

Affin Hwang

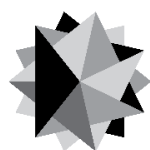
Aiiman Constant Cash Fund

2

Annual Report

30 June 2021

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



AFFIN HWANG
CAPITAL

MANAGER

Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE

Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2

Audited Annual Report and Financial Statements For The Financial Year Ended 30 June 2021

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FUND INFORMATION

Fund Name	Affin Hwang Aiman Constant Cash Fund 2
Fund Type	Income
Fund Category	Money Market (Shariah-compliant Wholesale)
Investment Objective	The Fund aims to provide investors with a regular income stream while aiming to maintain the NAV per Unit at RM1.00
Benchmark	The Fund shall benchmark itself against the Maybank Islamic Overnight Deposit Rate
Distribution Policy	Subject to the availability of income, the Fund will provide Unit Holders with monthly income

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 JUNE 2021

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

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Jun 2021 (%)	As at 30 Jun 2020 (%)	As at 30 Jun 2019 (%)
Portfolio composition			
Short term deposits with licensed financial institution	-	-	96.85
Cash	100.00	100.00	3.15
Total	100.00	100.00	100.00
Total NAV (RM'million)	0.003	0.003	52.752
NAV per Unit (RM)	1.0000	1.0000	1.0000
Unit in Circulation (million)	0.003	0.003	52.752
Highest NAV	1.0000	1.0000	1.0000
Lowest NAV	1.0000	1.0000	1.0000
Return of the Fund (%) ⁱⁱⁱ	0.00	1.45	3.83
- Capital Growth (%) ⁱ	0.00	0.00	0.00
- Income Distribution (%) ⁱⁱ	0.00	1.45	3.83
Gross Distribution per Unit (sen)	Nil	1.44	3.75
Net Distribution per Unit (sen)	Nil	1.44	3.75
Management Expense Ratio (%) ¹	-	0.41	0.27
Portfolio Turnover Ratio (times) ²	-	62.30	31.97

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

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

An illustration of the above would be as follow:-

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

¹The MER of the Fund was not applicable as the fund has no expenses incurred for the financial year.

² The PTR of the Fund was not applicable as there was no trading activities for the financial year.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 30 June 2021.

Performance Review

For the period 1 July 2020 to 30 June 2021, the Fund has registered a return of 0.00% as compared to the benchmark return of 0.25%. The Fund thus underperformed the benchmark by 0.25%. The Net Asset Value (NAV) per unit of the Fund as at 30 June 2021 was RM 1.0000 while the NAV per unit on 30 June 2020 was RM 1.0000.

Since commencement, the Fund has outperformed the benchmark by 7.22% with returns of 16.37% compared to the benchmark return of 9.15%. The Fund will continue to strive to achieve its investment objective.

Table 1: Performance of the Fund

	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (4/8/15 - 30/6/21)
Fund	0.00%	5.32%	12.68%	16.37%
Benchmark	0.25%	3.48%	7.21%	9.15%
Outperformance	(0.25%)	1.84%	5.47%	7.22%

Source of Benchmark: Lipper

Table 2: Average Total Return

	1 Year (1/7/20 - 30/6/21)	3 Years (1/7/18 - 30/6/21)	5 Years (1/7/16 - 30/6/21)	Since Commencement (4/8/15 - 30/6/21)
Fund	0.00%	1.74%	2.41%	2.60%
Benchmark	0.25%	1.15%	1.40%	1.49%
Outperformance	(0.25%)	0.59%	1.01%	1.11%

