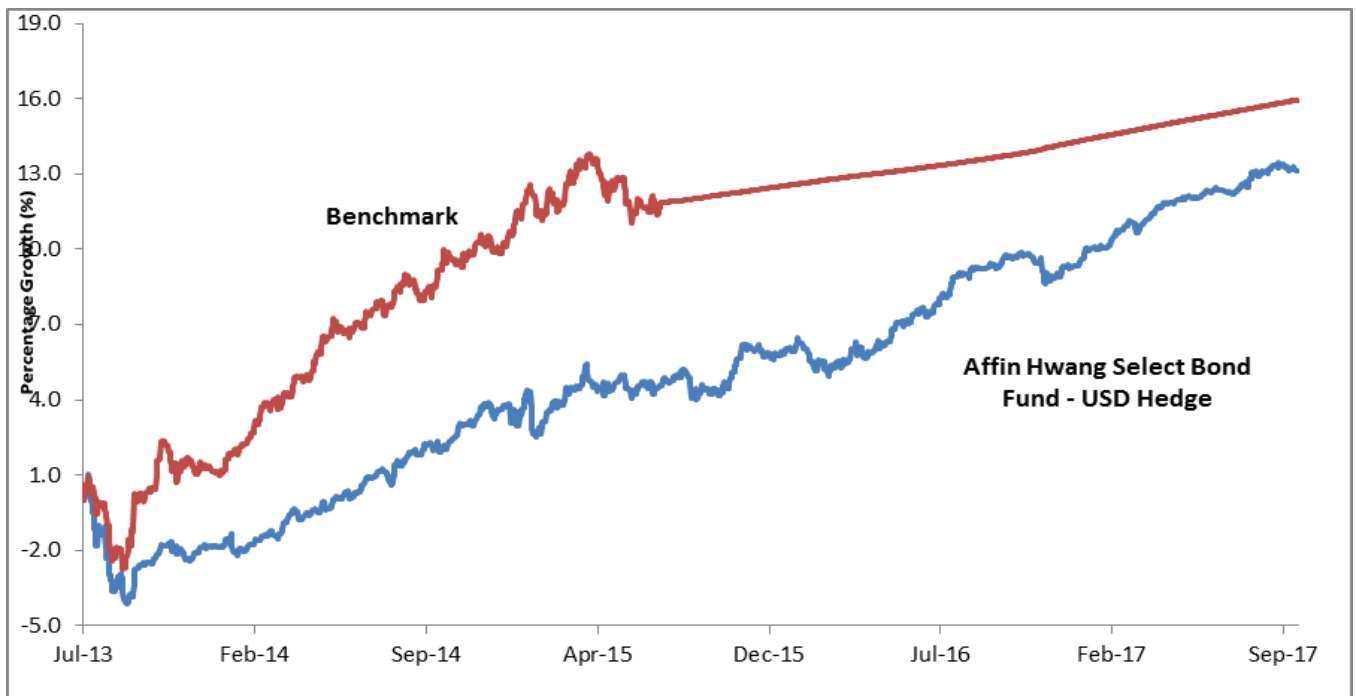
For the period under review, the Fund has registered a return of 2.37% outperformed the benchmark return of 1.54% by 0.83 percentage points. The NAV per unit of the Fund on 30 September 2017 was RM0.6785 while the NAV per unit on 31 March 2017 was RM0.6726. The Fund has declared a gross income distribution of RM0.01 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 1.54% compared to the benchmark that rose 0.93% during the performance under review. The Fund thus outperformed the Benchmark by 0.61%. The Net Asset Value ("NAV") per unit as at 30 September 2017 was USD0.5301 compared to the NAV per unit as 31 March 2017 was USD0.5260. Fund has declared a total gross income distribution of USD 0.004 per unit to date.

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 RM0.0100 per Unit (for RM Class) and USD0.0040 (for USD Hedged-class) to investors of the Affin Hwang Select Bond Fund over the period under review.

The Net Asset Value 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

USD Class

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
12 Jun 2017	13 Jun 2017	0.5301	0.0020	0.5280
15 Sep 2017	18 Sep 2017	0.5326	0.0020	0.5307

No unit split were declared for the financial year ended 30 September 2017.

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>30 Sep 2017</u>	<u>30 Sep 2016</u>	<u>30 Sep 2015</u>
	(%)	(%)	(%)
Unquoted fixed income securities	92.32	85.22	90.29
Unquoted credit linked investment	0.25	1.24	3.38
Collective investment scheme	3.43	1.56	2.81
Cash & cash equivalent	4.00	11.98	3.52
Total	100.00	100.00	100.00

As at 30 September 2017, the asset allocation of the Fund stood at 92.32% in fixed income instruments, 0.25% in credit linked investment, 3.43% in collective investment scheme while the balance was held in cash and cash equivalent. During the period under review, the Manager had increased its fixed income exposure on the back of positive view on Asia fixed income. Correspondingly, cash levels of the Fund were reduced to 4.00% due to purchase of securities.

Strategies Employed

The Manager had generally maintained a lower cash exposure for the Fund, capitalizing on the improved market sentiment and uptrend in global financial markets. The Manager maintained its hedging strategy on the portfolio's currency exposure to mitigate the volatility brought by currency fluctuation. The portfolio duration have been hovering around 4 years to 5 years over the period under review as the Manager navigate through the volatile environment.

Market Review

The domestic market had experienced a relatively turbulent year, with external market pressures playing an influential factor on the domestic equity bourse's performance. Sentiment for global financial markets had largely relied on news flows on central bank policies, and politics. The improving economic conditions in the US had kept markets guessing as to the timeline of the US Federal Reserve's next rate hike. Economic indicators deteriorated after the country was hit by hurricanes.

While the US Dollar had lost some ground since the start of the year, the Ringgit remains higher compared to the start of the period under review. Ringgit closed at RM4.22 to a US Dollar as at 30 September 2017, compared to the RM4.43 level it was at 6-months ago.

The improving economic conditions has then led to the December 2016, March 2017 and June 2017 rate hikes, with market anticipating another rate hike in for 2017. Alongside the improving market conditions, Fed has hinted on its plan to reduce the bulky USD 4 trillion balance sheet.

Back home, market support remained strong from fiscal spending with the roll-out of infrastructure projects. A RM55 billion East Coast Rail Line is expected to kick-off this year. The project is said to be spread over 3-phases, and is expected to span over the course of 5-years. Domestic demand is also expected to remain propped up, with the budget showing signs of support through the assistance for the lower income group. The government had increased its BR1M payout and offered rebates for purchases of national automobiles. The confirmation that Saudi Aramco would be co-investing in USD27billion RAPID project had also boosted market sentiment.

The resilience Malaysian economy continued to show positive improvements for the year, with the 2Q2017 GDP rising 5.8% year-on-year, after a 5.6% climb in 1Q2017. The better-than-expectation growth was mainly driven by the private consumption and government spending. More so, Malaysian exports have also benefitted from the strong global demand and weaker Ringgit.

The Sukuk market had been comparatively more resilient compared to the US Treasuries, which saw its rally after its activity indicators deteriorated post Hurricane Harvey, and Hurricane Irma. Bank Negara Malaysia had maintained its Overnight Policy Rate at 3.0% - reiterating its view that the economy remain on a firm growth path, and that inflation remains contained.

Local debentures market continued to attract foreign interest, as we see a MYR 9.3billion inflows in the month of September. Foreign holdings on MGS trended higher to 42.8% from 40.3% in August. Bank Negara, however has kept the OPR unchanged at 3%, given the economy remains robust.

Investment Outlook

We expect financial markets to remain robust in the near-term on the back of support from the improvement in global economic data. We are also expecting corporate earnings results to be encouraging, with the last results already showing signs of improvement.

Economic data flowing out of the domestic market has also boosted confidence for the market. The central bank is seen to be keen on maintaining the current monetary policy, with expectations of a sustainable growth, and inflation under control.

We are optimistic that demand from domestic investors would provide support for the market. We will be maintaining a shorter duration in view of the impending rate hike by the US Federal Reserves. We will also be taking on a tactically cautious stance as we look out for an announcement by the US Federal Reserve on the appointment of the next Fed chairperson – a move which may potentially drive markets.

Having said that, we will be keeping a close watch on the development of the markets, and remain nimble given the uncertainties that continue to prevail.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

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

We have acted as Trustee of **Affin Hwang Select Bond Fund** ("the Fund") for the financial period ended 30 September 2017. 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 period ended, a total distribution of 1.00 sen per unit (gross) for MYR Class and 0.40 sen per unit (gross) for USD Class has 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
16 November 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	<u>Note</u>	6 months financial period ended <u>30.9.2017</u> RM	6 months financial period ended <u>30.9.2016</u> RM
INVESTMENT INCOME			
Dividend income		342,946	187,185
Interest income	4	36,751,088	18,289,318
Net foreign currency exchange gain		1,391,690	2,029,633
Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		23,524,775	(17,423,657)
Net loss on futures at fair value through profit or loss		(1,210,832)	-
Net gain/(loss) on interest rate swap at fair value through profit or loss		115,162	(433,238)
Net gain on financial assets at fair value through profit or loss	9	(21,266,321)	50,439,488
Rebates of management fee	5	238,900	79,698
		<u>39,887,408</u>	<u>53,168,427</u>
EXPENSES			
Management fee	5	(8,146,285)	(3,961,032)
Trustee fee	6	(570,240)	(277,272)
Auditors' remuneration		(3,749)	(3,409)
Tax agent's fee		(1,955)	(2,005)
Other expenses		(878,774)	(333,566)
		<u>(9,601,003)</u>	<u>(4,577,284)</u>
NET PROFIT BEFORE FINANCE COST AND TAXATION			
		30,286,405	48,591,143
Finance cost	7	(23,386,172)	(15,121,299)
NET INCOME BEFORE TAXATION			
		6,900,233	33,469,844
TAXATION	8	(860,518)	(751,875)
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
		<u>6,039,715</u>	<u>32,717,969</u>

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

	<u>Note</u>	6 months financial period ended <u>30.9.2017</u> RM	6 months financial period ended <u>30.9.2016</u> RM
Increase in net assets attributable to unitholders Comprise the following:			
Realised amount		26,916,754	(20,389,676)
Unrealised amount		(20,877,039)	53,107,645
		<u>6,039,715</u>	<u>32,717,969</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 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

