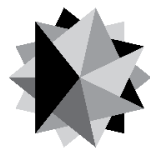


TradePlus

MSCI Asia ex Japan REITs Tracker

Interim Report
30 September 2020

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



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

Interim Report and Unaudited Financial Statements For the Financial Period From 9 July 2020 (Date of Launch) To 30 September 2020

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DIRECTORY OF SALES OFFICE	

GENERAL INFORMATION

MANAGER

Affin Hwang Asset Management Berhad
199701014290 (429786-T)
Registered Office:
27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

Business Office:

Ground Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2116 6000
Fax No.: 03 – 2116 6100
Toll Free No.: 1-800-88-7080
E-mail: customercare@affinhwangam.com
Website: www.affinhwangam.com

MANAGER'S DELEGATE

(fund valuation & accounting function)
TMF Trustees Malaysia Berhad (610812-W)
Registered & Business Address:
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee,
50250 Kuala Lumpur
Tel. No.: 03 – 2382 4288
Fax No.: 03 – 2026 1451

TRUSTEE

TMF Trustees Malaysia Berhad (610812-W)
Registered & Business Address:
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee,
50250 Kuala Lumpur
Tel. No.: 03 – 2382 4288
Fax No.: 03 – 2026 1451
E-mail: fundserviceskl@tmf-group.com
Website: www.tmf-group.com

TRUSTEE'S DELEGATE

(Custodian)
Registered & Business Address:
Standard Chartered Bank Malaysia Berhad
Level 16, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. No: (603) 2117 7777
Website: www.sc.com/my

COMPANY SECRETARY

Azizah Shukor (LS0008845)
27th Floor Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur

REGISTRAR

Affin Hwang Asset Management Berhad
199701014290 (429786-T)
27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

FUND INFORMATION

Fund Name	TradePlus MSCI Asia ex Japan REITs Tracker
Fund Type	Index tracking fund
Fund Category	Equity exchange-traded fund
Investment Objective	The Fund aims to provide investment results that closely correspond to the performance of the Benchmark
Benchmark	MSCI AC Asia ex Japan IMI/Equity REITs Custom High Dividend Tilted Capped Index
Distribution Policy	The Fund will distribute income on a quarterly basis (subject to income availability), after the end of its first financial year

BREAKDOWN OF UNITHOLDERS BY MYR CLASS (0837EA) SIZE AS AT 30 SEPTEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	66	41,200	2.50
1,001 - 10,000	84	334,400	20.27
10,001 - 100,000	14	391,000	23.70
100,001 - < 5% *	3	883,400	53.54
>= 5% *	0	0	0
Total	167	1,650,000	100.00

5% * - 5% Issued Shares or Paidup Capital of the stock

FUND PERFORMANCE DATA

Category	As at 30 Sep 2020
Portfolio composition (%)	
Quoted equities (REITs) – local	4.87
Quoted equities (REITs) – foreign	88.50
Total quoted equities (REITs)	93.37
Cash & cash equivalent	6.63
Total (%)	100.00
Country Allocation (%)	
Malaysia	4.87
Korea	1.31
Hong Kong	14.06
Singapore	73.13
Cash	6.63
Total (%)	100.00
Total NAV (MYR 'million)	1.617
NAV per Unit (in MYR)	0.9799
Unit in Circulation (million)	1.650
Highest NAV per unit	1.0184
Lowest NAV per unit	0.9719
Return of the Fund (%) ⁱⁱⁱ	-2.01
- Capital Growth (%) ⁱ	-2.01
- Income Distribution (%) ⁱⁱ	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expense Ratio (%)	0.66
Portfolio Turnover Ratio (times)	0.76
Tracking Error	1.54

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

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 30 September 2020.

