

Annual Report for

Asia Pacific Equity Income

31 May 2024



AmInvest

Growing Your Investments in a Changing World

TRUST DIRECTORY

Manager

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Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Arnold Lim Boon Lay
Goh Wee Peng

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

Deutsche Trustees Malaysia Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CONTENTS

- 1** Manager's Report
- 7** Independent Auditors' Report to the Unit holders
- 11** Statement of Financial Position
- 12** Statement of Comprehensive Income
- 13** Statement of Changes in Equity
- 14** Statement of Cash Flows
- 15** Notes to the Financial Statements
- 45** Statement by the Manager
- 46** Trustee's Report
- 47** Directory

MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of Asia Pacific Equity Income ("Fund") for the financial year ended 31 May 2024.

Salient Information of the Fund

| | |
|---|---|
| Name | Asia Pacific Equity Income ("Fund") |
| Category/ Type | Equity / Income and Growth |
| Objective | The Fund seeks to provide income and to a lesser extent long-term capital growth. <i>Any material change to the investment objective of the Fund would require Unit Holder's' approval.</i> |
| Duration | The Fund was established on 18 April 2012 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund. |
| Performance Benchmark | MSCI AC Asia Pacific ex-Japan (Net) Index (Available at www.aminvest.com) <i>Notes: The risk profile of the performance benchmark is not the same as the risk profile of the Fund.</i> <i>Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).</i> |
| Income Distribution Policy | Subject to availability of income, distribution will be paid one a year. |

Fund Performance Data

| | | | | |
|--|---|---------------------|---------------|-------------|
| Portfolio Composition | Details of portfolio composition of the Fund as at 31 May are as follows: | | | |
| | | As at 31 May | | |
| | | 2024 | 2023 | 2022 |
| | | % | % | % |
| | Consumer discretionary | 9.37 | - | - |
| | Consumer staples | 2.45 | - | - |
| | Energy | 4.67 | - | - |
| | Financials | 22.68 | - | - |
| | Health care | 0.83 | - | - |
| | Industrials | 3.56 | - | - |
| | Information technology | 11.44 | - | - |
| | Materials | 5.52 | - | - |
| | Real estate/REITs | 8.87 | - | - |
| | Telecommunication services | 10.39 | - | - |
| | Utilities | 1.73 | - | - |
| Foreign exchange traded funds | 13.20 | - | 97.22 | |
| Money market deposits and cash equivalents | 5.29 | 100.00 | 2.78 | |
| Total | 100.00 | 100.00 | 100.00 | |
| | <i>Note: The abovementioned percentages are calculated based on total net asset value.</i> | | | |
| Performance Details | Performance details of the Fund for the financial years ended 31 May are as follows: | | | |
| | | FYE | FYE | FYE |
| | | 2024 | 2023 | 2022 |
| | Net asset value (RM) | 67,748,050 | 91,611,045 | 173,120,417 |
| | Units in circulation | 76,863,803 | 106,232,320 | 192,679,551 |
| | Net asset value per unit (RM) | 0.8814 | 0.8624 | 0.8985 |
| | Highest net asset value per unit (RM) | 0.9303 | 0.8963 | 1.0763 |
| | Lowest net asset value per unit (RM) | 0.8411 | 0.7388 | 0.8377 |
| | Benchmark performance (%) | 14.49 | -2.90 | -13.91 |
| | Total return (%) ⁽¹⁾ | 2.20 | -2.81 | -13.92 |
| | - Capital growth (%) | 2.20 | -3.97 | -16.24 |
| | - Income distribution (%) | - | 1.16 | 2.32 |
| | Gross distribution (sen per unit) | - | 1.13 | 2.49 |
| | Net distribution (sen per unit) | - | 1.04 | 2.49 |
| | Total expense ratio (%) ⁽²⁾ | 1.72 | 0.67 | 0.41 |
| | Portfolio turnover ratio (times) ⁽³⁾ | 0.65 | 0.63 | 0.15 |
| | | <i>Note:</i> | | |
| | <i>(1) Total return is the actual return of the Fund for the respective financial years computed based on the net asset value per unit and net of all fees.</i> | | | |
| | <i>(2) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis. The TER increased by 1.05% as compared to 0.67% per annum for the financial year ended 31 May 2023 mainly due to increase in expenses.</i> | | | |
| | <i>(3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis. The increase in the PTR for 2024 and 2023 were due mainly to investing activities.</i> | | | |

Average Total Return (as at 31 May 2024)

| | Asia Pacific Equity Income ^(a) % | MSCI AC AP ex-Japan (Net) ^(b) % |
|-------------|---|--|
| One year | 2.20 | 14.49 |
| Three years | -5.09 | -1.45 |
| Five years | 2.12 | 6.92 |
| Ten years | 2.71 | 7.88 |

Annual Total Return

| Financial Years Ended (31 May) | Asia Pacific Equity Income ^(a) % | MSCI AC AP ex-Japan (Net) ^(b) % |
|-----------------------------------|---|--|
| 2024 | 2.20 | 14.49 |
| 2023 | -2.81 | -2.90 |
| 2022 | -13.92 | -13.91 |
| 2021 | 46.00 | 43.30 |
| 2020 | -11.02 | 1.94 |

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.

(b) MSCI AC Asia Pacific ex-Japan (Net) Index ("MSCI AC AP ex-Japan (Net)")
(Available at www.aminvest.com)

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute returns for that period annualised over one year.

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

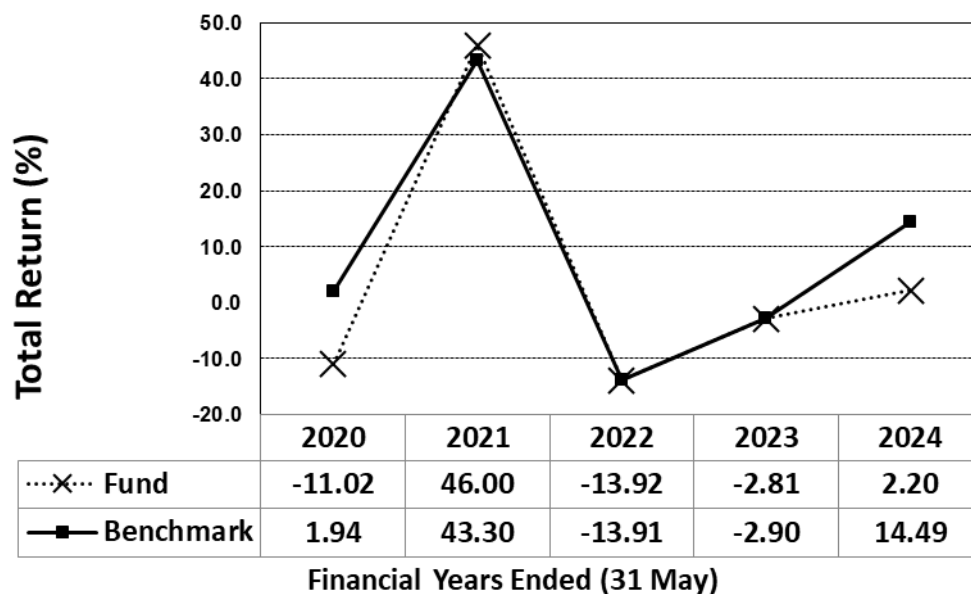
Fund Performance

For the financial year under review, the Fund registered a return of 2.20% which is entirely capital growth in nature.

Thus, the Fund's return of 2.20% has underperformed the benchmark's return of 14.49% by 12.29%.