ASSETS	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
Financial assets at fair value through profit or loss	9	1,671,934,804	901,626,077
Cash and cash equivalents	10	60,569,042	151,782,964
Amount due from Manager			
- creation of units		11,699,696	15,719,598
Amount due from brokers		31,852,516	40,462,660
Rebates of management fee receivable		23,110	13,301
Forward foreign currency contracts at fair value through profit or loss	11	16,204,780	926,511
Interest rate swap at fair value through profit or loss	12	56,687	-
TOTAL ASSETS		<u>1,792,340,635</u>	<u>1,110,531,111</u>
 LIABILITIES			
Forward foreign currency contract at fair value through profit or loss	11	1,861,074	5,446,918
Interest rate swap at fair value through profit or loss	12	28,408	1,509,455
Amount due to Manager			
- management fee		1,427,007	806,779
- cancellation of units		7,792,403	166,260
Amount due to Trustee		99,890	56,475
Amount due to broker		39,385,757	63,471,554
Auditor's remuneration		3,409	10,209
Tax agent's fee		5,655	5,405
Other payables and accruals		98,655	57,100
TOTAL LIABILITIES (EXCLUDING NET ASSET ATTRIBUTABLE TO UNITHOLDERS)		<u>50,702,258</u>	<u>71,530,155</u>
 NET ASSET VALUE OF THE FUND		<u>1,741,638,377</u>	<u>1,039,000,956</u>
 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>1,741,638,377</u>	<u>1,039,000,956</u>

**STATEMENT OF FINANCIAL POSITION
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS			
- RM CLASS		1,591,786,370	941,369,014
- USD HEDGED-CLASS		149,852,007	97,631,942
		<hr/> 1,741,638,377	<hr/> 1,039,000,956
NUMBER OF UNITS IN CIRCULATION			
- RM CLASS	13	2,346,065,000	1,394,603,000
- USD HEDGED-CLASS	13	67,009,000	45,141,000
		<hr/> 2,413,074,000	<hr/> 1,439,744,000
NET ASSET VALUE PER UNIT			
- RM CLASS		0.6785	0.6750
- USD HEDGED-CLASS		2.2363	2.1628
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- RM CLASS		RM 0.6785	RM 0.6750
- USD HEDGED-CLASS		USD 0.5301	USD 0.5229

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 ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	6 months financial period ended <u>30.9.2017</u> RM	6 months financial period ended <u>30.9.2016</u> RM
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,475,827,475	658,395,976
Movement due to units created and cancelled during the financial period:		
Creation of units arising from applications		
- RM CLASS	280,119,590	345,260,649
- USD HEDGED-CLASS	52,227,652	57,581,308
Creation of units arising from distribution		
- RM CLASS	21,398,731	13,812,280
- USD HEDGED-CLASS	1,169,234	644,960
Cancellation of units		
- RM CLASS	(62,250,928)	(60,311,977)
- USD HEDGED-CLASS	(32,893,092)	(9,100,209)
Net increase in net assets attributable to unitholders during the financial period	6,039,715	32,717,969
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD	<u><u>1,741,638,377</u></u>	<u><u>1,039,000,956</u></u>

**STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	<u>Note</u>	6 months financial period ended <u>30.9.2017</u> RM	6 months financial period ended <u>30.9.2016</u> RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		619,227,233	293,752,112
Purchase of investments		(1,044,683,577)	(530,073,799)
Dividend received		342,946	187,185
Interest received		34,414,722	13,699,711
Rebate of management fee received		215,790	66,397
Management fee paid		(7,940,424)	(3,693,615)
Trustee fee paid		(556,982)	(259,477)
Payment for other fees and expenses		(873,799)	(320,753)
Realised gain on forward foreign currency contracts		7,319,995	6,340,593
Realised loss on futures		(1,210,832)	-
Realised gain on interest rate swap		1,572,900	3,996,046
Net realised gain on foreign currency exchange		10,306,250	8,653,478
		<hr/>	<hr/>
Net cash used in from operating activities		(381,865,778)	(207,652,122)
		<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from creation of units		326,143,406	390,742,242
Payments for cancellation of units		(99,102,748)	(69,245,926)
Payments for distribution		(818,190)	(664,059)
		<hr/>	<hr/>
Net cash generated from financing activities		226,222,468	320,832,257
		<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(155,643,310)	113,180,135
EFFECTS OF FOREIGN CURRENCY EXCHANGE		1,624,399	2,362,881
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		214,587,953	36,239,948
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	10	<u>60,569,042</u>	<u>151,782,964</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 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 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’ (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(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 15 ‘Revenue from contracts with customers’ (effective from 1 January 2018) replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction contracts’ and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (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)

- Revenue is recognised when a customer obtains control of goods or services, and thus has the ability to direct the use of and obtain the benefits from the goods or services. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- 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).

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 will apply these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

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, unquoted fixed income securities and unquoted credit linked investment contracts are recognised based on effective interest rate method on an accrual basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

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 adjusted for accretion of discount or amortisation of premium on investments.

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 profit earned during the financial period.

Tax on interest 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.

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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund designates its investment in unquoted fixed income securities, unquoted credit linked investment contracts 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, amount due from brokers and rebate of management fee receivable.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

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.

Valuation of the investment in unquoted credit linked investment contracts is based on amount as stated in the contract between issuers and the Manager. Valuation provided by issuers is then compared against the Manager’s valuation determined by using a valuation model, which is based on independently sourced observable or implied market data, mainly interest rate yield curves, recent market transactions, foreign exchange rates and market volatility.

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.

(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’ or a ‘held-to-maturity investment’ has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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

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

H AMOUNTS DUE FROM/(TO) BROKERS

Amounts due from and to dealers 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 dealers. A provision for impairment of amounts due from dealers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant dealer.

Significant financial difficulties of the dealer, probability that the dealer will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from dealers 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.

I CASH AND CASH EQUIVALENTS

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

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 hedged-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. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

L SEGMENT REPORTING

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

M DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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 fair value of interest rate swap is calculated as the present value of the estimated future cash flow based on observable yield curves.

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.

N CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results could differ from those estimates.

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 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 and Seventh Supplemental Deed dated 28 April 2017. 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 of countries who are members of International Organization of Securities Commissions;
- (b) Unlisted securities including, without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation for such securities;
- (c) Debentures;
- (d) Money market instruments;
- (e) Deposits;
- (f) Derivatives, for the purpose of hedging only;
- (g) Warrants;
- (h) Structured product;
- (i) Units or shares in collective investment schemes;
- (j) Any other form of investments as may be permitted by the SC from time to time which are in line with the objective of the Fund.

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

The main objective of the Fund is to provide investors with a steady income stream in a form of distribution through investments 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 16 November 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial instruments are as follows:

		Loans and receivables	Financial assets/ (liabilities) at fair value through profit or loss	Total
	Note	RM	RM	RM
<u>2017</u>				
Unquoted fixed income securities	9	-	1,607,796,515	1,607,796,515
Unquoted credit linked investment contracts	9	-	4,348,019	4,348,019
Collective investment schemes	9	-	59,790,270	59,790,270
Cash and cash equivalents	10	60,569,042	-	60,569,042
Amount due from Manager				
- creation of units		11,699,696	-	11,699,696
Amount due from brokers		31,852,516	-	31,852,516
Rebate of management fee receivable		23,110	-	23,110
Foreign forward currency contracts	11	-	14,343,706	14,343,706
Interest rate swaps	12	-	28,279	28,279
Total		<u>104,144,364</u>	<u>1,686,306,789</u>	<u>1,790,451,153</u>
<u>2016</u>				
Unquoted fixed income securities	9	-	872,545,388	872,545,388
Unquoted credit linked investment contracts	9	-	12,847,061	12,847,061
Collective investment schemes	9	-	16,233,628	16,233,628
Cash and cash equivalents	10	151,782,964	-	151,782,964
Amount due from Manager				
- creation of units		15,719,598	-	15,719,598
Amount due from brokers		40,462,660	-	40,462,660
Rebate of management fee receivable		13,301	-	13,301
Foreign forward currency contracts	11	-	(4,520,407)	(4,520,407)
Interest rate swaps	12	-	(1,509,455)	(1,509,455)
Total		<u>207,978,523</u>	<u>895,596,215</u>	<u>1,103,574,738</u>

All current liabilities, other than forward foreign currency contracts and interest rate 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 and currency risk), liquidity risk, credit risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unit Trust Funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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>2017</u> RM	<u>2016</u> RM
Unquoted investment *		
Unquoted fixed income securities designated at fair value through profit or loss	1,607,796,515	872,545,388
Unquoted credit linked investment contracts designated at fair value through profit or loss	4,348,019	12,847,061
	<u>1,612,144,534</u>	<u>885,392,449</u>
Collective investment schemes		
Collective investment schemes designated at fair value through profit or loss	59,790,270	16,233,628
	<u>59,790,270</u>	<u>16,233,628</u>
Foreign forward currency contracts		
Foreign forward currency contracts designated at fair value through profit or loss	14,343,706	(4,520,407)
	<u>14,343,706</u>	<u>(4,520,407)</u>
Interest rate swaps		
Interest rate swaps designated at fair value through profit or loss	28,279	(1,509,455)
	<u>28,279</u>	<u>(1,509,455)</u>

* Include interest receivable of RM18,241,725 (2016 RM12,120,030)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. 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 investments, having regard to the historical volatility of the prices.

<u>% change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2017</u>		
-5%	1,584,661,811	(83,403,253)
0%	1,668,065,064	-
+5%	1,751,468,317	83,403,253
	<hr/> <hr/>	<hr/> <hr/>
<u>% change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2016</u>		
-5%	839,302,376	(44,173,809)
0%	883,476,185	-
+5%	927,649,994	44,173,809
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 till 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 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 net asset value 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>% movement in interest rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2017</u>	<u>2016</u>
	RM	RM
+ 1%		
- 1%	(3,263,002)	(2,050,739)
	3,275,167	2,065,323
	<u> </u>	<u> </u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (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 unfavourable movements against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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	Forward foreign currency <u>contracts</u> RM	Interest rate <u>swaps</u> RM	Cash and cash <u>equivalents</u> RM	Other assets*/ <u>(payables)**</u> RM	<u>Total</u> RM
<u>2017</u>							
Australian Dollar	132,740,193	-	1,735,858	-	4,182	6,767,281	141,247,514
Chinese Yuan	6,597,373	-	-	-	857,724	-	7,455,097
European Euro	30,008,239	-	159,425	-	754,894	-	30,922,558
British pound	5,625,935	-	(42,488)	-	3	-	5,583,450
Indonesian Rupiah	75,871,205	-	-	-	4	-	75,871,209
India Rupee	46,934,484	-	-	-	-	-	46,934,484
Singapore Dollar	103,463,743	-	767,909	-	49,266	1,644,123	105,925,041
United States Dollar	710,444,254	4,348,019	11,723,002	28,279	23,875,289	(20,856,152)	729,562,691
	<u>1,111,685,426</u>	<u>4,049,000</u>	<u>14,343,706</u>	<u>28,279</u>	<u>25,541,362</u>	<u>(12,444,748)</u>	<u>1,143,502,044</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)**