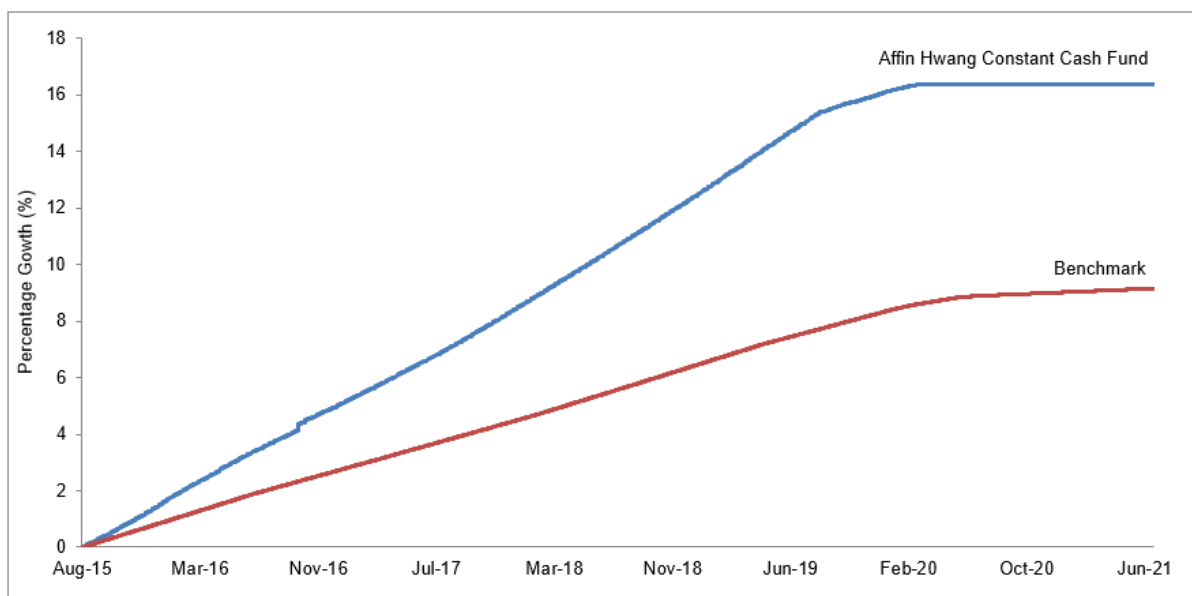
Source of Benchmark: Lipper

Table 3: Annual Total Return

	FYE 2021 (1/7/20 - 30/6/21)	FYE 2020 (1/7/19 - 30/6/20)	FYE 2019 (1/7/18 - 30/6/19)	FYE 2018 (1/7/17 - 30/6/18)	FYE 2017 (1/7/16 - 30/6/17)
Fund	0.00%	1.45%	3.81%	3.59%	3.27%
Benchmark	0.25%	1.33%	1.86%	1.81%	1.76%
Outperformance	(0.25%)	0.12%	1.95%	1.78%	1.51%

Source of Benchmark: Lipper

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 Lipper." Benchmark: Maybank Islamic Overnight Deposit Rate

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

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

There is no data as this Fund has no unit holders.

Strategies Employed

The Manager will always strive to maintain a high level of investment in short-dated MYR fixed deposits.

Market Review

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and "stay at home" trades, which were facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Earnings

season continues with technology and banking stocks leading way in terms of results. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed's dovish testimony. The S&P 500 index closed 2.4% higher reaching an all-time high of 4,280.70 points in the last week of the month. The Nasdaq index rose 5.6% buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress.

US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank's view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled from 1.60% to close at 1.46% in June as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker down 1.1% in June as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The Group of Seven ("G7") nations and North Atlantic Treaty Organisation ("NATO") held its annual summit in June with political leaders from US and Europe vowing to toughen its stance on China.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

The commodity market saw multiple consecutive periods of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets in January. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter. Overall, the commodities saw strong return in 1H2021, buoyed by vaccination programs and normalization of the economy.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of "rate cut" bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Benchmark KLCI fell 3.2% in June as daily new COVID-19 cases remain stubbornly high. Phase One of the movement control under the National Recovery Plan ("NRP"), which was initially scheduled to end on 28 June 2021 has been extended as cases has not fallen below the 4,000 threshold.

To provide aid to affected communities and businesses, the government unveiled the PEMULIH stimulus package worth RM150 billion. However, the direct fiscal injection of the stimulus package amounts to RM10 billion which includes cash handouts targeted at lower income groups as well as salary subsidies. The Prime Minister also announced an opt-in blanket loan moratorium for individual borrowers as well as the i-Citra initiative to allow contributors to withdraw up to RM5,000 from their EPF as a lifeline for households.

The local bond market was similarly in a cautious mood ahead of the Fed's meeting and persistently high cases in the country. The 10-year MGS benchmark yield edged 7bps higher in the month to close at 3.28%. Malaysia's GDP forecast was slashed from 6.0% to 4.0% given the extension in lockdown.