As compared with the financial year ended 31 May 2023, the net asset value ("NAV") per unit of the Fund increased by 2.20% from RM0.8624 to RM0.8814, while units in circulation decreased by 27.65% from 106,232,320 units to 76,863,803 units.

The following line chart shows comparison between the annual performances of Asia Pacific Equity Income and its benchmark, MSCI AC AP ex-Japan (Net), for financial years ended 31 May.



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

Strategies and Policies Employed

70% to 98% of the Fund's NAV will be invested in a diversified portfolio of equities and equity-related securities (e.g., warrants/rights instruments) of companies that are:

1. domiciled in the Asia Pacific ex-Japan region or operates in the Asia Pacific region; and
2. listed or traded on eligible market.

The Fund will hold a minimum of 2% of its NAV in liquid assets such as deposits and money market instruments. The Manager may opt to invest in the investments directly or via collective investment schemes.

The Fund seeks to invest in companies with higher yielding dividends or has potential to pay higher dividends in the future. The Fund also seeks to invest in companies with good growth potential for long term capital growth. Stock selection is based on bottom-up strategy for portfolio construction with the aim to have a fund that have a stable income.

The Fund is allowed to take temporary defensive position that may be inconsistent with the Fund's principal investment strategy and asset allocation due to adverse market conditions that could impair the Fund's market value. Under such situation, a large proportion of the Fund's assets may temporarily be invested in deposits or money market instruments.

The Fund may utilise derivatives including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes, where appropriate.

Portfolio Structure

The table below is the asset allocation of the Fund as at 31 May 2024 and 31 May 2023.

| | As at 31.05.2024 % | As at 31.05.2023 % | Changes % |
|------------------------|--------------------------|--------------------------|--------------|
| Consumer discretionary | 9.37 | - | 9.37 |
| Consumer staples | 2.45 | - | 2.45 |

| | As at 31.05.2024 % | As at 31.05.2023 % | Changes % |
|--|--------------------------|--------------------------|--------------|
| Energy | 4.67 | - | 4.67 |
| Financials | 22.68 | - | 22.68 |
| Health care | 0.83 | - | 0.83 |
| Industrials | 3.56 | - | 3.56 |
| Information technology | 11.44 | - | 11.44 |
| Materials | 5.52 | - | 5.52 |
| Real estate/REITs | 8.87 | - | 8.87 |
| Telecommunication services | 10.39 | - | 10.39 |
| Utilities | 1.73 | - | 1.73 |
| Foreign exchange traded funds | 13.20 | - | 13.20 |
| Money market deposits and cash equivalents | 5.29 | 100.00 | -94.71 |
| Total | 100.00 | 100.00 | |

As at the end of the financial year under review, the Fund had 94.71% of its NAV invested in equities and equities-related securities, with the balance 5.29% in money market deposits and cash equivalents.

| | |
|---|--|
| Securities Lending / Repurchase Transactions | The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as “securities financing transactions”). |
| Cross Trades | There were no cross trades undertaken during the financial year under review. |
| Distribution/ Unit splits | There is no income distribution and unit split declared for the financial year under review. |
| State of Affairs | The Fund has been restructured from a Feeder Fund to an in-house managed equity Fund as updated in the Tenth (10th) Supplementary Master Prospectus dated 31st August 2023. |
| Rebates and Soft Commission | <p>During the year, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund’s benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 11 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund’s benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p> |

| | |
|-------------------------------|--|
| Market Review | <p>2023 was a mixed bag of performance with sharp gains for tech-centric country stock markets like Taiwan and Korea contrasted by disappointments from the China/Hong Kong and Thailand markets. It started with optimism amid China reopening and less hawkish tone by the United States Federal Reserve on monetary tightening which saw most markets including Hong Kong to record gains for 1Q2023. Thereafter China's economic recovery was slower than expected and suffered more from events like Country Garden property developer missing its interest payments and Zhengrong Trust missed its payments, which caused the overall decline in China/Hong Kong market. From there on, the US Fed's hawkish tone on keeping rates higher for longer has caused MSCI Asia Pac ex-Japan to have volatility bouts such as correction seen in the 3Q2023. Subsequently the US 10-year treasury yields fell, which resulted in a risk-on sentiment amid expectation that the rate hike cycle might have peaked, leading to the market recovery. The pause in rate hikes helped technology sector centric markets like Taiwan and Korea to score higher in market gains towards the end of the year. Year To Date (YTD) May-2024, Asia Pac equities has maintained its uptrend driven by export recovery, rebound in China and the AI-driven technology upturn. However, while inflation has generally trended lower in Asia, it has turned out stickier than expected in the US and hence expectations of the Fed rate cuts this year were tempered and that also means less monetary policy easing room for the central banks in the Asia Pac region.</p> |
| Market Outlook | <p>We are cautiously optimistic on the Asia Pacific equities based on increasingly more aggressive policy support in China, potential US Fed rate cut in 2H2024 and further growth potential in the current recovery of the technology sector. The upcoming Third Plenary session may offer more policy stimulus and longer-term reforms in China. ASEAN markets valuation remains well below the long-term average and will benefit when the US Fed starts cutting interest rate.</p> |
| Additional Information | <p>The following information was updated:</p> <p>The Eleventh Supplementary Master Prospectus dated 1 March 2024 has been registered with the Securities Commission Malaysia. The issuance of the Eleventh Supplementary Master Prospectus is to update the annual management fee of the Fund. Notice of the issuance for the Eleventh Supplementary Master Prospectus dated 1 March 2024 was published on our website at www.aminvest.com and sent to the unit holders on 13 March 2024.</p> |

Kuala Lumpur, Malaysia
AmFunds Management Berhad

19 July 2024

Independent auditors' report to the unit holders of Asia Pacific Equity Income

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Asia Pacific Equity Income (the "Fund"), which comprise the statement of financial position as at 31 May 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2024, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

Independent auditors' report to the unit holders of Asia Pacific Equity Income (cont'd.)

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

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

**Independent auditors' report to the unit holders of
Asia Pacific Equity Income (cont'd.)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

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

**Independent auditors' report to the unit holders of
Asia Pacific Equity Income (cont'd.)**

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760 - LCA) & AF 0039
Chartered Accountants

Ng Sue Ean
No. 03276/07/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
19 July 2024

Asia Pacific Equity Income

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2024

| | Note | 2024 RM | 2023 RM |
|--|----------|-------------------|--------------------|
| ASSETS | | | |
| Investments | 4 | 64,170,580 | - |
| Dividend receivables | | 149,696 | - |
| Capital repayment receivables | 5 | 9,338 | - |
| Deposits with licensed financial institutions | 6 | 1,579,136 | 92,950,356 |
| Cash at banks | | 2,069,640 | 12,187 |
| TOTAL ASSETS | | <u>67,978,390</u> | <u>92,962,543</u> |
| LIABILITIES | | | |
| Amount due to Manager | 7 | 128,524 | 1,297,447 |
| Amount due to Trustee | 8 | 3,602 | 4,805 |
| Tax payable | | 58,934 | 8,991 |
| Sundry payables and accruals | | 39,280 | 40,255 |
| TOTAL LIABILITIES | | <u>230,340</u> | <u>1,351,498</u> |
| NET ASSET VALUE (“NAV”) OF THE FUND | | <u>67,748,050</u> | <u>91,611,045</u> |
| EQUITY | | | |
| Unit holders’ capital | 10(a) | (59,709,858) | (34,178,061) |
| Retained earnings | 10(b)(c) | 127,457,908 | 125,789,106 |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | 10 | <u>67,748,050</u> | <u>91,611,045</u> |
| UNITS IN CIRCULATION | 10(a) | <u>76,863,803</u> | <u>106,232,320</u> |
| NAV PER UNIT (RM) | | <u>0.8814</u> | <u>0.8624</u> |

The accompanying notes form an integral part of the financial statements.