Performance Review

For the period 13 July 2020 to 30 September 2020, the Fund registered a return of -2.01%. The Net Asset Value (NAV) per unit of the Fund as at 30 September 2020 was RM0.9799 while the initial NAV per unit was RM1.000. The Benchmark for the period registered a return of -1.84%. The Fund underperformed the Benchmark by 0.17%. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Table 1: Performance of the Fund

	Since Commencement (13/7/20 - 30/9/20)
Fund	(2.01%)
Benchmark	(1.84%)
Outperformance	(0.17%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

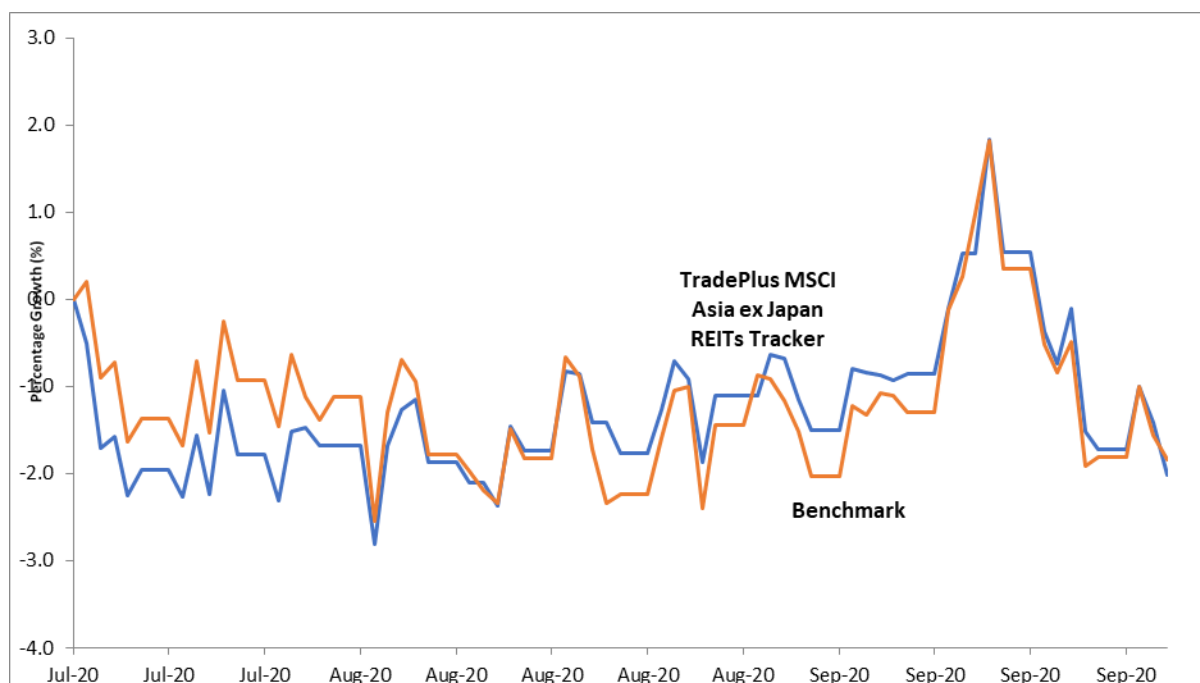
	Since Commencement (13/7/20 - 30/9/20)
Fund	(8.85%)
Benchmark	(8.13%)
Outperformance	(0.72%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

N/A

Figure 1: Movement of the Fund versus the Benchmark since commencement.



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

Benchmark: MSCI AC Asia ex Japan IMI / Equity REITs Custom High Dividend Tilted Capped Index

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

Asset Allocation

As at 30 September 2020, the ETF's asset allocation stood at 93.37% in equities while the remaining was held in cash and cash equivalent.

Strategies Employed

The Manager continues to adopt the full replication strategy. The Manager remained highly invested into the Index securities in the same approximate weightings or proportions as they appear in the Benchmark to provide investment results that closely correspond to the performance of the Benchmark. As at 30 September 2020, the Fund's AUM stood at MYR1.617 million, with 93.37% of the Fund's NAV invested into equities.

While the Fund's AUM remain relatively small, the Manager has decided to absorb fees such as the Management Fees, and Licensing Fees incurred by the Fund to minimise the Fund's tracking error.

Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month. In the US, the S&P 500 index closed 12.5% lower that month. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy. The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in "good financial standing". Similarly, the EU proposed a European Stability Mechanism ("ESM") which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouse rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

Technology companies have been leading gains in the US stock market despite the slowdown in the economy due to COVID-19. Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe heaven asset.

On commodities, crude oil prices slid by about 35% YTD as at end of September, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

On the domestic front, the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

Coming into September, opposition leader Datuk Seri Anwar Ibrahim claimed that he has secured a “strong, formidable” majority from lawmakers in parliament to oust Prime Minister Tan Sri Muhyiddin Yassin. The news was greeted with scepticism as Anwar has made prior claims before. Though a statement from UMNO president Datuk Seri Dr Ahmad Zahid Hamidi that he has information that many members from UMNO and Barisan Nasional have stated their support for Anwar to form a new government has lent credibility to the claim.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

Recent placement exercises by Tenaga Nasional Bhd (“TNB”) and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers’ confidence return following the low death rates despite the rise in infections. The accelerated efforts to shorten the timeline for a successful vaccine inoculation also lessened market’s response towards increasing infection rates. Economic restarts have since moved at different paces between countries, each depending on their own ways of dealing with Covid-19.

A Biden presidency may be positive for the Asian stock markets. Biden prides himself as one who respects international laws, supporting more coordinated foreign policies. Trade tensions might ease, with technology sector equities and high-yield credits benefitting provided the ongoing Huawei and TikTok issues can be solved amicably. Biden’s clean energy revolution plan could also revitalise US’ energy sector and create more well-paying jobs, further boosting US economy. Considering that the World Trade Organisation (“WTO”) has recently ruled Trump’s China tariff as illegal, Biden may also consider reducing or removing tariffs on China imports.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe’s continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe’s

exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

On the other hand, recent alarming increase in Covid-19 cases caused targeted lockdowns in Malaysia, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. gloves, electromotive force and technology stocks. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries.

Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

State of Affairs of the Fund

There is neither any significant change to the state of 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

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.

The Custodian (Trustee's Delegate)

The Trustee has appointed Standard Chartered Bank Malaysia Berhad ("SCBMB") as the custodian of the quoted and unquoted investments of the Fund. SCBMB was incorporated in Malaysia under the same name on 29 February 1984 under the Companies Act 1965 as a public limited company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Financial Services Act 2013.

SCBMB is responsible for the Fund's assets settlement and custodising the Fund's asset. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. All investments are automatically registered into the name of the Fund. The custodian acts only in accordance with the instruction from the Trustee.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

We have acted as Trustee of TradePlus MSCI Asia ex Japan REITs Tracker for the financial period from 9 July 2020 (Date of Launch) to 30 September 2020. To the best of our knowledge, Affin Hwang Asset Management Berhad, the Manager, has operated and managed the ETF in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital markets and Services Act 2007 and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by Affin Hwang Asset Management Berhad to value and/or price the units of the Fund are adequate and that such valuation and pricing is carried out in accordance with the Deed of the Fund and other regulatory requirements; and
- (b) the creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For TMF Trustees Malaysia Berhad
(Company No.: 610812-W)

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
16 November 2020

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

UNAUDITED INTERIM FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2020**

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH)
TO 30 SEPTEMBER 2020

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UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION	2
UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED INTERIM STATEMENT OF CASH FLOWS	4
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TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

	<u>Note</u>	Financial period from 9.7.2020 (date of launch) to <u>30.9.2020</u> RM
INVESTMENT INCOME		
Dividend income		25,924
Net loss on foreign currency exchange		(4,534)
Net loss on financial asset at fair value through profit or loss	8	(17,246)
		<u>4,144</u>
EXPENSES		
Management fee	4	(1,812)
Trustee fee	5	(145)
Custodian fee		(8,067)
Transaction cost		(3,834)
Other expenses		(1,174)
		<u>(15,032)</u>
NET LOSS BEFORE TAXATION		(10,888)
Taxation	7	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u><u>(10,888)</u></u>
Net loss after taxation is made up of the following:		
Realised amount		10,634
Unrealised amount		(21,522)
		<u><u>(10,888)</u></u>