With that, fiscal deficit is expected to breach above the government's target of 6.0%. With the newly unveiled PEMULIH stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia (BNM) may see more pressure to further slash the Overnight Policy Rate ("OPR") to cushion the economic impact of COVID-19. Malaysia's inflation figure came in at 4.4% in May 2021 as compared to the 4.7% in the preceding month.

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. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

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

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

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

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

Cross Trade

No cross trade transactions have been carried out during the reported period.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN CONSTANT CASH FUND 2

We have acted as Trustee for Affin Hwang Aiiman Constant Cash Fund 2 ("the Fund") for the financial year ended 30 June 2021. To the best of our knowledge, for the financial period under review, Affin Hwang Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager and the Trustee under the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Gerald Ang
Chief Executive Officer

Kuala Lumpur
16 August 2021

SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN CONSTANT CASH FUND 2

To the Unit Holders of Affin Hwang Aiiman Constant Cash Fund 2 ("Fund")

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Affin Hwang Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For Amanie Advisors Sdn Bhd

Datuk Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
16 August 2021

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
INVESTMENT INCOME			
Profit income from financial assets at fair value through profit or loss		-	251,130
Other income		-	38,281
Management fee rebate		-	13,657
		<hr/>	<hr/>
		-	303,068
		<hr/>	<hr/>
EXPENSES			
Management fee	4	-	(16,299)
Trustee fee	5	-	(1,304)
Auditors' remuneration	6	-	(4,839)
Tax agent's fee	6	-	(2,419)
Other expenses		-	(1,609)
		<hr/>	<hr/>
		-	(26,470)
		<hr/>	<hr/>
NET PROFIT BEFORE TAXATION		-	276,598
Taxation	7	-	(60,083)
		<hr/>	<hr/>
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-	216,515
		<hr/> <hr/>	<hr/> <hr/>
Net profit after taxation is made up of the following:			
Realised amount		-	216,515
		<hr/> <hr/>	<hr/> <hr/>

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

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents		21,194	21,207
Tax recoverable		64,272	230
TOTAL ASSETS		<u>85,466</u>	<u>21,437</u>
LIABILITIES			
Amount due to Manager		82,466	-
Auditors' remuneration		-	4,839
Tax agent's fee		-	2,419
Other payables and accruals		-	11,179
TOTAL LIABILITIES		<u>82,466</u>	<u>18,437</u>
NET ASSET VALUE OF THE FUND		<u>3,000</u>	<u>3,000</u>
EQUITY			
Unitholders' capital		3,000	3,000
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>3,000</u>	<u>3,000</u>
NUMBER OF UNITS IN CIRCULATION	9	<u>3,000</u>	<u>3,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.00</u>	<u>1.00</u>

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

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 July 2020	3,000	-	3,000
Total comprehensive income for the financial year	-	-	-
Balance as at 30 June 2021	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Balance as at 1 July 2019	52,752,000	-	52,752,000
Total comprehensive income for the financial year	-	216,515	216,515
Distributions (Note 8)	-	(216,515)	(216,515)
Movement in unitholders' capital:			
Creation of units arising from applications	8,308	-	8,308
Creation of units arising from distributions	489,411	-	489,411
Cancellation of units	<u>(53,246,719)</u>	-	<u>(53,246,719)</u>
Balance as at 30 June 2020	<u>3,000</u>	<u>-</u>	<u>3,000</u>

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

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<u>2021</u> RM	<u>2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from maturity of deposits with licensed financial institutions	-	432,020,262
Placement of deposits with licensed financial institutions	-	(380,929,216)
Profit income received	-	2,217,618
Other income received	-	47,468
Management fee rebate received	-	13,657
Management fee paid	-	(34,546)
Trustee fee paid	-	(2,764)
Payment for other fees and expenses	(13)	(11,871)
Tax paid	-	(69,500)
	<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities	(13)	53,251,108
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	-	8,308
Payments for cancellation of units	-	(74,246,719)
	<hr/>	<hr/>
Net cash flows used in financing activities	-	(74,238,411)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13)	(20,987,303)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	21,207	21,008,510
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21,194	21,207
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents as at 30 June 2021 and 30 June 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.

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2 (FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

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

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

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’

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 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2023) 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.