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

Market risk (continued)

(c) Currency risk (continued)

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

	Unquoted Fixed Income <u>securities</u> RM	Unquoted credit linked investment <u>contracts</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>(payables)**</u> RM	<u>Total</u> RM
<u>2016</u>							
Australian Dollar	68,804,347	-	(1,660,917)	-	3,262,641	(6,228,639)	64,177,432
Chinese Yuan	6,565,067	-	-	-	419,599	-	6,984,666
European Euro	4,554,607	-	(12,943)	-	-	-	4,541,664
Hong Kong Dollar	-	-	-	-	30	-	30
Indonesian Rupiah	59,874,407	-	-	-	5	(20,976,920)	38,897,492
India Rupee	44,583,763	-	-	-	-	-	44,583,763
Singapore Dollar	48,699,713	-	33,045	-	947,832	3,040,432	52,721,022
United States Dollar	404,342,231	12,690,782	(2,879,592)	(1,509,456)	28,196,098	16,509,621	457,349,684
	<u>637,424,135</u>	<u>12,690,782</u>	<u>(4,520,407)</u>	<u>(1,509,456)</u>	<u>32,826,205</u>	<u>(7,655,506)</u>	<u>669,255,753</u>

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

**Other payables consist of amount due to brokers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 held constant. 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 price %	Impact on profit after tax/ NAV RM
<u>2017</u>		
Australian Dollar	+/-5	+/- 7,062,376
Chinese Yuan	+/-5	+/- 372,755
European Euro	+/-5	+/- 1,546,128
British pound	+/-5	+/- 279,173
Indonesian Rupiah	+/-5	+/- 3,793,560
India Rupee	+/-5	+/- 2,346,724
Singapore Dollar	+/-5	+/- 5,296,252
United States Dollar	+/-5	+/- 36,478,135
<hr/>		
<u>2016</u>		
Australia Dollar	+/-5	+/- 3,208,872
Chinese Yuan	+/-5	+/- 349,233
European Euro	+/-5	+/-227,083
Hong Kong Dollar	+/-5	+/-2
Indonesia Rupiah	+/-5	+/-1,944,875
Indian Rupee	+/-5	+/- 2,229,188
Singapore Dollar	+/-5	+/- 2,636,051
United States Dollar	+/-5	+/- 22,867,484
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 investments. 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 exchange.

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 units receivable from the Manager are governed by the Securities Commission's Guideline on Unit Trust Funds.

The following table sets out on the credit risk concentration of the Fund:

	Unquoted fixed income securities RM	Unquoted credit linked investment contracts RM	Forward foreign currency contracts RM	Interest rate swap RM	Cash and cash equivalents RM	Other assets RM	Total RM
<u>2017</u>							
<u>Basic materials</u>							
Baa2	39,888,379	-	-	-	-	-	39,888,379
<u>Consumer goods</u>							
A1	6,929,350	-	-	-	-	-	6,929,350
AA1	5,116,905	-	-	-	-	-	5,116,905
AA2	16,754,418	-	-	-	-	-	16,754,418
Baa2	15,166,884	-	-	-	-	-	15,166,884
NR	6,316,483	-	-	-	-	-	6,316,483
<u>Consumer services</u>							
AAA	36,596,769	-	-	-	-	-	36,596,769
NR	-	-	-	-	-	1,644,123	1,644,123
<u>Financials</u>							
A	15,863,327	-	-	-	-	-	15,863,327
A-	16,693,739	-	-	-	-	6,767,281	23,461,020
A1	12,797,252	-	-	-	-	-	12,797,252
A2	37,826,702	-	-	-	-	-	37,826,702
A3	60,410,649	-	-	-	-	-	60,410,649
AA-	506,058	-	-	-	-	-	506,058
AA+	30,236,014	-	-	-	-	-	30,236,014
AA1	27,343,683	-	2,334,316	-	-	-	29,677,999
AA2	15,655,529	-	2,048,879	-	-	-	17,704,408
AA3	19,652,749	-	2,740,145	-	-	-	22,392,894
AAA	44,376,797	-	7,956,660	56,687	50,558,039	-	102,948,183

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

Credit risk (continued)

The following table sets out on the credit risk concentration of the Fund (continued):

	Unquoted fixed income <u>securities</u> RM	Unquoted credit linked investment <u>contracts</u> RM	Forward foreign currency <u>contracts</u> RM	Interest rate swap <u>contracts</u> RM	Cash and cash equivalents <u>contracts</u> RM	Other <u>assets</u> RM	<u>Total</u> RM
<u>2017</u> (continued)							
<u>Financials</u> (continued)							
B1	16,923,663	-	-	-	-	-	16,923,663
B2	17,854,750	-	-	-	-	-	17,854,750
Ba1	32,119,288	-	-	-	-	-	32,119,288
Ba2	35,101,214	-	-	-	-	-	35,101,214
Baa1	57,602,792	-	-	-	-	2,181,704	59,784,496
Baa2	86,737,008	-	-	-	-	-	86,737,008
Baa3	56,029,045	-	-	-	-	-	56,029,045
BB	8,757,051	-	-	-	-	-	8,757,051
BB-	15,813,471	-	-	-	-	-	15,813,471
BB+	18,441,407	-	-	-	-	-	18,441,407
BBB-	26,027,869	-	-	-	-	5,106,713	31,134,582
NR	214,147,570	4,348,019	1,124,780	-	10,011,003	9,590,328	239,221,700
<u>Government</u>							
AAA	26,469,802	-	-	-	-	-	26,469,802
Baa3	35,713,630	-	-	-	-	-	35,713,630
BBB-	10,715,127	-	-	-	-	-	10,715,127
SOV	70,912,737	-	-	-	-	-	70,912,737
<u>Health care</u>							
AA-	5,146,523	-	-	-	-	-	5,146,523
NR	25,948,256	-	-	-	-	-	25,948,256
<u>Industrials</u>							
A3	10,764,274	-	-	-	-	-	10,764,274
AA-	67,246,721	-	-	-	-	-	67,246,721
AA2	11,693,737	-	-	-	-	-	11,693,737
Ba3	16,835,498	-	-	-	-	-	16,835,498
Baa1	10,132,948	-	-	-	-	-	10,132,948
Baa2	14,712,026	-	-	-	-	-	14,712,026
Baa3	6,983,136	-	-	-	-	-	6,983,136
BBB-	39,884,909	-	-	-	-	-	39,884,909
NR	63,767,480	-	-	-	-	-	63,767,480
<u>Oil & gas</u>							
A2	16,590,775	-	-	-	-	-	16,590,775
Baa3	23,973,680	-	-	-	-	-	23,973,680
BBB-	8,346,431	-	-	-	-	-	8,346,431
<u>Technology</u>							
A2	4,444,623	-	-	-	-	-	4,444,623

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

Credit risk (continued)

The following table sets out on the credit risk concentration of the Fund (continued):

	Unquoted fixed income securities RM	Unquoted credit linked investment contracts RM	Forward foreign currency contracts RM	Interest rate swap RM	Cash and cash equivalents RM	Other assets RM	Total RM
<u>2017 (continued)</u>							
<u>Telecommunications</u>							
AA+	4,695,812	-	-	-	-	-	4,695,812
AAA	10,301,088	-	-	-	-	-	10,301,088
Baa1	8,529,779	-	-	-	-	-	8,529,779
NR	15,832,926	-	-	-	-	-	15,832,926
<u>Utilities</u>							
A3	4,194,940	-	-	-	-	-	4,194,940
AA-	22,391,561	-	-	-	-	-	22,391,561
AA+	5,093,699	-	-	-	-	-	5,093,699
AA1	15,314,775	-	-	-	-	-	15,314,775
Baa2	5,539,600	-	-	-	-	6,562,367	12,101,967
Baa3	17,813,989	-	-	-	-	-	17,813,989
BBB	14,145,261	-	-	-	-	-	14,145,261
BBB-	19,973,957	-	-	-	-	-	19,973,957
<u>Others</u>							
NR	-	-	-	-	-	11,722,806	11,722,806
	1,607,796,515	4,348,019	16,204,780	56,687	60,569,042	43,575,322	1,732,550,365

2016

Consumer goods

AA1	6,157,775	-	-	-	-	-	6,157,775
AA2	3,041,981	-	-	-	-	-	3,041,981
AA-	20,703,485	-	-	-	-	-	20,703,485
A1	12,098,507	-	-	-	-	-	12,098,507
A3	4,249,831	-	-	-	-	-	4,249,831
A-	6,361,231	-	-	-	-	-	6,361,231
A	4,759,985	-	-	-	-	-	4,759,985
Baa2	23,885,909	-	-	-	-	-	23,885,909
<u>Consumer services</u>							
AAA	5,105,108	-	-	-	-	-	5,105,108
AA-	5,160,833	-	-	-	-	-	5,160,833
Baa2	21,522,505	-	-	-	-	-	21,522,505
Baa3	7,850,863	-	-	-	-	-	7,850,863

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

Credit risk (continued)

The following table sets out on the credit risk concentration of the Fund (continued):

	Unquoted fixed income securities RM	Unquoted credit linked investment contracts RM	Forward foreign currency contracts RM	Interest rate swap RM	Cash and cash equivalents RM	Other assets RM	Total RM
<u>2016</u> (continued)							
<u>Financials</u>							
AAA	36,586,123	-	321,071	-	151,782,965	-	188,690,159
AA1	25,223,805	-	44,728	-	-	-	25,268,533
AA2	19,871,269	-	203,235	-	-	-	20,074,504
AA3	9,396,925	-	303,772	-	-	-	9,700,697
A1	6,194,968	-	-	-	-	-	6,194,968
A2	17,566,879	-	-	-	-	-	17,566,879
A3	43,073,444	-	-	-	-	-	43,073,444
A	6,213,238	-	-	-	-	-	6,213,238
A-	6,574,438	-	-	-	-	-	6,574,438
BBB+	13,684,334	-	-	-	-	-	13,684,334
BBB-	6,661,802	-	-	-	-	-	6,661,802
BBB	8,732,490	-	-	-	-	-	8,732,490
Baa1	11,628,477	-	-	-	-	-	11,628,477
Baa2	15,169,139	-	-	-	-	-	15,169,139
Baa3	17,740,430	-	-	-	-	-	17,740,430
Ba1	26,694,292	-	-	-	-	-	26,694,292
Ba2	25,642,838	-	-	-	-	-	25,642,838
Ba3	21,796,840	-	-	-	-	-	21,796,840
B2	4,452,100	-	-	-	-	-	4,452,100
B+	4,426,147	-	-	-	-	-	4,426,147
NR	127,713,649	12,847,061	53,705	-	-	-	140,614,415
<u>Government</u>							
AAA	13,735,541	-	-	-	-	-	13,735,541
AA1	3,869,522	-	-	-	-	-	3,869,522
BBB-	39,391,145	-	-	-	-	-	39,391,145
Baa3	17,671,180	-	-	-	-	-	17,671,180
NR	31,068,463	-	-	-	-	-	31,068,463
<u>Industrials</u>							
AA2	5,445,090	-	-	-	-	-	5,445,090
AA-	23,650,888	-	-	-	-	-	23,650,888
NR	27,439,173	-	-	-	-	-	27,439,173
<u>Oil & Gas</u>							
Baa3	26,909,380	-	-	-	-	-	26,909,380