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	<u>Note</u>	As at <u>2020</u> RM
ASSETS		
Cash and cash equivalents		103,255
Dividend receivables		4,597
Financial asset at fair value through profit or loss	8	1,509,750
TOTAL ASSETS		<u>1,617,602</u>
LIABILITIES		
Amount due to Manager - management fee		690
Amount due to Trustee		55
TOTAL LIABILITIES		<u>745</u>
NET ASSET VALUE OF THE FUND		<u>1,616,857</u>
EQUITY		
Unitholders' capital		1,627,745
Accumulated losses		(10,888)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>1,616,857</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>1,650,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.9799</u>

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

	Unitholder's <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 9 July 2020 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(10,888)	(10,888)
Movements in unitholders' capital:			
Creation of units arising from applications	1,826,165	-	1,826,165
Cancellation of units	(198,420)	-	(198,420)
Balance as at 30 September 2020	<u>1,627,745</u>	<u>(10,888)</u>	<u>1,616,857</u>

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

Financial
period from
9.7.2020
(date of
launch) to
30.9.2020
RM

CASH FLOWS FROM OPERATING ACTIVITIES

Proceeds from sale of investments	454,262
Purchase of investments	(1,974,634)
Dividends received	21,327
Management fee paid	(1,122)
Trustee fee paid	(90)
Custodian fee paid	(8,067)
Net realised loss on foreign currency exchange	(7,891)
Payment for other fees and expenses	(5,008)
	<hr/>
Net cash used in operating activities	(1,521,223)

CASH FLOWS FROM FINANCING ACTIVITY

Proceeds from creation of units	1,826,165
Payment for cancellation of units	(198,420)
	<hr/>
Net cash generated from financing activities	1,627,745

NET INCREASE IN CASH AND CASH EQUIVALENTS 106,522

EFFECTS OF FOREIGN CURRENCY EXCHANGE (3,267)

**CASH AND CASH EQUIVALENTS
AT THE DATE OF LAUNCH** -

**CASH AND CASH EQUIVALENTS AT
THE END OF THE FINANCIAL PERIOD** 103,255

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

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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

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

- Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2022) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

B INCOME RECOGNITION

Dividend Income

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

Realised gains and losses on sale of investments

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

C TRANSACTION COSTS

In relation to any particular transaction or dealing, all stamp duty and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies, foreign exchange costs and other duties and charges whether in connection with the Fund Assets or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Fund Assets or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing.

D TAXATION

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

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FOREIGN CURRENCY TRANSLATION

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classify its financial assets in the following measurement categories:

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

The Fund classifies amount due to Manager and amount due to Trustee as financial liabilities measured.

(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. Financial assets are initially recognised at fair value plus transaction costs for financial assets not carried at fair value through profit or loss.

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

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

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

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

If a valuation based on the market price does not represent the fair value of the securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

The Fund defines a financial as default, which is truly aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty.

The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial period.

H CASH AND CASH EQUIVALENTS

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

I UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

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

Units are created and cancelled at the Participating Dealers' option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

J 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.

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Exchange-Traded Funds.

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

1 INFORMATION ON THE FUND

The Exchange-Traded Fund was constituted under the name TradePlus MSCI Asia ex Japan REITs Tracker (the “Fund”) pursuant to the execution of a Deed dated 14 February 2020 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 9 July 2020 and will continue its operations until terminated by the Trustee as provided under Section 26 of the Deed.

The Fund will invest a minimum of 90% of the Fund’s NAV in authorised securities.

The Fund may invest in the following permitted investments:

- (i) Authorised Securities;
- (ii) Units or shares in collective investment schemes;
- (iii) Money market instruments;
- (iv) Deposits; and
- (v) Any other investments permitted by the SC from time to time

All investments will be subjected to the SC’s Guidelines on Exchange-Traded Funds, the Deed and the objective of the Fund.