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

B INCOME RECOGNITION

Profit income

Profit from Shariah-based deposits with licensed financial institutions are recognised based on effective profit rate method on an accruals basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

C DISTRIBUTION

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

D TAXATION

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

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 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and profit ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

The Fund classifies its financial assets as those to be measured at amortised cost

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The Fund classifies cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope of MFRS 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.

Shariah-based deposits with licensed Islamic financial institutions are stated at fair value. Due to the short term nature of the deposits, the cost plus accrued profit calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2 (FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

The Fund defines a financial instrument as default, which is fully 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.

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

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

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2 (FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances which are subject to insignificant risk of change in value.

H 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 assets value ("NAV");
- 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 year if unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's 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.

I 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 Unlisted Capital Market Product under the Lodge and Launch Framework.

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

J REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2 (FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang Constant Cash Fund (the "Fund") pursuant to the execution of a Deed dated 27 July 2015. The Fund changed its name from Affin Hwang Constant Cash Fund to Affin Hwang Aiiman Constant Cash Fund 2 and converting into a Shariah Fund as amended by Supplemental Deed (the "Deeds") dated 20 May 2021 entered into between Affin Hwang Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 3 August 2015 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the First Supplemental Deed.

The Fund may invest in any of the following investments:

- (a) Islamic money market instruments; and
- (b) Islamic deposits;

All investments will be subjected to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Deeds and the objective of the Fund.

The main objective of the Fund is to provide investor with a regular income stream while aiming to maintain the NAV per unit at RM1.00.

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 August 2021.

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	<u>Total</u> RM
<u>2021</u>			
<u>Financial asset</u>			
Cash and cash equivalents		21,194	21,194
Total		<u>21,194</u>	<u>21,194</u>
<u>Financial liabilities</u>			
Amount due to Manager		82,466	82,466
Total		<u>82,466</u>	<u>82,466</u>
<u>2020</u>			
<u>Financial asset</u>			
Cash and cash equivalents		21,207	21,207
Total		<u>21,207</u>	<u>21,207</u>
<u>Financial liabilities</u>			
Auditors' remuneration		4,839	4,839
Tax agent's fee		2,419	2,419
Other payables and accruals		11,179	11,179
Total		<u>18,437</u>	<u>18,437</u>

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

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

The Fund is exposed to a variety of risks which include market risk (including profit rate risk), credit risk, liquidity risk, capital risk and reclassification of Shariah status 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 Unlisted Capital Market Products under the Lodge and Launch Framework.

Market risk

(a) Profit rate risk

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

As at 30 June 2021 and 30 June 2020, the Fund is not exposed to any profit rate risk.

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of return, principals and proceeds from realisation of investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The table below sets out the credit risk concentration of the Fund:

	Cash and cash <u>equivalents</u> RM	<u>Total</u> RM
<u>2021</u>		
Financial services - AA1	21,194	21,194

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

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

Credit risk (continued)

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

	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2020</u>		
Financial services - AA1	21,207	21,207
	<u> </u>	<u> </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 liquid assets to meet anticipated payment and cancellations of unit by unitholders. Liquid assets comprise cash.

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager	-	82,466	82,466
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Auditors' remuneration	-	4,839	4,839
Tax agent's fee	-	2,419	2,419
Other payables and accruals	-	11,179	11,179
	<u>-</u>	<u>18,437</u>	<u>18,437</u>

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital. 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.

Reclassification of Shariah status risk

The risk refers to the risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed twice yearly. If this occurs, the value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's advice.

3 FAIR VALUE ESTIMATION

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

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

AFFIN HWANG AIIMAN CONSTANT CASH FUND 2 (FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

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.

The Fund does not hold any financial instruments at fair value through profit or loss as at 30 June 2021 and 30 June 2020.

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

3 FAIR VALUE ESTIMATION (CONTINUED)

- (ii) The carrying values of cash and cash equivalents 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 not exceeding 5.00% per annum on the NAV of the Fund calculated on a daily basis.

For the financial year ended 30 June 2021, management fee is recognised at 0.25% (2020: 0.25%) 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.

As the Fund is dormant during the year, no management fees have been charged in respect of the Fund.

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, subject to a minimum fee of RM12,000 per annum.