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

Credit risk (continued)

The following table sets out on the credit risk concentration of the Fund (continued):

	Unquoted fixed income <u>securities</u> RM	Unquoted credit linked investment <u>contracts</u> RM	Forward foreign currency <u>contracts</u> RM	Interest rate swap <u>RM</u>	Cash and cash <u>equivalents</u> RM	Other <u>assets</u> RM	<u>Total</u> RM
<u>2016</u> (continued)							
<u>Technology</u>							
A2	4,463,605	-	-	-	-	-	4,463,605
<u>Telecommunications</u>							
A1	6,679,118	-	-	-	-	-	6,679,118
NR	7,757,284	-	-	-	-	-	7,757,284
<u>Utilities</u>							
AA+	5,095,549	-	-	-	-	-	5,095,549
AA-	11,408,540	-	-	-	-	-	11,408,540
A3	4,386,345	-	-	-	-	-	4,386,345
BBB-	32,645,149	-	-	-	-	-	32,645,149
Baa2	2,283,009	-	-	-	-	-	2,283,009
Baa3	27,627,541	-	-	-	-	-	27,627,541
NR	5,077,225	-	-	-	-	-	5,077,225
<u>Others</u>							
NR	-	-	-	-	-	56,167,668	56,167,668
	872,545,387	12,847,061	926,511	-	151,782,965	56,167,668	1,094,269,592

* other assets consists of amount due from Manager, amount due from brokers and rebate of management fee

Liquidity risk

Liquidity risk is the risk that the investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower NAV of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of units by Unitholders. The liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

Liquidity risk (continued)

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>2017</u>	<u>Within one month RM</u>	<u>Between one month to one year RM</u>	<u>Total RM</u>
Amount due to Manager			
- management fee	1,427,007	-	1,427,007
- cancellation of units	7,792,403	-	7,792,403
Amount due to Trustee	99,890	-	99,890
Amount due to brokers	39,385,757	-	39,385,757
Auditor's remuneration	-	3,409	3,409
Tax agent's fee	-	5,655	5,655
Other payables and accruals	90,263	8,392	98,655
Forward foreign currency contracts at fair value through profit or loss	1,101,272	759,802	1,861,074
Interest rate swaps	-	28,408	28,408
Net asset attributable to unitholders*	1,741,638,377	-	1,741,638,377
	<u>1,791,534,969</u>	<u>805,666</u>	<u>1,792,340,635</u>
 <u>2016</u>			
Amount due to Manager			
- management fee	806,779	-	806,779
- cancellation of units	166,260	-	166,260
Amount due to Trustee	56,475	-	56,475
Amount due to brokers	63,471,554	-	63,471,554
Auditor's remuneration	-	10,209	10,209
Tax agent's fee	-	5,405	5,405
Other payables and accruals	51,015	6,085	57,100
Forward foreign currency contracts at fair value through profit or loss	1,057,087	4,389,831	5,446,918
Interest rate swaps	1,037,013	566,091	1,603,104
Net asset attributable to unitholders*	1,039,000,956	-	1,039,000,956
	<u>1,105,647,139</u>	<u>4,977,621</u>	<u>1,109,684,948</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (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.

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

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

(i) Fair value hierarchy

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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>2017</u>				
Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	1,607,796,515	-	1,607,796,515
- unquoted credit linked investment contracts	-	-	4,348,019	4,348,019
- collective investment schemes	59,790,270	-	-	59,790,270
- forward foreign currency contracts	-	14,343,706	-	14,343,706
- interest rate swap	-	28,279	-	28,279
	59,790,270	1,622,168,500	4,348,019	1,686,306,789
	59,790,270	1,622,168,500	4,348,019	1,686,306,789

2016

Financial assets at fair value through profit or loss				
- unquoted fixed income securities	-	872,545,387	-	872,545,387
- unquoted credit linked investment contracts	-	-	12,847,062	12,847,062
- collective investment schemes	16,233,628	-	-	16,233,628
	16,233,628	872,545,387	12,847,062	901,626,077
	16,233,628	872,545,387	12,847,062	901,626,077
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	(4,520,407)	-	(4,520,407)
- interest rate swap	-	(1,509,455)	-	(1,509,455)
	-	(6,029,862)	-	(6,029,862)
	-	(6,029,862)	-	(6,029,862)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

Financial instruments that trade in markets that are 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 and interest rate swaps. 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 audits 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 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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>2017</u> RM	<u>2016</u> RM
Opening balance	-	-
Purchase/additional	4,093,217	12,303,279
Net change in fair value reserve on financial assets at fair value through profit or loss	254,802	543,782
	<u>4,348,019</u>	<u>12,847,061</u>

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

4 INTEREST INCOME

	6 months financial period ended <u>30.9.2017</u> RM	6 months Financial Period ended <u>30.9.2016</u> RM
Interest income from:		
- short term deposits	1,397,797	989,848
- unquoted investments	35,353,291	17,299,470
	<u>36,751,088</u>	<u>18,289,318</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

5 MANAGEMENT FEE AND REBATE OF MANAGEMENT FEE

In accordance with the Prospectus, 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 period ended 30 September 2017, the management fee is recognised at a rate of 1.00% (2016: 1.00%) per annum of the NAV of the Fund calculated on a daily basis.

As the Fund invest in Affin Hwang Aiiman Income Plus Fund, Affin Hwang Bond Fund, Affin Hwang Constant Cash Fund and Affin Hwang USD Cash Fund, any management fee charged to collective investment scheme 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 Prospectus, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum of the NAV of the Fund.

For the financial period ended 30 September 2017, the Trustee fee is recognised at a rate of 0.07% (2016: 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 Trustee in respect of trustee fee other than the amount recognised above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

7 FINANCE COST

	6 months financial period ended <u>30.9.2017</u> RM	6 months financial period ended <u>30.9.2016</u> RM
Distribution to unitholders is from the following sources:		
Interest income	2,865,145	-
Previous financial period's realised income	24,013,665	15,121,299
	<hr/>	<hr/>
Gross realised income	26,878,810	15,121,299
Less: Expenses	(3,492,638)	-
	<hr/>	<hr/>
	<u>23,386,172</u>	<u>15,121,299</u>
	<u>Gross/net distribution per unit (sen)</u>	
	<u>RM Class</u>	<u>USD</u>
	RM	USD
<u>2017</u>		
13.6.2017	0.50	0.20
18.9.2017	0.50	0.20
	<hr/>	<hr/>
<u>2016</u>		
7.6.2016	0.625	0.25
19.9.2016	0.625	0.25
	<hr/>	<hr/>

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 period is an amount of RM24,013,665 (2016 : RM15,121,299) made from previous financial year's realised income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

8 TAXATION

	6 months financial period ended <u>30.9.2017</u> RM	6 months financial period ended <u>30.9.2016</u> RM
Current taxation - foreign	860,518	751,875

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

	6 months financial period ended <u>30.09.2017</u> RM	6 months financial period ended <u>30.09.2016</u> RM
Net profit before taxation	30,286,405	48,591,143
Tax at Malaysian statutory rate of 24% (2016: 24%)	7,268,737	11,661,874
Tax effects of:		
Investment income not subject to tax	(9,572,978)	(12,760,423)
Expenses not deductible for tax purposes	345,871	146,241
Restriction on tax deductible expenses for unit trust funds	1,958,370	952,308
Foreign income subject to foreign tax rate	860,518	751,875
Tax expense	860,518	751,875

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2017</u> RM	<u>2016</u> RM
Designated at fair value through profit or loss		
- unquoted fixed income securities – local	496,111,089	235,121,251
- unquoted fixed income securities – foreign	1,111,685,426	637,424,137
- unquoted credit linked investment contract - foreign	4,348,019	12,847,062
- collective investment schemes – local	42,895,862	16,233,628
- collective investment schemes – foreign	16,894,408	-
	<u>1,671,934,804</u>	<u>901,626,077</u>
Net (loss)/gain on assets at fair value through profit or loss		
- realised gain on sale of investment	15,559,246	9,969,515
- unrealised (loss)/gain on changes in fair value	(36,825,567)	40,469,973
	<u>(21,266,321)</u>	<u>50,439,488</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
5.3% GB Services Bhd 08.11.2019 (AAA)	1,000,000	1,037,127	1,040,805	0.06
6.5% Eco World Capital Assets Bhd 12.08.2022 (NR)	30,500,000	30,523,262	30,780,232	1.77
4.8% CIMB Bank Bhd Call: 13.09.2018 (AA+)	30,000,000	30,192,649	30,236,014	1.74
4.4% RHB Investment Bank Bhd Call: 11.12.2017 (AA3)	10,000,000	10,133,797	10,131,703	0.58
5.1% Krung Thai Bank PLC Call: 06.07.2020 (AA2)	11,500,000	11,660,032	11,840,011	0.68
4.7% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	7,200,000	7,209,743	6,929,350	0.40
0% Abu Dhabi National Energy Co 03.03.2022 (AA1)	5,000,000	5,074,013	5,001,362	0.29
4.78% GENM Capital Bhd 31.03.2022 (AAA)	20,000,000	20,005,238	20,255,838	1.16
4.6% WCT Holdings Bhd 28.08.2020 (AA-)	5,000,000	4,823,581	4,970,864	0.29
4.15% Orix Leasing Malaysia 29.03.2018 (NR)	10,000,000	10,003,411	10,019,311	0.58
4.85% Berjaya Land Bhd 16.12.2019 (AAA)	10,000,000	10,225,178	10,231,078	0.59
4.24% F&N Capital Sdn Bhd 05.10.2018 (AA1)	5,000,000	5,099,907	5,116,905	0.29
4.4% Lafarge Cement Sdn Bhd 15.01.2018 (AA2)	1,500,000	1,514,466	1,516,131	0.09
4.55% Sabah Development Bank Bhd 08.08.2022 (AA1)	7,000,000	6,971,930	6,859,101	0.39
4.2% Inverfin Sdn Bhd 28.02.2018 (AAA)	13,000,000	13,061,558	13,061,000	0.75
3.8% MGS 17.08.2023 (SOV)	25,000,000	25,206,958	25,225,919	1.45
4.059% MGS 30.09.2024 (SOV)	10,000,000	10,262,280	10,339,065	0.59
3.9% MGS 30.11.2026 (SOV)	15,000,000	15,452,615	15,214,430	0.87
6.9% Mah Sing Group Bhd Call: 04.04.2022 (NR)	12,050,000	12,462,308	12,631,731	0.73
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	8,000,000	8,240,297	8,053,531	0.46
5.05% WCT Holdings Bhd 21.10.2022 (AA-)	5,000,000	5,125,795	5,044,443	0.29
4.9% BGSM Management Sdn Bhd 27.12.2018 (AA3)	1,000,000	1,018,047	1,020,433	0.06