The Fund is listed on the main market of Bursa Malaysia and its objective is to provide investment results that closely correspond to the performance of its Benchmark, MSCI AC Asia ex Japan IMI/Equity REITs Custom High Dividend Tilted Capped Index (the “Benchmark”) which is designed to measure the performance of Real Estate Investment Trusts (“REITs”) that are listed in Asia ex Japan.

The Fund is a passively managed fund. To achieve the investment objective of the Fund, the Manager intends to primarily use a full replication strategy to track the performance of the Benchmark.

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

The financial statements were authorised for issue by the Manager on 16 November 2020.

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2020</u>	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>Financial assets</u>				
Cash and cash equivalents		103,255	-	103,255
Dividend receivables		4,597	-	4,597
Quoted equities	8	-	1,509,750	1,509,750
		<u>107,852</u>	<u>1,509,750</u>	<u>1,617,602</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		690	-	690
Amount due to Trustee		55	-	55
		<u>745</u>	<u>-</u>	<u>745</u>

The Fund is exposed to a variety of risks which include market risk (price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

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

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

Market risk

(a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund is structured as an index tracking fund that tracks its benchmark index, the MSCI AC Asia ex Japan IM/Equity REITs Custom High Dividend Tilted Capped Index, which comprises of a diversified list of equity securities in its constituents. As such, the Manager believes that the Fund is able to minimise its price risk through the diversification that it has in its portfolio of underlying securities that replicates its benchmark index.

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

	<u>2020</u> RM
Quoted investments	
Quoted equities	1,509,750

The table below summarises the sensitivity of the Fund's profit after taxation and net asset value to movement in prices of its benchmark index. The analysis is based on the assumption that the benchmark index fluctuates by 10%, as at 30 September 2020. If all other variables are held constant, and that the fair value of the investments move in the same quantum with the fluctuation of the Benchmark Index, this would represent the Management's best estimates of a reasonable possible shift in the quoted securities.

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

<u>% Change in benchmark index</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2020</u>		
-10%	1,358,775	(150,975)
0%	1,509,750	-
+10%	1,660,725	150,975

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

Market risk (continued)

(b) Currency risk

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

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

	<u>Quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Dividend receivables</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Euro	78,804	16,076	-	94,880
Hong Kong Dollar	227,267	33,058	3,561	263,886
Korean Won	21,165	-	-	21,165
Singapore Dollar	944,030	18,069	907	963,006
United States Dollar	159,634	32,452	-	192,086
	<u>1,430,900</u>	<u>99,655</u>	<u>4,468</u>	<u>1,535,023</u>

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 10% 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 increase/(decrease) in the net assets attributable to unitholders by approximately 10%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in rate</u> %	<u>Impact on loss after tax/NAV</u> RM
<u>2020</u>		
Euro	+/- 10	9,488
Hong Kong Dollar	+/- 10	26,389
Korean Won	+/- 10	2,116
Singapore Dollar	+/- 10	96,301
United States Dollar	+/- 10	19,209

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of interest, principals and proceeds from realisation of investment. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk. The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Exchange-Traded Funds.

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

	<u>Cash and cash equivalents</u> RM	<u>Dividend receivables</u> RM	<u>Total</u> RM
<u>2020</u>			
Financials			
- AAA	103,255	-	103,255
- NR	-	4,597	4,597
	<u>103,255</u>	<u>4,597</u>	<u>107,852</u>

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of cash to meet anticipated payments for operating expenses and cancellation of units by unitholders.

The Fund's units can be redeemed either in-kind or in cash. For in-kind redemptions, an in-kind redemption basket comprising the authorised securities of the Fund, determined by the Manager on each dealing day will be delivered to the investor. For cash redemptions, a redemption basket of securities is liquidated and a cash sum equivalent to the redemption price multiplied by the number of units redeemed will be delivered to the investors. The Fund maintains a sufficient amount of cash and liquid securities to meet the ongoing operating expenses and liquidity requirements of the Fund.