Asia Pacific Equity Income

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

| | Note | 2024 RM | 2023 RM |
|--|------|--------------------|--------------------|
| INVESTMENT (INCOME)/LOSS | | | |
| Dividend/Distribution income | | 1,187,414 | 4,106,519 |
| Interest income | | 1,010,268 | 720,351 |
| Net gain/(loss) from investments: | | | |
| – Financial assets at fair value through profit or loss (“FVTPL”) | 9 | 2,776,964 | (6,816,267) |
| Other net realised losses on foreign currency exchange | | (1,378,548) | (1,056,254) |
| Other net unrealised loss on foreign currency exchange | | (220) | - |
| | | <u>3,595,878</u> | <u>(3,045,651)</u> |
| EXPENDITURE | | | |
| Manager’s fee | 7 | (1,243,191) | (845,185) |
| Trustee’s fee | 8 | (47,094) | (84,599) |
| Audit fee | | (9,000) | (9,000) |
| Tax agent’s fee | | (17,600) | (3,800) |
| Custodian’s fee | | (23,461) | (50) |
| Brokerage and other transaction fees | | (373,563) | - |
| Other expenses | | (9,694) | (8,061) |
| | | <u>(1,723,603)</u> | <u>(950,695)</u> |
| Net income/(loss) before taxation | | 1,872,275 | (3,996,346) |
| Taxation | 12 | (203,473) | (620,738) |
| Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial year | | <u>1,668,802</u> | <u>(4,617,084)</u> |
| Total comprehensive income/(loss) comprises the following: | | | |
| Realised income/(loss) | | 1,207,604 | (1,143,680) |
| Unrealised gain/(loss) | | 461,198 | (3,473,404) |
| | | <u>1,668,802</u> | <u>(4,617,084)</u> |
| Distributions for the financial year | | | |
| Net distributions | 13 | - | 1,961,964 |
| Gross distributions per unit (sen) | 13 | - | 1.13 |
| Net distributions per unit (sen) | 13 | - | 1.04 |

The accompanying notes form an integral part of the financial statements.

Asia Pacific Equity Income

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

| | Note | Unit holders' capital RM | Retained earnings RM | Total equity RM |
|--|-------|--------------------------------|----------------------------|-----------------------|
| At 1 June 2023 | | (34,178,061) | 125,789,106 | 91,611,045 |
| Total comprehensive income for the financial year | | - | 1,668,802 | 1,668,802 |
| Creation of units | 10(a) | 14,901 | - | 14,901 |
| Cancellation of units | 10(a) | (25,546,698) | - | (25,546,698) |
| Balance at 31 May 2024 | | <u>(59,709,858)</u> | <u>127,457,908</u> | <u>67,748,050</u> |
| At 1 June 2022 | | 40,752,263 | 132,368,154 | 173,120,417 |
| Total comprehensive loss for the financial year | | - | (4,617,084) | (4,617,084) |
| Creation of units | 10(a) | 10,492,468 | - | 10,492,468 |
| Reinvestment of distributions | 10(a) | 1,924,846 | - | 1,924,846 |
| Cancellation of units | 10(a) | (87,347,638) | - | (87,347,638) |
| Distributions | 13 | - | (1,961,964) | (1,961,964) |
| Balance at 31 May 2023 | | <u>(34,178,061)</u> | <u>125,789,106</u> | <u>91,611,045</u> |

The accompanying notes form an integral part of the financial statements.

Asia Pacific Equity Income

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

| | Note | 2024 RM | 2023 RM |
|---|------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments | | 18,978,116 | 168,979,163 |
| Purchases of investments | | (81,783,813) | (8,542,682) |
| Capital repayments received | | 24,144 | - |
| Dividend/Distribution received | | 979,113 | 4,106,519 |
| Interest received | | 1,010,268 | 720,351 |
| Manager's fee paid | | (1,304,662) | (736,710) |
| Trustee's fee paid | | (48,297) | (88,667) |
| Tax agent's fee paid | | (18,293) | (3,800) |
| Custodian's fee paid | | (23,461) | (50) |
| Tax paid | | (95,094) | (627,747) |
| Payments for other expenses | | (392,539) | (18,868) |
| Net cash (used in)/generated from operating and investing activities | | <u>(62,674,518)</u> | <u>163,787,509</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from creation of units | | 14,901 | 10,492,468 |
| Payments for cancellation of units | | (26,654,150) | (86,213,327) |
| Distributions paid | | - | (62,522) |
| Net cash used in financing activities | | <u>(26,639,249)</u> | <u>(75,783,381)</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (89,313,767) | 88,004,128 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | <u>92,962,543</u> | <u>4,958,415</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | | <u>3,648,776</u> | <u>92,962,543</u> |
| Cash and cash equivalents comprise: | | | |
| Deposits with licensed financial institutions | 6 | 1,579,136 | 92,950,356 |
| Cash at banks | | <u>2,069,640</u> | <u>12,187</u> |
| | | <u>3,648,776</u> | <u>92,962,543</u> |

The accompanying notes form an integral part of the financial statements.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

1. GENERAL INFORMATION

Asia Pacific Equity Income (the “Fund”) was established pursuant to a Deed dated 25 May 2011 as amended by Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, Deutsche Trustees Malaysia Berhad as the Trustee and all unit holders. By a Supplemental Deed dated 23 October 2015, the Fund has changed its name from AmAsia Pacific Equity Income to Asia Pacific Equity Income.

The Fund has changed its objective pursuant to the 5th Supplemental Deed dated 20 April 2023. The Fund seeks to provide income and to a lesser extent long term capital growth. As provided in the Deeds, the financial year shall end on 31 May and the units in the Fund were first offered for sale on 18 April 2012.

The financial statements were authorised for issue by the Manager on 19 July 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards (“MFRS”) as issued by the Malaysian Accounting Standards Board (“MASB”) and International Financial Reporting Standards (“IFRS”).

Standards effective during the financial year

The adoption of the following MFRS and amendments to MFRS which became effective during the financial year did not have any material financial impact to the financial statements.

| Description | Effective for financial periods beginning on or after |
|---|--|
| MFRS 17 <i>Insurance Contracts</i> and Amendments to MFRS 17* | 1 January 2023 |
| Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contracts</i>)* | 1 January 2023 |
| Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Income Taxes: International Tax Reform - Pillar Two Model Rules</i> | 1 January 2023 |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

Standards issued but not yet effective

The new and amended standards that have been issued but not yet effective up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective.

| Description | Effective for financial periods beginning on or after |
|--|---|
| Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures: Amendments to the Classifications and Measurement of Financial Instruments</i> | 1 January 2026 |
| MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures*</i> | 1 January 2027 |
| MFRS 18 <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i> | Deferred |

* These MFRS and Amendments to MFRSs are not relevant to the Fund.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) Dividend/Distribution income

Dividend/Distribution income is recognised when the Fund's right to receive payment is established.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.1 Income recognition (cont'd.)

- (iii) Gain or loss on disposal of investments

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in profit or loss.

3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia ("RM") which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted RM as its presentation currency.

3.4 Foreign currency transactions

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in profit or loss.