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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> %
BONDS (CONTINUED)				
4.5% Malaysia Building Society Bhd 29.05.2018 (AA1)	15,000,000	15,239,534	15,263,114	0.88
6.3% MEX II Sdn Bhd 29.04.2033 (AA-)	500,000	550,267	557,498	0.03
4.59% Teknologi Tenaga Perlis Consor 29.01.2021 (AA1)	1,000,000	1,014,185	1,015,947	0.06
4.86% PTPN 12.03.2032 (NR)	10,000,000	10,022,636	10,057,436	0.58
4.55% Kapar Energy Ventures SB 05.07.2021 (AA+)	5,000,000	5,083,279	5,093,699	0.29
4.045% GII 15.08.2024 (SOV)	20,000,000	20,185,873	20,133,323	1.16
4.25% UEM Sunrise Bhd 21.12.2017 (AA-)	500,000	505,802	506,058	0.03
6% TF Varlik Kiralama AS 28.06.2019 (AA3)	5,000,000	5,092,423	5,102,838	0.29
5.9% MEX II Sdn Bhd 27.04.2029 (AA-)	8,500,000	8,849,023	9,281,970	0.53
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	13,000,000	13,275,200	13,166,309	0.76
4.79% DanaInfra Nasional Bhd 27.11.2034 (NR)	10,000,000	10,345,516	10,019,741	0.58
5.69% UniTapah Sdn Bhd 12.12.2025 (AA2)	3,500,000	3,559,970	3,815,518	0.22
5.85% Jimah East Power Sdn Bhd 04.06.2031 (AA-)	10,000,000	11,076,140	11,023,923	0.63
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	4,500,000	4,656,169	4,695,812	0.27
4.5% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	15,000,000	15,277,397	15,225,947	0.87
4.65% Digi Telecommunications SdnBhd 14.04.2027 (AAA)	5,000,000	5,108,288	5,158,888	0.30
6.1% MEX II Sdn Bhd 29.04.2031 (AA-)	7,000,000	7,318,220	7,732,699	0.44
4.8% Mydin Mohamed Holdings Bhd 07.05.2020 (AAA)	5,000,000	5,056,548	5,069,048	0.29
5.05% YTL Power International Bhd 03.05.2027 (AA1)	9,000,000	9,188,026	9,297,466	0.53
4.62% Bank Pembangunan Malaysia Bhd 02.03.2027 (AAA)	11,000,000	11,036,201	11,055,781	0.63
4.35% First Resources Ltd 05.06.2020 (AA2)	1,500,000	1,514,670	1,515,741	0.09
4.9% Lembaga Pembiayaan Perumah SA 21.09.2046 (NR)	8,000,000	8,010,740	7,633,860	0.44

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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> %
BONDS (CONTINUED)				
4.8% Lafarge Cement Sdn Bhd 13.01.2020 (AA2)	10,000,000	10,136,405	10,177,606	0.58
6.2% Jimah East Power Sdn Bhd 04.12.2031 (AA-)	10,000,000	10,883,001	11,367,638	0.65
4.95% GovCo Holdings Bhd 20.02.2032 (NR)	8,000,000	8,043,397	8,165,797	0.47
4.75% Konsortium Lebu Raya UT KL SB 02.12.2027 (AA-)	5,000,000	5,118,483	5,068,433	0.29
6.2% MEX II Sdn Bhd 29.04.2032 (AA-)	3,100,000	3,247,620	3,441,399	0.20
4.85% UEM Edgenta Bhd 26.04.2022 (AA-)	5,000,000	5,104,973	5,146,523	0.30
4.38% Digi Telecommunications Sdn Bhd 14.04.2022 (AAA)	5,000,000	5,102,000	5,142,200	0.30
4.98% Bank Pembangunan Malaysia Bhd 02.03.2032 (AAA)	5,000,000	5,018,419	5,034,069	0.29
4.6% Malaysia Building Society Bhd 29.05.2019 (AA1)	1,000,000	1,017,592	1,018,713	0.06
4.63% UMW Holdings Bhd 22.06.2020 (AA2)	15,000,000	15,202,160	15,238,677	0.86
6.8% Mah Sing Group Bhd Call: 31.03.2020 (NR)	8,250,000	8,253,074	8,368,161	0.48
Total unquoted fixed income securities – local	<u>486,100,000</u>	<u>494,397,423</u>	<u>496,111,089</u>	<u>28.49</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>1,713,666</u>		
Total unquoted fixed income securities – local		<u>496,111,089</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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> %
BONDS				
5.69% UniTapah Sdn Bhd 12.12.2025 (AA2)	5,000,000	5,085,704	5,445,090	0.52
5.10% Krung Thai Bank PLC Call: 06.07.2020 (AA2)	10,000,000	10,118,767	10,222,667	0.98
6.80% Mah Sing Group Bhd Call: 31.03.2020 (NR)	8,250,000	8,251,485	8,404,162	0.81
4.65% Berjaya Land Bhd 15.12.2017 (AAA)	5,000,000	5,099,174	5,105,108	0.49
4.15% Quill Retail Malls Sdn Bhd 31.03.2017 (AAA)	15,000,000	15,314,411	15,332,203	1.48
4.30% ADCB Finance Cayman Ltd 03.05.2017 (AAA)	10,000,000	10,189,527	10,191,690	0.98
4.24% F&N Capital Sdn Bhd 05.10.2018 (AA1)	5,000,000	5,097,132	5,136,306	0.49
4.50% Tan Chong Motor Holdings Bhd 22.11.2019 (A1)	5,000,000	4,895,280	4,990,537	0.48
4.20% Inverfin Sdn Bhd 28.02.2018 (AAA)	11,000,000	11,065,352	11,062,230	1.06
4.70% Tan Chong Motor Holdings Bhd 24.11.2021 (A1)	7,200,000	7,188,722	7,107,970	0.68
4.55% Sabah Development Bank Bhd 08.08.2022 (AA1)	5,000,000	5,033,657	4,914,857	0.47
4.50% Malaysia Building Society Bhd 29.05.2018 (AA1)	15,000,000	15,251,262	15,318,415	1.47
4.60% Malaysia Building Society Bhd 29.05.2019 (AA1)	1,000,000	1,018,554	1,023,587	0.10
4.25% UEM Sunrise Bhd 21.12.2017 (AA-)	1,000,000	1,010,653	1,013,607	0.10
4.90% BGSM Management Sdn Bhd 27.12.2018 (AA3)	1,000,000	1,022,212	1,027,033	0.10
6.00% TF Varlik Kiralama AS 28.06.2019 (AA3)	5,000,000	5,101,283	5,127,438	0.49
4.35% First Resources Ltd 05.06.2020 (AA2)	3,000,000	3,025,054	3,041,981	0.30
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	9,000,000	9,207,066	9,226,107	0.89
4.59% Teknologi Tenaga Perlis Conсор 29.01.2021 (AA1)	1,000,000	1,016,213	1,021,468	0.10
4.55% Kapar Energy Ventures Sdn Bhd 05.07.2021 (AA+)	5,000,000	5,090,240	5,095,549	0.49
5.05% WCT Holdings Bhd 21.10.2022 (AA-)	5,000,000	5,128,511	5,143,243	0.50

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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>				
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	8,000,000	8,248,673	8,267,931	0.80
4.65% Abu Dhabi National Energy Co 03.03.2022 (NR)	5,000,000	5,085,102	5,077,225	0.49
5.90% MEX II Sdn Bhd 27.04.2029 (AA-)	8,500,000	8,855,738	9,420,676	0.91
4.75% Konsortium Lebu Raya Sdn Bhd 02.12.2027 (AA-)	5,000,000	5,121,526	5,160,833	0.50
6.10% MEX II Sdn Bhd 29.04.2031 (AA-)	7,000,000	7,323,475	7,812,239	0.75
6.20% Jimah East Power Sdn Bhd 04.12.2031 (AA-)	10,000,000	10,912,783	11,408,540	1.10
6.20% MEX II Sdn Bhd 29.04.2032 (AA-)	3,100,000	3,249,864	3,470,570	0.33
4.79% Danalinfra Nasional Bhd 27.11.2034 (NR)	10,000,000	10,354,994	10,471,666	1.01
4.90% Lembaga Pembiayaan Perumahan 21.09.2046 (NR)	8,000,000	8,010,740	8,011,860	0.77
3.80% MGS 17.08.2023 (NR)	15,000,000	15,280,325	15,411,701	1.48
3.90% MGS 30.11.2026 (NR)	15,000,000	5,487,407	15,656,762	1.51
Total unquoted fixed income securities – local	<u>227,050,000</u>	<u>232,140,886</u>	<u>235,121,251</u>	<u>22.63</u>
Accumulated unrealised gain on unquoted fixed income securities – local		<u>2,980,365</u>		
Total unquoted fixed income securities – local		<u>235,121,251</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
6% DBNGP Finance Co Pty Ltd 11.10.2019 (BBB)	13,235,200	13,012,657	14,145,261	0.81
5.4% Asciano Finance Ltd 12.05.2027 (Baa3)	6,617,600	6,544,550	6,983,136	0.40
4.9% Landesbank Baden -Wuerttemberg 29.06.2027 (Baa2)	10,588,160	10,598,575	10,787,452	0.62
4.625% BNP Paribas SA 09.03.2027 (Baa2)	6,617,600	6,234,688	6,750,631	0.39
5% Societe Generale SA 19.05.2027 (Baa3)	14,889,600	14,742,536	15,202,180	0.87
3.25% Westpac Banking Corp 28.10.2020 (Aa3)	3,308,800	3,128,925	3,397,775	0.19
3.8% Deutsche Bahn Finance GMBH 27.09.2027 (AA-)	9,926,400	10,065,386	9,929,575	0.57
3.657% General Property Trust 24.08.2026 (A)	9,926,400	9,425,472	9,505,285	0.55
3.5% Vicinity Centres Call: 26.01.2024 (A2)	4,963,200	5,007,773	4,890,783	0.28
4% Vicinity Centres Call: 26.01.2027 (A2)	4,963,200	5,026,016	4,839,195	0.28
4.5% Verizon Communications Inc 17.08.2027 (Baa1)	8,602,880	8,837,648	8,529,779	0.49
2.92% OCBC/Sydney 17.03.2020 (Aa1)	4,136,000	3,850,051	4,202,755	0.24
4.905% AAI Ltd Call:06.10.2022 (A3)	6,617,600	6,643,430	7,106,584	0.41
2.75% Australian Government 21.11.2027 (Aaa)	16,544,000	17,153,192	16,585,700	0.95
2.75% Australian Government 21.11.2028 (Aaa)	9,926,400	10,134,747	9,884,102	0.57
6.75% Longfor Properties Co Ltd 28.05.2018 (Ba1)	6,342,400	6,215,147	6,597,373	0.38
4.75% BHP Billiton Finance Ltd Call: 22.04.2021 (Baa2)	4,979,900	5,245,963	5,694,427	0.33
3.875% Total SA Call: 18.05.2022 (A2)	14,939,700	15,757,442	16,590,775	0.95
3.75% Hutchison Whampoa Europe Fin. call: 10.05.2018 (Baa2)	7,469,850	7,324,770	7,723,037	0.44