For the financial year ended 30 June 2021 and 30 June 2020, the Trustee's fee is recognised at the following tiered rate:

Net Asset Value (NAV)	% of NAV of the Fund
Up to RM500 million	0.020% per annum
Above RM500 million to RM1billion	0.015% per annum
Above RM1billion	0.010% per annum

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

As the Fund is dormant during the year, no trustee fees have been charged in respect of the Fund.

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

Auditors' remuneration of RM7,000 and tax agent's fee of RM3,500 for the financial year ended 30 June 2021 and 30 June 2020 was borne by the Manager.

7 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current taxation	-	60,083

The Manager has paid tax instalments of RM63,470 during the year on behalf of the Fund. As the fund is dormant during the financial year, the amount paid is recoverable from Inland Revenue Board as at 30 June 2021.

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit before taxation	-	276,598
Tax at Malaysian statutory rate of 24% (2020: 24%)	-	66,384
Tax effects of:		
Investment income not subject to tax	-	(9,187)
Expenses not deductible for tax purposes	-	1,114
Restriction on tax deductible expenses for Wholesale Funds	-	1,772
Tax expense	-	60,083

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

8 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
Distribution to unitholders is from the following sources:		
Profit income	-	251,130
Less: Expenses	-	(34,615)
	<hr/>	<hr/>
Net distribution amount	-	216,515
	<hr/> <hr/>	<hr/> <hr/>

During the financial year ended 30 June 2021, there is no distribution.

During the financial year ended 30 June 2020 distributions were made as follows:

	Gross/Net distribution per unit sen
<u>2020</u>	
31.07.2019	0.31118
31.08.2019	0.29960
30.09.2019	0.14731
31.10.2019	0.14077
30.11.2019	0.13068
31.12.2019	0.14729
31.01.2020	0.13002
29.02.2020	0.10212
31.03.2020	0.03442
	<hr/>
	1.44339
	<hr/> <hr/>

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

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

9 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	3,000	52,752,000
Creation of units arising from applications during the financial year	-	8,705
Creation of units arising from distributions during the financial year	-	489,014
Cancellation of units during the financial year	-	(53,246,719)
At the end of the financial year	<u>3,000</u>	<u>3,000</u>

10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

- a) There is no transaction with financial institutions for the financial year ended 30 June 2021.
- b) Details of transactions with financial institutions for the financial year ended 30 June 2020 are as follows:

<u>Name of financial institutions</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Public Bank Bhd	253,846,415	66.64
Hong Leong Bank Bhd	100,923,721	26.49
CIMB Bank Bhd	19,681,038	5.17
Affin Hwang Investment Bank Bhd #	5,078,042	1.33
RHB Bank Bhd	1,400,000	0.37
	<u>380,929,216</u>	<u>100.00</u>

Included in transactions with financial institutions are placement conducted with Affin Hwang Investment Bank Berhad, which is related to the Manager amounting to RMNil (2020: RM5,078,042) respectively. The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

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

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

<u>Related parties</u>	<u>Relationships</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements

The number of units held by the Manager as at the end of financial year are as follows;

	<u>2021</u>		<u>2020</u>	
<u>The Manager:</u>	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,000	3,000	3,000	3,000

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONTINUED)**

12 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2021</u> %	<u>2020</u> %
MER	-	0.41

MER is derived from the following calculation:

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

- A = Management fee, excluding management fee rebate
- B = Trustee fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM3,000 (2020: RM6,524,782).

13 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2021</u>	<u>2020</u>
PTR (times)	-	62.30

PTR is derived from the following calculation:

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

where: total acquisition for the financial year= RMNil (2020: RM380,929,216)
total disposal for the financial year= RMNil (2020: RM432,020,262)

14 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

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

**AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)**

STATEMENT BY THE MANAGER

I, Dato' 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 22 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 June 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 30 June 2021 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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
16 August 2021

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Constant Cash Fund 2 (formerly known as Affin Hwang Constant Cash Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 22.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ 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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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 UNITHOLDERS OF
AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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 UNITHOLDERS OF
AFFIN HWANG AIIMAN CONSTANT CASH FUND 2
(FORMERLY KNOWN AS AFFIN HWANG CONSTANT CASH FUND)
(CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
16 August 2021

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