3.5 Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents are short-term, highly liquid investments that is readily convertible to cash with insignificant risk of changes in value.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.6 Distribution

Distribution is at the discretion of the Manager. A distribution to the Fund's unit holders is accounted for as a deduction from retained earnings and realised income. Realised income is the income earned from dividend/distribution income, interest income and net gain on disposal of investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

3.7 Unit holders' capital

The unit holders' capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under MFRS 132 *Financial Instruments: Presentation* ("MFRS 132").

3.8 Financial assets – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial assets. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) "Day 1" profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.9 Financial assets under MFRS 9

Classification and measurement

The classification of financial assets depends on the Fund's business model of managing the financial assets in order to generate cash flows ("business model test") and the contractual cash flow characteristics of the financial instruments ("SPPI test"). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

The Fund may classify its financial assets under the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial institutions, cash at banks, amount due from Target fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

Financial assets at FVOCI

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if its business model is both to hold the asset to collect contractual cash flows and to sell the financial assets. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.9 Financial assets under MFRS 9 (cont'd.)

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories: (cont'd.)

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at FVTPL". Dividend/Distribution revenue and interest earned elements of such instruments are recorded separately in "Dividend/Distribution income" and "Interest income" respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gain or net loss on changes in fair value of financial assets at FVTPL.

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Fund is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

The Fund subsequently measures its investment in equity investments and collective investment schemes ("CIS") at FVTPL. Dividend/Distribution earned whilst holding the investments are recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investments, realised and unrealised, are included in profit or loss.

3.10 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial assets to the unit holders. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.11 Derecognition of financial instruments

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the asset, or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For investments classified as FVOCI - debt instruments, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(ii) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses are recognised in profit or loss when the liabilities are recognised, and through the amortisation process.

(iii) Capital repayment received

Capital repayment received is cash received by the Fund as a result of capital reduction, a corporate action executed by a REIT entities in which the Fund is holding units of shares as its investments. A capital reduction is made out of an entity's contributed share capital. The shareholders will receive a return of capital and the cost of the shareholder's investments are reduced accordingly by the amount of capital returned.

3.12 Financial instruments – expected credit losses (“ECL”)

The Fund assesses the ECL associated with its financial assets at amortised cost using simplified approach. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.13 Determination of fair value

For investments in local quoted equity securities and CIS, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. For investments in foreign listed securities, which are quoted in the respective stock exchanges, fair value will be determined based on the published market price quoted by the respective exchanges at the end of each business day. For the investments in unquoted CIS, fair value is determined based on the closing NAV per unit of the CIS. Purchased cost is the quoted price that the Fund paid when buying its investments. The difference between the purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.14 Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3.15 Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investment as financial assets at FVTPL as the Fund may sell its investment in the short-term for profit-taking or to meet unit holders' cancellation of units.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

4. INVESTMENTS

| | 2024 RM | 2023 RM |
|------------------------------------|-------------------|------------|
| Financial asset at FVTPL | | |
| Quoted CIS - foreign | 5,006,440 | - |
| Quoted equity securities - local | 6,327,160 | - |
| Quoted equity securities - foreign | 43,895,648 | - |
| Exchange traded funds - foreign | 8,941,332 | - |
| | <u>64,170,580</u> | <u>-</u> |

Details of investments as at 31 May 2024 are as follows:

| Name of trust | Number of units | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|--|--------------------|---------------------|-------------------------|---|
| Quoted CIS - foreign | | | | |
| REITs | | | | |
| Hong Kong | | | | |
| Link Real Estate Investment Trust | 62,000 | 1,224,396 | 1,436,131 | 1.81 |
| Total in Hong Kong | <u>62,000</u> | <u>1,224,396</u> | <u>1,436,131</u> | <u>1.81</u> |
| Singapore | | | | |
| CapitaLand Ascendas REIT | 168,000 | 1,525,954 | 1,555,803 | 2.25 |
| Mapletree Logistics Trust | 203,070 | 939,916 | 1,105,720 | 1.39 |
| Mapletree Pan Asia Commercial Trust | 310,000 | 1,316,174 | 1,492,191 | 1.94 |
| Total in Singapore | <u>681,070</u> | <u>3,782,044</u> | <u>4,153,714</u> | <u>5.58</u> |
| Total quoted CIS - foreign | <u>743,070</u> | <u>5,006,440</u> | <u>5,589,845</u> | <u>7.39</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 May 2024 are as follows: (cont'd.)

| Name of company | Number of shares | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|---|------------------|------------------|-------------------|-------------------------------------|
| Quoted equity securities - local | | | | |
| Consumer staples | | | | |
| Kuala Lumpur Kepong Berhad | 38,000 | 792,680 | 817,000 | 1.17 |
| Financials | | | | |
| CIMB Group Holdings Berhad | 150,000 | 1,026,000 | 811,800 | 1.52 |
| Hong Leong Bank Berhad | 88,000 | 1,694,880 | 1,712,383 | 2.50 |
| Public Bank Berhad | 400,000 | 1,640,000 | 1,625,520 | 2.42 |
| | 638,000 | 4,360,880 | 4,149,703 | 6.44 |
| Utilities | | | | |
| Tenaga Nasional Berhad | 90,000 | 1,173,600 | 890,847 | 1.73 |
| Total quoted equities securities - local | 766,000 | 6,327,160 | 5,857,550 | 9.34 |
| Quoted equity securities - foreign | | | | |
| Australia | | | | |
| Energy | | | | |
| Woodside Energy Group Ltd. | 7,000 | 606,461 | 728,985 | 0.90 |
| Financials | | | | |
| Commonwealth Bank of Australia | 4,800 | 1,794,649 | 1,438,856 | 2.65 |
| Westpac Banking Corporation | 12,800 | 1,040,098 | 806,125 | 1.54 |
| | 17,600 | 2,834,747 | 2,244,981 | 4.19 |
| Materials | | | | |
| BHP Group Limited | 12,800 | 1,781,938 | 1,713,463 | 2.63 |
| Orica Limited | 18,000 | 1,031,391 | 815,815 | 1.52 |
| Rio Tinto Limited | 2,300 | 927,701 | 774,012 | 1.37 |
| | 33,100 | 3,741,030 | 3,303,290 | 5.52 |
| Total in Australia | 57,700 | 7,182,238 | 6,277,256 | 10.61 |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 May 2024 are as follows: (cont'd.)

| Name of company | Number of shares | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|---|---------------------|---------------------|-------------------------|---|
| Quoted equity securities - foreign (cont'd.) | | | | |
| Hong Kong | | | | |
| Consumer discretionary | | | | |
| Alibaba Group Holding Limited | 48,000 | 2,164,610 | 2,406,371 | 3.20 |
| Galaxy Entertainment Group Limited | 28,000 | 632,187 | 776,183 | 0.93 |
| Geely Automobile Holdings Limited | 200,000 | 1,140,346 | 1,069,874 | 1.68 |
| Trip.Com Group Limited | 3,500 | 825,215 | 566,130 | 1.22 |
| Yum China Holdings, Inc. | 4,100 | 668,481 | 809,936 | 0.99 |
| | <u>283,600</u> | <u>5,430,839</u> | <u>5,628,494</u> | <u>8.02</u> |
| Consumer staples | | | | |
| China Resources Beer (Holdings) Company Limited | <u>46,000</u> | <u>868,264</u> | <u>1,131,649</u> | <u>1.28</u> |
| Energy | | | | |
| China Petroleum & Chemical Corporation | <u>580,000</u> | <u>1,732,073</u> | <u>1,402,321</u> | <u>2.55</u> |
| Financials | | | | |
| AIA Group Limited | 34,000 | 1,237,462 | 1,269,497 | 1.83 |
| China Merchants Bank Co., Ltd. | 41,000 | 859,052 | 769,493 | 1.27 |
| Hang Seng Bank Limited | 14,000 | 915,407 | 789,954 | 1.35 |
| Hong Kong Exchanges and Clearing Limited | 8,500 | 1,344,934 | 1,465,710 | 1.98 |
| | <u>97,500</u> | <u>4,356,855</u> | <u>4,294,654</u> | <u>6.43</u> |
| Health care | | | | |
| WuXi AppTec Co., Ltd. | 17,000 | 348,516 | 955,377 | 0.51 |
| WuXi Biologics (Cayman) Inc. | 32,000 | 214,631 | 849,919 | 0.32 |
| | <u>49,000</u> | <u>563,147</u> | <u>1,805,296</u> | <u>0.83</u> |
| Industrials | | | | |
| China Railway Group Limited | <u>318,000</u> | <u>804,142</u> | <u>749,118</u> | <u>1.19</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 May 2024 are as follows: (cont'd.)