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
5.875% Barclays PLC Call: 15.09.2024 (Ba2)	5,645,300	5,718,050	5,625,935	0.32
7% Indosat Tbk PT 10.06.2018 (NR)	12,524,000	12,900,374	12,622,942	0.72
7.2% Bank Rakyat Indonesia Persero 16.04.2018 (NR)	12,524,000	13,480,256	12,736,596	0.73
8% Bank Maybank Indonesia Tbk PT 31.10.2017 (NR)	12,524,000	12,993,918	12,689,576	0.73
7% Indonesia Treasury Bond 15.05.2022 (Baa3)	25,637,567	27,139,097	27,106,964	1.55
8.375% Indonesia Treasury Bond 15.09.2026 (BBB-)	6,262,000	6,761,118	7,037,878	0.40
8.75% Indonesia Treasury Bond 15.05.2031 (BBB-)	3,131,000	3,539,495	3,677,249	0.21
8.567% Indiabulls Housing Finance Ltd 15.10.2019 (NR)	18,088,000	17,194,989	18,316,045	1.05
7.375% NTPC Ltd 10.08.2021 (BBB-)	19,380,000	18,314,662	19,973,957	1.15
7.875% Housing Development Finance 21.08.2019 (NR)	8,398,000	7,716,188	8,644,482	0.50
4.85% Ciputra Development Tbk PT 20.09.2021 (BB-)	15,537,500	15,593,210	15,813,471	0.91
3.75% Landesbank Baden -Wuerttemberg Call: 18.05.2022 (Baa2)	7,768,750	7,832,194	8,022,639	0.46
4.875% Commerzbank AG Call: 01.03.2022 (BBB-)	4,661,250	4,725,377	4,977,781	0.29
4.7% HSBC Holdings PLC Call: 08.06.2022 (Baa3)	12,430,000	12,569,266	13,110,023	0.75
3.95% Mapletree Treasury Services Call: 12.11.2022 (NR)	6,215,000	6,288,707	6,400,003	0.37
4.35% Wing Tai Properties Fin Ltd Call: 24.08.2020 (NR)	6,215,000	6,322,146	6,316,483	0.36
5% FCL Treasury Pte Ltd Call: 09.03.2020 (NR)	9,322,500	9,054,555	9,630,270	0.55
4.5% Mapletree Treasury Services Call: 19.01.2022 (NR)	12,430,000	12,621,003	13,031,902	0.75
4% Westpac Banking Corp Call: 12.08.2022 (Baa1)	6,215,000	5,631,055	6,606,418	0.38

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
3.5% United Overseas Bank Ltd Call: 27.02.2024 (A3)	15,537,500	15,771,646	16,344,769	0.94
3.95% StarHub Ltd Call: 16.06.2022 (NR)	3,107,500	3,123,083	3,209,984	0.18
4.4% ABN AMRO Bank NV Call: 27.03.2023 (Baa2)	10,125,600	10,623,309	10,473,808	0.60
4.5% AIA Group Ltd Call: 16.09.2045 (A2)	4,219,000	4,506,273	4,625,185	0.27
3.875% Allianz SE Call: 07.03.2022 (A2)	421,900	394,956	390,883	0.02
6.75% ANZ Bank Group Call: 15.06.2026 (Baa2)	8,438,000	9,312,675	9,708,552	0.56
6.75% ANZ Bank Group Call: 15.06.2026 (Baa2)	14,766,500	16,327,607	16,989,966	0.97
3.5% Azure Nova International Finance Ltd 21.03.2022 (A3)	6,328,500	6,647,280	6,416,924	0.37
5.625% Bank of East Asia Ltd Call: 18.05.2022 (Ba2)	8,438,000	8,867,352	8,851,304	0.51
6.75% BHP Billiton Finance USA Ltd Call: 19.10.2025 (Baa2)	21,095,000	23,553,834	25,524,423	1.47
4.375% Bluestar Finance Holdings Ltd Call: 17.12.2018 (Baa2)	8,438,000	8,784,060	8,669,529	0.50
2.75% China Great Wall International Holdings III 31.08.2020 (Baa1)	8,438,000	8,561,134	8,430,137	0.48
3.125% China Great Wall International Holdings III 31.08.2022 (Baa1)	5,906,600	5,982,823	5,896,505	0.34
4% China Life Insurance Co. Ltd 03.07.2075 (A3)	29,533,000	29,116,170	30,542,372	1.75
5.375% CIFI Holdings Group Co Ltd Call: 24.08.2022 (B1)	16,876,000	17,275,228	16,923,663	0.97
3.875% CITIC Ltd 28.02.2027 (A3)	10,547,500	11,174,574	10,764,274	0.62
3.25% CITIC Sec Fin MTN Co Ltd 20.04.2022 (Baa1)	8,438,000	8,948,995	8,593,552	0.49
4% CK Hutchison Capital Sec17 Ltd Call: 12.05.2022 (Baa2)	6,750,400	7,057,056	6,988,989	0.40

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
5.625% Cloverie Plc for Zurich Ins Co Call: 24.06.2026 (A2)	4,219,000	4,112,420	4,703,156	0.27
4.75% Cloverie Plc for Zurich Ins Co Call: 20.01.2022 (A)	6,328,500	6,003,786	6,358,042	0.37
3.6% DBS Group Holdings Ltd Call: 07.09.2021 (Baa1)	10,547,500	10,963,377	10,606,566	0.61
3.5% Dianjian Haiyu Ltd Call: 14.06.2022 (Baa1)	4,219,000	4,302,889	4,267,530	0.25
2.75% Eastern Creation II Investment Holdings Ltd 26.09.2020 (A2)	3,586,150	3,558,925	3,602,223	0.21
5.625% Electricite de France Call: 22.01.2024 (Baa3)	16,876,000	17,846,758	17,813,989	1.02
3.25% Enn Energy Holdings Ltd 24.07.2022 (Baa2)	5,484,700	5,598,832	5,539,600	0.32
3.375% HK Red Star Macalline Uni Home 21.09.2022 (BBB-)	4,219,000	4,183,371	4,170,218	0.24
2.75% HPHT Finance Ltd 11.09.2022 (Baa1)	5,906,600	5,919,685	5,865,418	0.34
6% HSBC Holdings PLC Call: 22.05.2027 (Baa3)	10,969,400	11,488,642	11,724,095	0.67
4.5% Huarong Finance 2017 Co Call: 24.01.2022 (Baa1)	16,876,000	17,883,340	17,469,614	1.00
4.375% IOI Investment Bhd 27.06.2022 (Baa2)	14,344,600	15,603,299	15,166,884	0.87
8.975% KWG Property Holding Ltd Call: 10.11.2017 (B2)	16,876,000	18,296,563	17,854,750	1.03
3.875% Longfor Properties Co Ltd 13.07.2022 (BBB-)	210,950	215,498	215,463	0.01
4.625% Minejesa Capital BV 10.08.2030 (Baa3)	8,016,100	8,179,772	8,228,142	0.47
5.5% Nan Fung Treasury II Ltd Call: 29.05.2020 (Baa3)	7,594,200	7,886,947	7,764,605	0.45
4.75% New World China Land Ltd 23.01.2027 (NR)	11,391,300	12,183,355	11,997,000	0.69
5.75% NWD Finance BVI Ltd Call: 05.10.2021 (NR)	12,657,000	12,851,559	13,200,126	0.76
4.375% NWD MTN Ltd 30.11.2022 (NR)	12,657,000	12,974,896	13,456,984	0.77
4.25% Parkway Pantai Ltd Call: 27.07.2022 (NR)	25,314,000	25,934,261	25,948,256	1.49

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
3.4% Perusahaan Penerbit SBSN 29.03.2022 (Baa3)	8,438,000	8,853,594	8,606,666	0.49
4.5% Postal Savings Bank China Co Ltd Call: 27.09.2022 (Ba3)	16,876,000	16,792,438	16,835,498	0.97
3.25% Proven Glory Capital Ltd 21.02.2022 (NR)	6,328,500	6,682,250	6,388,058	0.37
4.875% PTT Exploration & Production Call: 18.06.2019 (Baa3)	23,204,500	20,934,992	23,973,680	1.38
6.75% QBE Insurance Group Ltd Call: 02.12.2024 (BBB-)	8,438,000	9,719,909	9,710,556	0.56
3% QBE Insurance Group Ltd 25.05.2023 (A-)	16,876,000	16,646,006	16,693,739	0.96
5.875% QBE Insurance Group Ltd Call: 17.06.2026 (BBB-)	6,328,500	6,250,930	6,953,851	0.40
4.6% Radiant Access Ltd Call: 18.05.2020 (A2)	14,766,500	15,447,236	14,775,277	0.85
4.125% Santos Finance Ltd Call: 14.06.2027 (BBB-)	8,438,000	8,392,757	8,346,431	0.48
3.25% SGSP Australia Assets Pty Ltd 29.07.2026 (A3)	4,219,000	4,136,872	4,194,940	0.24
4.75% Shimao Property Holdings Ltd Call: 03.07.2020 (BB)	8,438,000	8,670,975	8,757,051	0.50
8.25% Societe Generale SA Call: 29.11.2018 (Ba2)	12,657,000	12,481,383	13,757,632	0.79
7.375% Societe Generale SA Call: 13.09.2021 (Ba2)	6,328,500	6,144,086	6,866,343	0.39
7.5% Standard Chartered PLC Call: 02.04.2022 (Ba1)	4,219,000	4,163,917	4,681,790	0.27
4.45% Sun Hung Kai Properties Cap Mk Call: 23.05.2020 (A1)	12,657,000	13,156,532	12,797,252	0.73
3.8% Tencent Holdings Ltd 11.02.2025 (A2)	4,219,000	4,257,400	4,444,623	0.26
4.5% Tewood Group Finance No2 Ltd 16.12.2019 (BBB-)	23,204,500	24,138,415	23,845,524	1.37
4.625% Tewood Group Finance No 3 Ltd 06.04.2020 (BBB-)	8,438,000	8,975,723	8,787,187	0.50
5.5% Tewood Group Finance No 3 Ltd 06.04.2022 (BBB-)	6,750,400	7,323,476	7,252,198	0.42