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.

	Within one month RM	Between one month to one year RM	Total RM
<u>2020</u>			
Amount due to Manager			
- management fee	690	-	690
Amount due to Trustee	55	-	55
	<u>745</u>	<u>-</u>	<u>745</u>

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

3 FAIR VALUE ESTIMATION

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.

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.

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (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>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	<u>1,509,750</u>	<u>-</u>	<u>-</u>	<u>1,509,750</u>

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

(ii) The carrying value of the cash and cash equivalents, dividend receivables and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate up to 3.00% per annum of the NAV of the Fund calculated and accrued daily using the Fund's functional currency.

For the financial period from 9 July 2020 (date of launch) to 30 September 2020, the management fee is recognised at a rate of 0.50% per annum on the NAV of the Fund calculated on a daily basis.

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

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate up to 0.10% per annum (excluding foreign sub-custodian fees and charges) of the NAV of the Fund calculated and accrued daily using the Fund's functional currency.

For the financial period from 9 July 2020 (date of launch) to 30 September 2020, the Trustee fee is recognised at a rate of 0.04% per annum on the NAV of the Fund 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.

6 LICENSE FEE

License fee is payable to MSCI Index, the Benchmark Index provider.

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

6 LICENSE FEE (CONTINUED)

For the financial period from 9 July 2020 (date of launch) to 30 September 2020, the license fee is recognised at minimum of USD11,400 per annum or 0.015% of the average daily asset under management, whichever is higher.

7 TAXATION

Financial
period from
9.7.2020
(date of
launch) to
30.9.2020
RM

Current taxation

-

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

Financial
period from
9.7.2020
(date of
launch) to
30.9.2020
RM

Net loss before taxation

(10,888)

Tax at Malaysian statutory tax rate of 24%

(2,613)

Tax effects of:

Investment loss exempted from tax

(995)

Expenses not deductible for tax purposes

3,173

Restriction on tax deductible expenses for Exchange Traded Fund

435

-

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

2020
RM

Financial asset at fair value through profit or loss:

- quoted equities – local

78,850

- quoted equities – foreign

1,430,900

1,509,750

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

2020
RM

Net loss on financial asset at fair value through profit or loss:

- realised gain on sale of investments	1,009
- unrealised loss on changes in fair value	(18,255)
	(17,246)

(a) Quoted equities – local

(i) Quoted equities – local as at 30 September 2020 is as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>REITs</u>				
Axis Real Estate Invst Trust	6,000	12,314	12,960	0.80
IGB REIT	9,900	17,808	17,919	1.11
Pavilion Real Estate Inv Trust	7,800	12,450	11,856	0.73
Sunway REIT	23,300	37,165	36,115	2.23
Total quoted equities – local	47,000	79,737	78,850	4.87
Accumulated unrealised loss on quoted equities – local		(887)		
Total quoted equities – loss		78,850		

(b) Quoted equities – foreign

(i) Quoted equities – foreign as at 30 September 2020 is as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Financials</u>				
Champion REIT	32,000	71,595	65,900	4.08
Fortune REIT	27,000	99,136	93,686	5.79
Prosperity REIT	25,000	31,850	30,569	1.89
Sunlight REIT	20,000	41,735	37,112	2.30
	104,000	244,316	227,267	14.06

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

(b) Quoted equities – foreign (continued)