| Name of company | Number of shares | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|---|------------------|-------------------|-------------------|-------------------------------------|
| Quoted equity securities - foreign (cont'd.) | | | | |
| Hong Kong (cont'd.) | | | | |
| Information technology | | | | |
| Sunny Optical Technology (Group) Company Limited | 31,400 | 811,987 | 1,219,409 | 1.20 |
| Xiaomi Corporation | 118,000 | 1,241,881 | 855,671 | 1.83 |
| | <u>149,400</u> | <u>2,053,868</u> | <u>2,075,080</u> | <u>3.03</u> |
| Real Estate | | | | |
| CK Asset Holdings Limited | 17,000 | 315,763 | 382,878 | 0.47 |
| New World Development Company Limited | 60,000 | 305,617 | 376,790 | 0.45 |
| | <u>77,000</u> | <u>621,380</u> | <u>759,668</u> | <u>0.92</u> |
| Telecommunication services | | | | |
| Baidu, Inc. | 20,000 | 1,125,896 | 1,569,073 | 1.66 |
| Kuaishou Technology | 22,000 | 734,481 | 816,313 | 1.09 |
| Netease, Inc. | 8,600 | 712,481 | 800,031 | 1.05 |
| Tencent Holdings Limited | 16,800 | 3,639,376 | 3,032,420 | 5.37 |
| | <u>67,400</u> | <u>6,212,234</u> | <u>6,217,837</u> | <u>9.17</u> |
| Total in Hong Kong | <u>1,667,900</u> | <u>22,642,802</u> | <u>24,064,117</u> | <u>33.42</u> |
| Indonesia | | | | |
| Financials | | | | |
| PT Bank Mandiri (Persero) TBK | 1,008,000 | 1,721,119 | 1,850,952 | 2.54 |
| PT Bank Rakyat Indonesia (Persero) TBK | 810,000 | 1,017,357 | 1,201,092 | 1.50 |
| | <u>1,818,000</u> | <u>2,738,476</u> | <u>3,052,044</u> | <u>4.04</u> |
| Industrials | | | | |
| PT Astra International Tbk | 450,000 | 558,687 | 862,672 | 0.82 |
| Total in Indonesia | <u>2,268,000</u> | <u>3,297,163</u> | <u>3,914,716</u> | <u>4.86</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 May 2024 are as follows: (cont'd.)

| Name of company | Number of shares | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|---|------------------|------------------|-------------------|-------------------------------------|
| Quoted equity securities - foreign (cont'd.) | | | | |
| Singapore | | | | |
| Consumer discretionary | | | | |
| Genting Singapore Limited | 290,000 | 918,398 | 849,297 | 1.35 |
| Financials | | | | |
| United Overseas Bank Limited | 10,000 | 1,071,523 | 968,261 | 1.58 |
| Industrials | | | | |
| Seatrium Limited | 171,500 | 1,050,433 | 1,188,043 | 1.55 |
| Real Estate | | | | |
| Hongkong Land Holdings Limited | 24,000 | 382,718 | 377,547 | 0.56 |
| Total in Singapore | 495,500 | 3,423,072 | 3,383,148 | 5.04 |
| South Korea | | | | |
| Information technology | | | | |
| Samsung Electronics Co., Ltd | 13,300 | 3,319,271 | 3,102,183 | 4.90 |
| Total in South Korea | 13,300 | 3,319,271 | 3,102,183 | 4.90 |
| Taiwan | | | | |
| Information technology | | | | |
| Alchip Technologies, Limited | 2,000 | 830,388 | 1,003,455 | 1.23 |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 13,000 | 1,544,031 | 1,140,240 | 2.28 |
| | 15,000 | 2,374,419 | 2,143,695 | 3.51 |
| Total in Taiwan | 15,000 | 2,374,419 | 2,143,695 | 3.51 |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 31 May 2024 are as follows: (cont'd.)

| Name of company/ fund | Number of shares/ units | Fair value RM | Purchased cost RM | Fair value as a percentage of NAV % |
|---|-------------------------------|---------------------|-------------------------|---|
| Quoted equity securities - foreign (cont'd.) | | | | |
| Thailand | | | | |
| Energy | | | | |
| PTT Exploration and Production Public Company Limited | 42,000 | 826,552 | 910,280 | 1.22 |
| Telecommunication services | | | | |
| Advanced Info Service Public Company Limited | 32,000 | 830,131 | 933,658 | 1.22 |
| Total in Thailand | 74,000 | 1,656,683 | 1,843,938 | 2.44 |
| Total quoted equities securities - foreign | 4,591,400 | 43,895,648 | 44,729,053 | 64.78 |
| Exchange traded funds - foreign | | | | |
| Hong Kong | | | | |
| db x-trackers MSCI Taiwan Index ETF (DR) | 5,800 | 1,674,104 | 1,306,162 | 2.47 |
| iShares Core MSCI Taiwan ETF (HKD) | 16,700 | 2,029,057 | 1,626,953 | 3.00 |
| iShares Core MSCI Taiwan ETF (USD) | 13,000 | 1,575,276 | 1,264,471 | 2.33 |
| iShares Core S&P BSE Sensex India ETF (USD) | 78,000 | 1,845,567 | 1,672,589 | 2.72 |
| iShares Core S&P BSE Sensex India ETF (HKD) | 77,000 | 1,817,328 | 1,662,539 | 2.68 |
| Total in Hong Kong | 190,500 | 8,941,332 | 7,532,714 | 13.20 |
| Total exchange traded funds - foreign | 190,500 | 8,941,332 | 7,532,714 | 13.20 |
| Total financial assets at FVTPL | 6,290,970 | 64,170,580 | 63,709,162 | 94.71 |
| Excess of fair value over purchased cost | | 461,418 | | |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

5. CAPITAL REPAYMENT RECEIVABLES

The amount relates to the capital repayment as the result of corporate action from the Fund's investments in securities.