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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>				
7.125% UBS AG Call: 19.02.2020 (BB+)	16,876,000	18,897,866	18,441,407	1.06
6.875% UBS Group AG Call: 16.03.2021 (Ba1)	16,876,000	17,830,055	18,537,627	1.06
7.125% UBS Group AG Call: 10.08.2021 (Ba1)	2,109,500	2,042,362	2,302,498	0.13
3.95% Vanke Real Estate HK Co Ltd 23.12.2019 (Baa2)	23,204,500	24,847,966	24,003,960	1.38
0% Yinson Juniper Ltd Call: 05.10.2022 (NR)	38,814,800	38,916,000	38,970,059	2.24
7% Yinson TMC Sdn Bhd Call: 25.09.2020 (NR)	14,766,500	15,203,492	14,777,680	0.85
Total unquoted fixed income securities – foreign	<u>1,068,673,457</u>	<u>1,094,267,490</u>	<u>1,111,685,426</u>	<u>63.83</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		<u>17,417,936</u>		
Total unquoted fixed income securities – foreign		<u>1,111,685,426</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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> %
BONDS (CONTINUED)				
4.50% AIA Group Ltd Call: 16.09.2045 (A3)	8,273,000	9,027,729	9,349,110	0.90
2.241% Allianz SE Call: 07.07.2025 (A2)	4,625,000	4,053,475	4,554,608	0.44
3.875% Allianz SE Call: 07.03.2022 (A2)	6,204,750	6,091,779	5,915,505	0.57
7.95% Astra Sedaya Finance PT 21.05.2017 (NR)	7,925,000	7,595,004	8,048,101	0.78
5.75% AusNet Services Hldgs Pty Ltd Call: 17.09.2021 (Baa2)	2,068,250	2,067,125	2,283,009	0.22
6.75% Australia New Zealand Bank Gp Call: 15.06.2026 (Baa1)	10,341,250	11,547,008	11,628,477	1.12
3.25% Australian Government 21.04.2025 (AAA)	4,721,850	4,504,398	5,299,682	0.51
2.75% Bank of China Ltd/ Singapore 30.06.2019 (A1)	6,059,200	5,629,056	6,194,968	0.60
6.25% BHP Billiton Finance USA Ltd Call: 19.10.2020 (BAA2)	4,136,500	4,397,704	4,616,851	0.45
6.75% BHP Billiton Finance USA Ltd Call: 19.10.2025 (BAA2)	16,546,000	18,618,345	19,269,058	1.86
4.625% BNP Paribas SA 09.03.2027 (BAA2)	9,443,700	9,111,827	9,623,014	0.93
3.00% BOC Aviation Pte Ltd 30.03.2020 (BBB+)	8,273,000	7,361,233	8,491,269	0.82
4.00% China Life Insurance Co. Ltd 03.07.2075 (A3)	12,409,500	11,387,837	12,678,510	1.22
11.40% Ciputra Residence PT 02.04.2017 (NR)	2,536,000	2,374,778	2,623,610	0.25
4.75% Cloverie Plc for Zurich Ins Co Call: 20.01.2022 (A)	6,204,750	6,002,626	6,213,238	0.60
5.625% Cloverie Plc for Zurich Ins Co Call: 24.06.2026 (A2)	4,136,500	4,166,898	4,587,042	0.44
4.25% CLP Power HK Financing Ltd Call: 07.11.2019 (A3)	4,136,500	4,488,065	4,386,345	0.42
4.00% Dai-ichi Life Insurance Co Ltd Call: 24.07.2026 (A3)	10,341,250	9,989,081	10,524,175	1.01

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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> %
BONDS (CONTINUED)				
6.00% DBNGP Finance Co Pty Ltd 11.10.2019 (BBB-)	12,591,600	12,973,284	13,671,464	1.32
5.625% Demeter Invt BV for Swiss Re Call: 15.08.2027 (BBB+)	4,963,800	4,923,877	5,193,065	0.50
5.00% FCL Treasury Pte Ltd Call: 09.03.2020 (NR)	9,088,800	9,056,522	9,175,268	0.88
5.375% Franshion Brilliant Ltd 17.10.2018 (BAA3)	2,068,250	2,247,942	2,229,337	0.21
5.75% Franshion Brilliant Ltd 19.03.2019 (BAA3)	4,136,500	3,280,392	4,436,465	0.43
3.657% General Property Trust 24.08.2026 (A)	4,721,850	4,636,331	4,759,985	0.46
5.125% Genting Singapore Call: 12.09.2017 (BAA2)	21,207,200	18,101,730	21,522,505	2.07
5.00% GPT Wholesale Shopping Centre 13.11.2017 (A-)	6,295,800	6,458,420	6,574,437	0.63
4.45% HLP Finance Ltd 16.04.2021 (NR)	10,341,250	8,236,393	11,286,397	1.09
2.875% HongKong Electric Finance Ltd 03.05.2026 (A-)	6,204,750	5,835,807	6,361,231	0.61
7.875% Housing Development Finance 21.08.2019 (NR)	8,073,000	7,679,090	8,244,551	0.79
7.25% ICICI Bank Limited Call: 31.10.2016 (Ba3)	4,136,500	4,420,659	4,265,185	0.41
8.567% Indiabulls Housing Finance Ltd 15.10.2019 (NR)	17,388,000	17,192,324	17,365,527	1.67
7.00% Indonesia Treasury Bond 15.05.2022 (Baa3)	9,510,000	9,871,200	9,811,551	0.94
8.375% Indonesia Treasury Bond 15.09.2026 (BBB-)	6,340,000	6,816,747	6,988,337	0.67
8.75% Indonesia Treasury Bond 15.05.2031 (BBB-)	27,737,500	30,405,896	32,402,808	3.12
3.875% JD.com Inc 29.04.2026 (Baa3)	4,136,500	3,903,032	4,151,644	0.40
5.90% Julius Baer Group Ltd Call: 18.11.2020 (Baa2)	5,301,800	5,491,677	5,546,125	0.53
5.20% Krung Thai Bank PLC Call: 26.12.2019 (B+)	4,136,500	3,271,182	4,426,147	0.43

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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> %
BONDS (CONTINUED)				
8.975% KWG Property Holding Ltd Call: 14.01.2017 (B2)	4,136,500	4,065,801	4,452,100	0.43
6.75% Longfor Properties Co Ltd 28.05.2018 (Ba2)	6,199,300	6,244,934	6,565,067	0.63
4.25% LS Finance Ltd 16.10.2022 (Baa3)	2,895,550	2,187,015	3,081,094	0.30
8.00% Majapahit Holding BV 07.08.2019 (Baa3)	12,409,500	14,263,707	14,411,152	1.39
5.00% National Bank of Abu Dhabi 07.03.2018 (Aa3)	3,147,900	3,188,993	3,242,454	0.31
5.375% New World China Land Ltd 06.11.2019 (NR)	18,614,250	18,291,782	20,184,349	1.94
7.375% NTPC Ltd 10.08.2021 (BBB-)	18,630,000	18,292,034	18,973,685	1.83
5.75% NWD Finance BVI Ltd Call: 05.10.2021 (NR)	20,682,500	20,864,110	21,050,648	2.03
4.375% NWD MTN Ltd 30.11.2022 (NR)	12,409,500	12,961,823	13,319,177	1.28
2.93% OCBC/Sydney 17.03.2020 (Aa1)	3,934,875	3,849,883	3,966,946	0.38
4.00% Optus Finance Pty Ltd 17.06.2022 (A1)	6,295,800	5,765,948	6,679,118	0.64
6.45% Pertamina PT 30.05.2044 (Baa3)	8,273,000	8,804,284	9,786,787	0.94
5.25% Perusahaan Listrik Negara PT 24.10.2042 (Baa3)	4,136,500	4,218,764	4,365,232	0.42
5.50% Perusahaan Listrik Negara PT 22.11.2021 (Baa3)	4,136,500	4,349,850	4,699,513	0.45
4.55% Perusahaan Penerbit SBSN 29.03.2026 (Baa3)	7,238,875	7,100,705	7,859,629	0.76
2.875% Ping An Insurance Grp Co China 19.01.2021 (A3)	4,136,500	4,408,875	4,260,802	0.41
4.125% Proven Honour Capital Ltd 06.05.2026 (NR)	7,238,875	6,916,680	7,757,284	0.75
4.875% PTT Exploration & Production Call: 18.06.2019 (Baa3)	16,546,000	14,313,267	17,122,593	1.65
4.75% Qantas Airways Ltd 12.10.2026 (Baa3)	7,869,750	7,876,617	7,850,863	0.76

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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>				
5.875% QBE Insurance Group Ltd Call: 17.06.2026 (BBB-)	6,204,750	6,249,113	6,661,802	0.64
6.00% Queensland Treasury Corp 21.07.2022 (Aa1)	3,147,900	3,405,196	3,869,522	0.37
6.25% Royal Capital B.V. Call: 05.05.2019 (NR)	15,718,700	14,039,921	16,967,507	1.63
SGSP Australia Assets 3.25% Pty Ltd (29.07.2026) (A3)	4,136,500	4,141,465	4,249,831	0.41
7.375% Societe Generale SA Call: 13.09.2021 (Ba2)	6,204,750	6,143,630	6,070,650	0.58
8.25% Societe Generale SA Call: 29.11.2018 (Ba2)	12,409,500	12,612,477	13,007,121	1.25
6.409% Standard Chartered PLC Call: 30.01.2017 (Baa3)	12,409,500	11,593,086	12,047,883	1.16
6.50% Standard Chartered PLC Call: 02.04.2020 (Ba1)	8,273,000	7,803,250	7,993,534	0.77
7.50% Standard Chartered PLC Call: 02.04.2022 (Ba1)	4,136,500	4,044,922	4,134,673	0.40
3.80% Tencent Holdings Ltd 11.02.2025 (A2)	4,136,500	4,289,154	4,463,605	0.43
5.375% TF Varlik Kiralama AS 24.04.2019 (BBB)	8,273,000	8,362,534	8,732,490	0.84
6.125% Theta Capital Pte Ltd Call: 14.11.2016 (Ba3)	12,409,500	9,317,025	13,027,605	1.25
7% Theta Capital Pte Ltd Call: 11.04.2018 (Ba3)	4,136,500	4,342,710	4,504,051	0.43
3.625% Toronoto-Dominion Bank Call: 15.09.2026 (A2)	2,481,900	2,423,444	2,509,725	0.24
6.875% UBS AG Call: 16.03.202 (Ba1)	8,273,000	8,403,119	8,396,144	0.81
7.125% UBS AG Call: 10.08.2021 (Ba1)	2,068,250	2,042,086	2,115,592	0.20
1.375% United States Treasury N/B 31.10.2020 (AAA)	8,273,000	8,671,341	8,435,859	0.81
2.85% Westpac Banking Corp 13.05.2026 (Aa2)	6,204,750	6,058,702	6,381,741	0.61
3.25% Westpac Banking Corp 28.10.2020 (Aa2)	3,147,900	3,123,396	3,266,861	0.32