(i) Quoted equities – foreign as at 30 September 2020 is as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Korea</u>				
<u>Financials</u>				
LOTTE Reit Co Ltd	351	6,230	6,456	0.40
Mirae Asia Pac Real Est- 1	1,014	13,719	14,709	0.91
	<u>1,365</u>	<u>19,949</u>	<u>21,165</u>	<u>1.31</u>
<u>Singapore</u>				
<u>Financials</u>				
CapitaLand Commercial Trust	19,900	107,045	98,375	6.08
CapitaLand Mall Trust	21,800	135,162	126,941	7.85
Cromwell European REIT	34,100	73,504	78,804	4.87
First REIT	23,900	47,023	31,168	1.93
Frasers Centrepoint Trust	5,300	39,094	38,256	2.37
Frasers Logistics & Comm Trust	22,100	81,402	93,165	5.76
Keppel DC REIT	6,300	52,218	55,600	3.44
Keppel Pacific Oak US REIT	18,300	53,200	54,746	3.39
Lendlease Global Commer REIT	3,200	6,357	6,551	0.41
Manulife US REIT	30,900	94,842	95,008	5.88
Mapletree Commercial Trust	14,500	86,196	85,313	5.28
Mapletree Industrial Trust	9,400	85,208	91,227	5.64
Mapletree Logistics Trust	16,500	102,586	102,084	6.31
Mapletree North Asia Com Trust	50,300	141,597	141,871	8.77
Parkway Life REIT	2,300	24,105	28,809	1.78
Prime US REIT	2,900	9,666	9,880	0.61
Sasseur REIT	11,700	27,641	27,322	1.69
SPH REIT	6,500	17,157	17,348	1.07
	<u>299,900</u>	<u>1,184,003</u>	<u>1,182,468</u>	<u>73.13</u>
Total quoted equities – foreign	<u>405,265</u>	<u>1,448,268</u>	<u>1,430,900</u>	<u>88.50</u>
Accumulated unrealised loss on quoted equities – foreign		<u>(17,368)</u>		
Total quoted equities – foreign		<u>1,430,900</u>		

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units
At the date of launch	-
Creation of units arising from applications	1,850,000
Cancellation of units	(200,000)
At the end of the financial period	<u>1,650,000</u>

10 TRANSACTIONS WITH BROKERS

(i) Details of transactions with brokers for the financial period from 9 July 2020 (date of launch) to 30 September 2020 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Credit Suisse (Hong Kong) Ltd	754,293	31.14	377	15.94
Macquarie Bank Ltd Hong Kong Branch	746,949	30.84	441	18.65
Alliance Bernstein (Singapore) Ltd	370,583	15.30	216	9.13
JP Morgan Securities Plc	254,678	10.51	153	6.47
CLSA Ltd	156,891	6.48	78	3.30
CLSA Securities (Malaysia) Sdn Bhd	61,495	2.54	600	25.37
Macquarie Capital Securities (Malaysia) Sdn Bhd	50,773	2.09	440	18.61
Instinet Pacific Ltd	23,270	0.96	58	2.45
CLSA Securities Korea Ltd	3,341	0.14	2	0.08
	<u>2,422,273</u>	<u>100.00</u>	<u>2,365</u>	<u>100.00</u>

11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

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

	No. of units	2020 RM
<u>The Manager:</u>		
Affin Hwang Asset Management Berhad (The units are held beneficially)	400,000	391,960

12 MANAGEMENT EXPENSE RATIO (“MER”)

	Financial period from 9.7.2020 (date of launch) to 30.9.2020 %
MER	0.66

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Custody fee
D	=	Other expenses excluding sales and service tax on transaction costs and withholding tax
E	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM1,593,534.

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 9.7.2020 (date of launch) to 30.9.2020
PTR (times)	0.76

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 9 JULY 2020 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

PTR is derived from the following calculation:

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

where: total acquisitions for the financial period = RM1,974,634
and total disposals for the financial period = RM446,629

14 SEGMENT INFORMATION

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

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

The reportable operating segments derive their income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within each portfolio. These returns consist of dividends and gains on the appreciation in the value of investments and are derived from quoted equities in Malaysia.

The Fund has a diversified unitholder population. However, as at 30 September 2020, there were 3 unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 28.69%, 12.73% and 12.12%.

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.

15 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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

16 COMPARATIVES

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

TRADEPLUS MSCI ASIA EX JAPAN REITS TRACKER

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, Affin Hwang Asset Management Berhad, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 23 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 September 2020 and of its financial performance, changes in equity and cash flows for the financial period from 9 July 2020 (date of launch) to 30 September 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
16 November 2020

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