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

| | 2024 RM | 2023 RM |
|---------------------|------------------|-------------------|
| At nominal value: | | |
| Short-term deposits | <u>1,579,000</u> | <u>92,943,000</u> |
| At carrying value: | | |
| Short-term deposits | <u>1,579,136</u> | <u>92,950,356</u> |

Details of deposit with licensed financial institution are as follows:

| Maturity date | Financial institution | Nominal value RM | Carrying value RM | Carrying value as a percentage of NAV % |
|---------------------------|------------------------|---------------------|----------------------|--|
| 2024 | | | | |
| Short-term deposit | | | | |
| 04.06.2024 | Malayan Banking Berhad | <u>1,579,000</u> | <u>1,579,136</u> | <u>2.33</u> |

The weighted average effective interest rate and weighted average remaining maturities are as follows:

| | Weighted average effective interest rate | | Weighted average remaining maturities | |
|---------------------|--|-------------|---------------------------------------|-------------|
| | 2024 % | 2023 % | 2024 Days | 2023 Day |
| Short-term deposits | <u>3.15</u> | <u>2.89</u> | <u>4</u> | <u>1</u> |

7. AMOUNT DUE TO MANAGER

| | Note | 2024 RM | 2023 RM |
|-----------------------|------|----------------|------------------|
| Due to Manager | | | |
| Cancellation of units | (i) | 26,859 | 1,134,311 |
| Manager's fee payable | (ii) | <u>101,665</u> | <u>163,136</u> |
| | | <u>128,524</u> | <u>1,297,447</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

7. AMOUNT DUE TO MANAGER (CONT'D.)

- (i) This represents amount payable to the Manager for units cancelled.

The normal credit period in the previous and current financial years for cancellation of units is three business days.

- (ii) Manager's fee is charged at a rate of 1.80% from 01.06.2023 to 30.08.2023 and 1.50% effective 31.08.2023 (2023: 1.80%) per annum on the NAV of the Fund, calculated on daily basis.

The normal credit period in the previous and current financial years for Manager's fee payable is one month.

8. AMOUNT DUE TO TRUSTEE

Trustee's fee is at a rate of 0.06% (2023: 0.06%) per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM10,000 per annum.

The normal credit period in the previous and current financial years for Trustee's fee payable is one month.

9. NET GAIN/(LOSS) FROM INVESTMENTS

| | 2024 RM | 2023 RM |
|---|------------------|--------------------|
| Net gain/(loss) on financial assets at FVTPL comprised: | | |
| – Net realised gain/(loss) on sale of investments | 2,176,360 | (30,837,269) |
| – Net realised gains on foreign currency exchange | 139,186 | 27,494,406 |
| – Net unrealised gains on changes in fair value of investments | 445,025 | 17,016,354 |
| – Net unrealised gain/(loss) on foreign currency fluctuation of investments denominated in foreign currency | 16,393 | (20,489,758) |
| | <u>2,776,964</u> | <u>(6,816,267)</u> |

10. TOTAL EQUITY

Total equity is represented by:

| | Note | 2024 RM | 2023 RM |
|-----------------------|------|-------------------|-------------------|
| Unit holders' capital | (a) | (59,709,858) | (34,178,061) |
| Retained earnings | | | |
| – Realised income | (b) | 126,996,710 | 125,789,106 |
| – Unrealised gain | (c) | 461,198 | - |
| | | <u>67,748,050</u> | <u>91,611,045</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

10. TOTAL EQUITY (CONT'D.)

(a) Unit holders' capital/units in circulation

| | 2024 | | 2023 | |
|--|---------------------|---------------------|----------------------|---------------------|
| | Number of units | RM | Number of units | RM |
| At beginning of the financial year | 106,232,320 | (34,178,061) | 192,679,551 | 40,752,263 |
| Creation during the financial year | 16,764 | 14,901 | 13,005,955 | 10,492,468 |
| Reinvestment of distributions | - | - | 2,317,907 | 1,924,846 |
| Cancellation during the financial year | <u>(29,385,281)</u> | <u>(25,546,698)</u> | <u>(101,771,093)</u> | <u>(87,347,638)</u> |
| At end of the financial year | <u>76,863,803</u> | <u>(59,709,858)</u> | <u>106,232,320</u> | <u>(34,178,061)</u> |

The negative balance of unit holders' capital was due to the cancellation of units at a higher NAV per unit following the price appreciation of the Fund as compared to the units being created at a lower NAV per unit in prior years.

(b) Realised – distributable

| | 2024 RM | 2023 RM |
|---|--------------------|--------------------|
| At beginning of the financial year | 125,789,106 | 128,894,750 |
| Net realised income/(loss) for the financial year | 1,207,604 | (1,143,680) |
| Distributions out of realised income (Note 13) | - | (1,961,964) |
| At end of the financial year | <u>126,996,710</u> | <u>125,789,106</u> |

(c) Unrealised – non-distributable

| | 2024 RM | 2023 RM |
|---|----------------|-------------|
| At beginning of the financial year | - | 3,473,404 |
| Net unrealised gain/(loss) for the financial year | 461,198 | (3,473,404) |
| At end of the financial year | <u>461,198</u> | <u>-</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

11. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

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

| <u>Related parties</u> | <u>Relationships</u> |
|---|--|
| AmFunds Management Berhad | The Manager |
| AmInvestment Bank Berhad | Holdings company of the Manager |
| AMMB Holdings Berhad (“AMMB”) | Ultimate holding company of the Manager |
| Subsidiaries and associates of AMMB as disclosed in its financial statements | Subsidiaries and associate companies of the ultimate holding company of the Manager |

There are no units held by the Manager or any other related party as at 31 May 2024 and 31 May 2023.

Other than those disclosed elsewhere in the financial statements, the significant related party balances as at the reporting date are as follows:

| | 2024 | 2023 |
|---|-------------|-------------|
| | RM | RM |
| Significant related party balances | | |
| <u>AmBank (M) Berhad</u> | | |
| Cash at banks | 1,618 | 1,640 |

12. TAXATION

| | 2024 | 2023 |
|--|----------------|----------------|
| | RM | RM |
| Local tax | | |
| - current year | 167,528 | 618,482 |
| - (over)/under provision in prior year | (22,491) | 2,256 |
| Foreign tax | 58,436 | - |
| | <u>203,473</u> | <u>620,738</u> |

Income tax payable is calculated on investment income less deduction for permitted expenses as provided under Section 63B of the Income Tax Act, 1967.

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempted from tax. Foreign-sourced income (“FSI”) received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

12. TAXATION (CONT'D.)

The taxation charged for the financial year is related to withholding tax derived from countries including Australia, Hong Kong, Indonesia, Singapore, South Korea, Taiwan and Thailand calculated at the rates prevailing in these countries.

A reconciliation of income tax expense applicable to net income/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

| | 2024 | 2023 |
|--|------------------|--------------------|
| | RM | RM |
| Net income/(loss) before taxation | <u>1,872,275</u> | <u>(3,996,346)</u> |
| Taxation at Malaysian statutory rate of 24% (2023: 24%) | 449,346 | (959,123) |
| Tax effects of: | | |
| Income not subject to tax | (1,208,287) | (11,222,549) |
| Losses not allowed for tax deduction | 601,293 | 12,571,987 |
| Restriction on tax deductible expenses for unit trust fund | 270,473 | 184,504 |
| Non-permitted expenses for tax purposes | 113,139 | 23,162 |
| Permitted expenses not used and not available for future financial years | - | 20,501 |
| (Over)/under provision in prior year | <u>(22,491)</u> | <u>2,256</u> |
| Tax expense for the financial years | <u>203,473</u> | <u>620,738</u> |

13. DISTRIBUTIONS

No distribution has been declared to unit holders during the current financial year.

Details of distributions to unit holders for the previous financial year is as follows:

| | 2023 |
|------------------------------------|-------------|
| | RM |
| Gross distributions per unit (sen) | <u>1.13</u> |
| Net distributions per unit (sen) | <u>1.04</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

13. DISTRIBUTIONS (CONT'D.)

Details of distributions to unit holders for the previous financial year are as follows: (cont'd.)