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 2016 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</u>				
4.0% Westpac Banking Corp Call: 12.08.2022 (A3)	6,059,200	5,630,201	6,260,847	0.60
Total unquoted fixed income securities – foreign	<u>603,797,875</u>	<u>593,878,317</u>	<u>637,424,137</u>	<u>61.35</u>
Accumulated unrealised gain on unquoted fixed income securities – foreign		<u>43,545,820</u>		
Total unquoted fixed income securities – foreign		<u>637,424,137</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(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 30 September 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> %
3.85% BNP Paribas 23.06.2021 (NR)	4,219,000	4,093,217	4,348,019	0.25
Accumulated unrealised gain on unquoted credit linked investments contracts – local		254,802		
Total unquoted credit linked investments contract – local		4,348,019		

(ii) Unquoted credit linked investment contract – foreign as at 30 September 2016 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> %
3.90% Societe Generale SA 10.7.2021 (NR)	8,273,000	8,210,927	8,521,603	0.82
3.85% BNP Paribas 23.06.2021 (NR)	4,136,500	4,092,353	4,325,458	0.42
	12,409,500	12,303,280	12,847,062	1.24
Accumulated unrealised gain on unquoted credit linked investments contracts – local		543,782		
Total unquoted credit linked investments contract – local		12,847,062		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

(d) Collective investment schemes – local

(i) Collective investment schemes – local as at 30 September 2017 are as follows:

	<u>Quantity</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Affin Hwang Aiiman Income Plus Fund	19,499,883	10,925,280	11,130,533	0.64
Affin Hwang Bond Fund	20,191,056	11,581,857	11,765,329	0.67
Affin Hwang Constant Cash Fund	20,000,000	20,000,000	20,000,000	1.15
Total collective investment schemes – local	<u>59,690,939</u>	<u>42,507,137</u>	<u>42,895,862</u>	<u>2.46</u>
Accumulated unrealised gain on collective investment schemes – local		<u>388,725</u>		
Total collective investment schemes – local		<u>42,895,862</u>		

(ii) Collective investment schemes – local as at 30 September 2016 are as follows:

	<u>Quantity</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Affin Hwang Aiiman Income Plus Fund	18,965,561	10,622,486	10,857,784	1.04
Affin Hwang Bond Fund	9,053,291	5,089,349	5,375,844	0.52
Total collective investment schemes – local	<u>28,018,852</u>	<u>15,711,835</u>	<u>16,233,628</u>	<u>1.56</u>
Accumulated unrealised gain on collective investment schemes – local		<u>521,793</u>		
Total collective investment schemes – local		<u>16,233,628</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

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

(d) Collective investment schemes – foreign

(i) Collective investment schemes – foreign as at 30 September 2017 are as follows:

	<u>Quantity</u> RM	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Affin Hwang USD Cash Fund	3,976,922	17,092,313	16,894,408	0.97
Accumulated unrealised gain on collective investment schemes – foreign		(197,905)		
Total collective investment schemes – foreign		16,894,408		

(ii) There is no investment in collective investment schemes – foreign as at 30 September 2016:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

10 CASH AND CASH EQUIVALENTS

	<u>2017</u> RM	<u>2016</u> RM
Cash and bank balances	26,319,725	33,126,078
Deposits with licensed financial institutions	34,249,317	118,656,886
	<u>60,569,042</u>	<u>151,782,964</u>

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

	<u>2017</u> %	<u>2016</u> %
Deposits with licensed financial institutions	<u>3.42</u>	<u>3.27</u>

Deposits with licensed financial institutions have an average maturity of 8 days (2016: 12 day).

11 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the financial position, there are seventy eight (2016: forty two) forward currency contracts outstanding. The notional principal amount of the outstanding forward currency contracts amounted to RM1,045,419,926 (2016 : RM487,477,298). The forward currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted fixed income securities denominated in Australian Dollar, British Pound, European Euro, Singapore Dollar and United States Dollar. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

12 INTEREST RATE SWAP

As at the date of statement of financial position, there are three (2016: three) interest rate swap outstanding. The notional principal amount of the outstanding interest rate swap amounted to USD30,000,000 (2016: USD30,000,000). As the Fund has not designated the interest rate swap as part of a hedging relationship for hedge accounting purpose, the change in the fair value of the interest rate swap is recognised immediately in the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

13 NUMBER OF UNITS IN CIRCULATION

(a) RM CLASS UNITS IN CIRCULATION

	<u>2017</u>	<u>2016</u>
	No. of units	No. of units
At the beginning of the financial period	1,993,314,000	948,241,000
Creation of units arising from applications during the financial period	412,880,104	515,737,639
Creation of units arising from distributions during the financial period	31,600,896	20,712,361
Cancellation of units during the financial period	(91,730,000)	(90,088,000)
At the end of the financial period	<u>2,346,065,000</u>	<u>1,394,603,000</u>

(b) USD HEDGED-CLASS UNITS IN CIRCULATION

	<u>2017</u>	<u>2016</u>
	No. of units	No. of units
At the beginning of the financial period	58,124,000	21,816,000
Creation of units arising from applications during the financial period	22,942,645	27,411,481
Creation of units arising from distributions during the financial period	522,855	303,519
Cancellation of units during the financial period	(14,580,500)	(4,390,000)
At the end of the financial period	<u>67,009,000</u>	<u>45,141,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

14 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the financial period ended 30 September 2017 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
HSBC Bank Malaysia Bhd	208,043,261	12.91
Standard Chartered Bank Malaysia Bhd	163,641,323	10.16
Citibank Bhd	129,209,932	8.02
Affin Hwang Investment Bank Bhd#	114,598,347	7.11
Barclays Capital	74,935,278	4.65
UBS AG London	65,472,405	4.06
RHB Investment Bank Bhd#	62,744,801	3.89
BMO Capital Markets Corp	61,023,660	3.79
Commonwealth Bank Of Australia	55,313,109	3.43
DBS Bank Ltd	54,295,245	3.37
Others#	622,172,307	38.61
	<u>1,611,449,668</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 dealers for the financial period ended 30 September 2016 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Citibank Bhd	134,134,532	14.89
RHB Investment Bank Bhd#	95,258,920	10.57
CIMB Bank Bhd	68,614,220	7.61
Merrill Lynch International Bank Ltd	52,886,625	5.87
HSBC Bank Malaysia Bhd	50,252,374	5.58
Malayan Banking Bhd#	44,903,950	4.98
Societe Generale, Paris	44,902,182	4.98
BNP Paribas Securities (Asia) Ltd	40,095,843	4.45
JP Morgan Chase Bank Bhd	38,513,084	4.27
Hwang-DBS Investment Bank Bhd	31,640,900	3.51
Others#	299,904,399	33.29
	<u>901,107,029</u>	<u>100.00</u>

There is no brokerage fee paid to the brokers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

14 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in transactions with brokers and dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM114,598,347 (2016: RM8,000,000). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between related parties

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

	<u>2017</u> RM	<u>2016</u> RM
<u>Dealers</u>		
Affin Hwang Investment Bank Bhd	15,018,450	-
Malayan Banking Berhad	-	24,783,950
Nomura Singapore Ltd	6,537,544	20,203,375
RHB Bank Bhd	1,503,375	-
RHB Investment Bank Bhd	12,343,192	92,265,220
	<u>35,402,561</u>	<u>137,252,545</u>

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

	<u>2017</u> RM	<u>2016</u> RM
Affin Hwang Enhanced Deposit Fund	3,003,390	-
Affin Hwang Select Cash Fund	12,015,060	-
Affin Hwang Flexible Maturity Income Fund I	3,012,900	-
Affin Hwang Flexible Maturity Income Fund III	-	3,284,400
Affin Hwang Flexible Maturity Income Fund IV	-	18,307,531
Affin Hwang Flexible Maturity Income Fund V	9,330,292	-
Affin Hwang Fixed Maturity Income Fund VIII	-	34,123,020
Affin Hwang Fixed Maturity Income Fund XII	-	4,323,229
Affin Hwang Aiiman Income Plus Fund	-	7,047,400
Affin Hwang PRS Conservative Fund	-	1,676,470
Affin Hwang Wholesale Fund I	-	2,017,400
Private mandates managed by the Manager	8,040,919	66,473,095
	<u>35,402,561</u>	<u>137,252,545</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

15 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	Holdings company of the Manager
Affin Holdings Berhad (“AHB”)	Ultimate holding company of the Manager
Subsidiaries and associates of AHB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager
Director of Affin Hwang Asset Management	Director of the Manager

	<u>2017</u>		<u>2016</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (the units are held legally for booking purposes)				
- RM Class	2,257	1,531	3,185	2,150
- USD Hedged-class	3,094	6,919	2,862	6,190
	<hr/>		<hr/>	
<u>Party related to the Manager:</u>				
Subsidiaries and associates (the units are held legally) of AHB				
- RM Class	79,907,810	54,217,449	-	-
	<hr/>		<hr/>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

16 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>30.09.2017</u> %	6 months financial period ended <u>30.09.2016</u> %
MER	<u>0.59</u>	<u>0.58</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the current financial period calculated on a daily basis is RM1,623,671,587 (2016: RM789,137,637)

17 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>30.09.2017</u>	6 months financial period ended <u>30.09.2016</u>
PTR (times)	<u>0.52</u>	<u>0.59</u>

PTR is derived from the following calculation:

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

where: total acquisitions for the financial period = RM1,048,656,267 (2016: RM592,566,608)
total disposals for the financial period = RM645,839,302 (2016: RM330,871,474)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(CONTINUED)**

18 SEGMENT INFORMATION (CONTINUED)

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 segments derive their income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within each 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, Australia, Canada, Cayman Islands, China, France, Germany, Hong Kong, India, Indonesia, Japan, Netherlands, Thailand, Turkey, United Arab Emirates, United Kingdom, Virgin Islands, Singapore and United States.

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

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

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 11 to 72 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2017 and of its financial performance, changes in equity and cash flows for the financial period ended 30 September 2017 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
16 November 2017

DIRECTORY OF SALES OFFICE

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