Financial year ended 31 May 2023

| Distributions Ex-date | Gross distributions per unit RM (sen) | Net distributions per unit RM (sen) | Total distributions RM |
|--|--|--|------------------------------|
| 24 August 2022 | 0.66 | 0.64 | 1,211,226 |
| 24 November 2022 | 0.47 | 0.40 | 750,738 |
| | <u>1.13</u> | <u>1.04</u> | <u>1,961,964</u> |
| | | 2024 | 2023 |
| | | RM | RM |
| Total amount available for distributions | | <u>126,996,710</u> | <u>125,789,106</u> |

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

The distribution declared for the financial year ended 31 May 2023 was proposed before taking into account the net unrealised loss of RM3,473,404 arising during the financial year which was carried forward to the current financial year.

14. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

| | 2024 % p.a. | 2023 % p.a. |
|-----------------------|----------------|----------------|
| Manager’s fee | 1.59 | 0.60 |
| Trustee’s fee | 0.06 | 0.06 |
| Fund’s other expenses | 0.07 | 0.01 |
| Total TER | <u>1.72</u> | <u>0.67</u> |

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

15. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.65 times (2023: 0.63 times).

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

16. SEGMENTAL REPORTING

The Manager and Investment Committee of the Fund are responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by three segments:

- A portfolio of equity instruments;
- A portfolio of CIS; and
- A portfolio of fixed income instruments, including deposits with licensed financial institutions.

The investment objective of each segment is to achieve consistent returns from the investments in each segment while safeguarding capital by investing in diversified portfolios. There have been no changes in reportable segments in the current financial year.

| | Equity portfolio RM | CIS portfolio RM | Fixed income portfolio RM | Total RM |
|---|---------------------------|------------------------|------------------------------------|--------------------|
| 2024 | | | | |
| Dividend/Distribution income | 956,843 | 230,571 | - | 1,187,414 |
| Interest income | - | - | 1,010,268 | 1,010,268 |
| Net gain from investments: | | | | |
| - Financial assets at FVTPL | 1,475,869 | 1,301,095 | - | 2,776,964 |
| Other net realised (loss)/gain on foreign currency exchange | (1,379,273) | 725 | - | (1,378,548) |
| Other net unrealised losses on foreign currency exchange | (24) | (196) | - | (220) |
| Total segment investment income for the financial year | <u>1,053,415</u> | <u>1,532,195</u> | <u>1,010,268</u> | <u>3,595,878</u> |
| 2023 | | | | |
| Dividend/Distribution income | - | 4,106,519 | - | 4,106,519 |
| Interest income | - | - | 720,351 | 720,351 |
| Net loss from investments: | | | | |
| - Financial assets at FVTPL | - | (6,816,267) | - | (6,816,267) |
| Other net realised loss on foreign currency exchange | - | (1,056,254) | - | (1,056,254) |
| Total segment investment (loss)/income for the financial year | <u>-</u> | <u>(3,766,002)</u> | <u>720,351</u> | <u>(3,045,651)</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

16. SEGMENTAL REPORTING (CONT'D.)

| | Equity portfolio RM | CIS portfolio RM | Fixed income portfolio RM | Total RM |
|---|---------------------------|------------------------|------------------------------------|-------------------|
| 2024 | | | | |
| Financial assets at FVTPL | 50,222,808 | 13,947,772 | - | 64,170,580 |
| Dividend receivables | 121,803 | 27,893 | - | 149,696 |
| Capital repayment receivables | - | 9,338 | - | 9,338 |
| Deposit with licensed financial institution | - | - | 1,579,136 | 1,579,136 |
| Total segment assets | <u>50,344,611</u> | <u>13,985,003</u> | <u>1,579,136</u> | <u>65,908,750</u> |
| 2023 | | | | |
| Deposits with licensed financial institutions | - | - | 92,950,356 | 92,950,356 |
| Total segment asset | <u>-</u> | <u>-</u> | <u>92,950,356</u> | <u>92,950,356</u> |

Expenses of the Fund are not considered part of the performance of any investment segment. The following table provides reconciliation between the net reportable segment income/(loss) and net income/(loss) after taxation:

| | 2024 RM | 2023 RM |
|---|------------------|--------------------|
| Net reportable segment investment income/(loss) | 3,595,878 | (3,045,651) |
| Less: Expenses | (1,723,603) | (950,695) |
| Net income/(loss) before taxation | <u>1,872,275</u> | <u>(3,996,346)</u> |
| Taxation | (203,473) | (620,738) |
| Net income/(loss) after taxation | <u>1,668,802</u> | <u>(4,617,084)</u> |

In addition, certain assets and liabilities are not considered to be part of the net assets or liabilities of an individual segment. The following table provides reconciliation between the net reportable segment assets and liabilities and total assets and liabilities of the Fund.

| | 2024 RM | 2023 RM |
|-------------------------------|-------------------|-------------------|
| Total segment assets | 65,908,750 | 92,950,356 |
| Cash at banks | 2,069,640 | 12,187 |
| Total assets of the Fund | <u>67,978,390</u> | <u>92,962,543</u> |
| Amount due to Manager | 128,524 | 1,297,447 |
| Amount due to Trustee | 3,602 | 4,805 |
| Tax payable | 58,934 | 8,991 |
| Sundry payables and accruals | 39,280 | 40,255 |
| Total liabilities of the Fund | <u>230,340</u> | <u>1,351,498</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

17. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial year ended 31 May 2024 are as follows:

| | Transaction value | | Brokerage fee, stamp duty and clearing fee | |
|---|--------------------|---------------|--|---------------|
| | RM | % | RM | % |
| Macquarie Securities (Australia) Limited | 26,282,081 | 25.73 | 97,690 | 26.15 |
| CLSA Limited (Hong Kong) | 21,691,081 | 21.24 | 87,830 | 23.51 |
| Instinet Pacific Limited | | | | |
| Hong Kong Branch | 15,575,060 | 15.25 | 58,211 | 15.58 |
| Macquarie Bank Limited (Australia) | 14,258,900 | 13.96 | 42,777 | 11.45 |
| Macquarie Securities Ltd (SG) | 5,341,453 | 5.23 | 18,161 | 4.86 |
| AmlInvestment Bank Berhad* | 5,040,550 | 4.94 | 17,816 | 4.77 |
| Credit Lyonnais Sec. Asia Ltd (Taipei Branch) | 4,171,832 | 4.09 | 12,598 | 3.37 |
| Macquarie Securities Ltd (Kr) | 3,102,183 | 3.04 | 10,858 | 2.91 |
| Masterlink Securities Co. Ltd | 2,883,164 | 2.82 | 14,289 | 3.83 |
| CLSA Singapore PTE Ltd. | 2,462,932 | 2.41 | 8,374 | 2.24 |
| Other brokers | 1,315,793 | 1.29 | 4,959 | 1.33 |
| Total | <u>102,125,029</u> | <u>100.00</u> | <u>373,563</u> | <u>100.00</u> |

* A financial institution related to the Manager.

The Manager is of the opinion that the above transactions have been entered into the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The above transactions are in respect of listed equity securities and CIS.

18. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

18. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

| | Financial assets at FVTPL RM | Financial assets at amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|--|---------------------------------------|---|--|-------------------|
| 2024 | | | | |
| Financial assets | | | | |
| Investments | 64,170,580 | - | - | 64,170,580 |
| Dividend receivables | - | 149,696 | - | 149,696 |
| Capital repayment receivables | - | 9,338 | - | 9,338 |
| Deposit with licensed financial institutions | - | 1,579,136 | - | 1,579,136 |
| Cash at banks | - | 2,069,640 | - | 2,069,640 |
| Total financial assets | <u>64,170,580</u> | <u>3,807,810</u> | <u>-</u> | <u>67,978,390</u> |
| Financial liabilities | | | | |
| Amount due to Manager | - | - | 128,524 | 128,524 |
| Amount due to Trustee | - | - | 3,602 | 3,602 |
| Total financial liabilities | <u>-</u> | <u>-</u> | <u>132,126</u> | <u>132,126</u> |
| 2023 | | | | |
| Financial assets | | | | |
| Deposits with financial institutions | - | 92,950,356 | - | 92,950,356 |
| Cash at banks | - | 12,187 | - | 12,187 |
| Total financial assets | <u>-</u> | <u>92,962,543</u> | <u>-</u> | <u>92,962,543</u> |
| Financial liabilities | | | | |
| Amount due to Manager | - | - | 1,297,447 | 1,297,447 |
| Amount due to Trustee | - | - | 4,805 | 4,805 |
| Total financial liabilities | <u>-</u> | <u>-</u> | <u>1,302,252</u> | <u>1,302,252</u> |
| Income, expenses, gains and losses | | | | |
| 2024 | | | | |
| 2023 | | | | |
| RM | | | | |
| RM | | | | |
| Net gain/(loss) on financial assets at FVTPL | | | 2,776,964 | (6,816,267) |
| Income, of which derived from: | | | | |
| - Dividend/Distribution income from financial assets at FVTPL | | | 1,187,414 | 4,106,519 |
| - Interest income from financial assets at amortised cost | | | 1,010,268 | 720,351 |
| - Other net realised losses on foreign currency exchange | | | (1,378,548) | (1,056,254) |
| - Other net unrealised loss on foreign currency exchange | | | (220) | - |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

18. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value

The Fund's financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

| | Level 1 RM | Level 2 RM | Level 3 RM | Total RM |
|---------------------------|---------------|---------------|---------------|-------------|
| 2024 | | | | |
| Financial assets at FVTPL | 64,170,580 | - | - | 64,170,580 |

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Dividend receivables
- Capital repayment receivables
- Deposits with licensed financial institutions
- Cash at banks
- Amount due to Manager
- Amount due to Trustee

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, country risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investment coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia's Guidelines on Unit Trust Funds and the Deeds as the backbone of risk management of the Fund.

(a) Market risk

The Fund's principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

The Fund's market risk is affected primarily by the following risks:

(i) Price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse price movements, the Fund might endure potential loss on its quoted investments. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund's NAV due to movements of price by -5.00% and +5.00% respectively:

| Percentage movements in price by: | Sensitivity of the Fund's NAV 2024 RM |
|--------------------------------------|---|
| -5.00% | (3,208,529) |
| +5.00% | <u>3,208,529</u> |

(ii) Interest rate risk

Interest rate risk will affect the value of the Fund's investments, given the interest rate movements, which are influenced by regional and local economic developments as well as political developments.

Domestic interest rates on deposits and placements with licensed financial institutions are determined based on prevailing market rates.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Market risk (cont'd.)

(ii) Interest rate risk (cont'd.)

The result below summarised the interest rate sensitivity of the Fund's NAV, or theoretical value due to the parallel movement assumption of the yield curve by +100bps and -100bps respectively:

| Parallel shift in yield curve by: | Sensitivity of the Fund's NAV, or theoretical value | |
|-----------------------------------|--|------------|
| | 2024 RM | 2023 RM |
| +100 bps | (167) | (2,463) |
| -100 bps | 169 | 2,487 |

(iii) Currency risk

Currency risk is associated with the Fund's financial assets and financial liabilities that are denominated in currencies other than the Fund's functional currency. Currency risk refers to the potential loss the Fund might face due to unfavorable fluctuations of currencies other than the Fund's functional currency against the Fund's functional currency.

The result below summarised the currency risk sensitivity of the Fund's NAV due to appreciation/depreciation of the Fund's functional currency against currencies other than the Fund's functional currency.

| Percentage movements in currencies other than the Fund's functional currency: | Sensitivity of the Fund's NAV |
|---|----------------------------------|
| | 2024 RM |
| -5.00% | (2,999,306) |
| +5.00% | 2,999,306 |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Market risk (cont'd.)

(iii) Currency risk (cont'd.)

The net unhedged financial assets of the Fund that are not denominated in Fund's functional currency are as follows:

| Financial assets denominated in | 2024 | |
|------------------------------------|-------------------|--------------|
| | RM equivalent | % of NAV |
| Australian Dollar | | |
| Investments | 7,182,238 | 10.60 |
| Dividend receivables | 46,728 | 0.07 |
| | <u>7,228,966</u> | <u>10.67</u> |
| Hong Kong Dollar | | |
| Investments | 29,387,687 | 43.38 |
| Dividend receivables | 75,074 | 0.11 |
| Cash at banks | 34,391 | 0.05 |
| | <u>29,497,152</u> | <u>43.54</u> |
| Indonesian Rupiah | | |
| Investments | <u>3,297,163</u> | <u>4.87</u> |
| Singapore Dollar | | |
| Investments | 6,822,398 | 10.07 |
| Dividend receivables | 27,893 | 0.04 |
| Capital repayment receivables | 9,338 | 0.01 |
| | <u>6,859,629</u> | <u>10.12</u> |
| South Korean Won | | |
| Investments | <u>3,319,271</u> | <u>4.90</u> |
| Taiwan | | |
| Investments | 2,374,419 | 3.50 |
| Cash at banks | 1,949,283 | 2.88 |
| | <u>4,323,702</u> | <u>6.38</u> |
| Thai Baht | | |
| Investments | <u>1,656,683</u> | <u>2.45</u> |
| United States Dollar | | |
| Investments | <u>3,803,561</u> | <u>5.61</u> |

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to short-term deposits and dividend/distribution receivables. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund's investments to fluctuate in value.

For deposits with licensed financial institutions, the Fund makes placements with licensed financial institutions with sound rating of P1/MARC-1 and above. Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its financial liabilities or redeem its units earlier than expected.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of cash at banks, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund's policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

The Fund's financial liabilities have contractual maturities of not more than six months.

(d) Single issuer risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed based on internal/external ratings.

(e) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

(f) Country risk

The risk of price fluctuation in foreign securities may arise due to political, financial and economic events in foreign countries. If this occurs, there is a possibility that the NAV of the Fund may be adversely affected.

Asia Pacific Equity Income

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2024

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(g) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

(h) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with the respective internal policies, the Deed and its Supplemental Deeds, securities laws or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

19. CAPITAL MANAGEMENT

The primary objective of the Fund's capital management is to ensure that it maximises unit holders' value by expanding its fund size to benefit from economies of scale and achieving growth in NAV from the performance of its investment.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may issue new or bonus units or make distribution payment.

No changes were made in the objective, policies or processes during the financial years ended 31 May 2024 and 31 May 2023.

Asia Pacific Equity Income

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Asia Pacific Equity Income (the “Fund”) as at 31 May 2024 and of the comprehensive income, the changes in equity and cash flows for the financial year then ended.

For and of behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

19 July 2024

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF ASIA PACIFIC EQUITY INCOME ("Fund")

We have acted as Trustee of the Fund for the financial year ended 31 May 2024 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AmFunds Management Berhad has operated and managed the Fund during the financial year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
19 July 2024

DIRECTORY

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Tel: (03) 2032 2888 Facsimile: (03) 2031 5210
Email: enquiries@aminvest.com

Postal Address AmFunds Management Berhad
P.O Box 13611, 50816 Kuala Lumpur

*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
Friday (8.45 a.m. to 5.00 p.m.)*

