

# Affin Hwang Aiiman Equity Fund

Interim Report

30 September 2019

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



**AFFIN HWANG**  
CAPITAL

**MANAGER**

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)

**TRUSTEE**

AmanahRaya Trustee Berhad (766894-T)

# **AFFIN HWANG AIIMAN EQUITY FUND**

## **Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2019**

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman Equity Fund
Fund Type	Capital Growth
Fund Category	Islamic Equity
Investment Objective	The Fund aims to provide investors with stable returns by enabling investors to participate in the growth prospect of the Malaysian market which is in compliance with Shariah principles.
Benchmark	FTSE-Bursa Malaysia EMAS Shariah Index
Distribution Policy	Distribution (if any) is incidental and will be subject to the availability of income

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 SEPTEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	50,945	66,767
5,001 to 10,000	2,719	18,412
10,001 to 50,000	1,093	16,354
50,001 to 500,000	36	4,081
500,001 and above	1	11,619
<b>Total</b>	<b>54,794</b>	<b>117,233</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 30 Sep 2019 (%)	As at 30 Sep 2018 (%)	As at 30 Sep 2017 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Construction	5.35	3.51	16.21
- Consumer products & services	6.55	8.03	-
- Energy	17.89	8.72	-
- Financial Services	1.43	-	3.09
- Healthcare	3.61	5.44	-
- Industrial products & services	17.96	18.89	17.83
- Infrastructure project company	-	-	1.51
- Plantation	2.02	1.03	1.02
- Properties	4.97	4.14	5.64
- REITs	6.04	4.80	6.72
- Technology	15.74	14.19	13.70
- Telecommunication & media	0.99	3.76	-
- Trading / Services	6.31	-	25.21
- Utilities	-	7.41	-
<b>Total quoted equities – local</b>	<b>88.86</b>	<b>79.92</b>	<b>90.93</b>
<b>Exchange traded fund – local</b>	<b>1.68</b>	<b>1.10</b>	<b>-</b>
<b>Cash &amp; cash equivalent</b>	<b>9.46</b>	<b>18.98</b>	<b>9.07</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	51.717	62.877	68.989
NAV per Unit (RM)	0.4411	0.4769	0.5008
Unit in Circulation (million)	117.235	131.858	137.757
Highest NAV	0.4861	0.5032	0.5106
Lowest NAV	0.4379	0.4621	0.4765
Return of the Fund (%) <sup>iii</sup>	0.80	-1.26	5.14
- Capital Growth (%) <sup>i</sup>	-3.37	-3.33	4.07
- Income Distribution (%) <sup>ii</sup>	4.32	2.14	1.03
Gross Distribution per Unit (sen)	2.00	1.00	0.50
Net Distribution per Unit (sen)	2.00	1.00	0.50
Management Expense Ratio (%) <sup>1</sup>	0.83	0.84	0.88
Portfolio Turnover Ratio (times) <sup>2</sup>	0.55	0.50	0.30

### **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

$$\begin{aligned}
 \text{Capital Return}^i &= (\text{NAV per Unit @ 30/9/19} \div \text{NAV per Unit @ 31/3/19}^* - 1) \times 100 \\
 &= (0.4411 \div 0.4565 - 1) \times 100 \\
 &= \underline{\underline{-3.37\%}}
 \end{aligned}$$

$$\begin{aligned}
 \text{Income Return @ ex-date} &= \{\text{Income distribution per Unit} \div \text{NAV per Unit on ex- date}\} + 1 \\
 &= \{0.0200 \div 0.4632 \text{ @ 17/7/19}\} + 1 = 1.0432
 \end{aligned}$$

<sup>1</sup>The MER of the Fund was lower than previous year due to lower expenses incurred by the Fund.

<sup>2</sup>The PTR of the Fund was higher than previous year due to higher average sum of total acquisition and disposal for the financial period.

**Total Income Return<sup>ii</sup>** = {Income distribution per Unit ÷ NAV per Unit on ex-date} x 100  
= {1.0432} – 1 x 100  
= **4.32%**

**Return of the Fund<sup>iii</sup>** = [(1 + Capital Return) x (1 + Income Return)] – 1 x 100  
= [(1 + (-3.37%)) x (1 + 4.32%)] – 1 x 100  
= **0.80%**

\* Source – Amanahraya Trustees Berhad

Table 1: Performance of the Fund

	<b>6 Months</b> (1/4/19 - 30/9/19)	<b>1 Year</b> (1/10/18 - 30/9/19)	<b>3 Years</b> (1/10/16 - 30/9/19)	<b>5 Years</b> (1/10/14 - 30/9/19)	<b>Since Commencement</b> (4/8/07 - 30/9/19)
<b>Fund</b>	<b>0.80%</b>	<b>(3.51%)</b>	<b>9.38%</b>	<b>2.94%</b>	<b>35.43%</b>
<b>Benchmark</b>	<b>0.69%</b>	<b>(7.18%)</b>	<b>(4.70%)</b>	<b>(10.75%)</b>	<b>25.07%</b>
<b>Outperformance</b>	<b>0.11%</b>	<b>3.67%</b>	<b>14.08%</b>	<b>13.69%</b>	<b>10.36%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> (1/10/18 - 30/9/19)	<b>3 Years</b> (1/10/16 - 30/9/19)	<b>5 Years</b> (1/10/14 - 30/9/19)	<b>Since Commencement</b> (4/8/07 - 30/9/19)
<b>Fund</b>	<b>(3.51%)</b>	<b>3.03%</b>	<b>0.58%</b>	<b>2.52%</b>
<b>Benchmark</b>	<b>(7.18%)</b>	<b>(1.59%)</b>	<b>(2.25%)</b>	<b>1.86%</b>
<b>Outperformance</b>	<b>3.67%</b>	<b>4.62%</b>	<b>2.83%</b>	<b>0.66%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2019</b> (01/4/18 - 31/3/19)	<b>FYE 2018</b> (01/4/17 - 31/3/18)	<b>FYE 2017</b> (01/4/16 - 31/3/17)	<b>FYE 2016</b> (01/7/15 - 31/3/16)	<b>FYE 2015</b> (01/7/14 - 30/6/15)
<b>Fund</b>	<b>(5.48%)</b>	<b>3.57%</b>	<b>10.75%</b>	<b>0.23%</b>	<b>(7.21%)</b>
<b>Benchmark</b>	<b>(11.66%)</b>	<b>3.27%</b>	<b>2.50%</b>	<b>2.37%</b>	<b>(8.80%)</b>
<b>Outperformance / (Underperformance)</b>	<b>6.18%</b>	<b>0.30%</b>	<b>8.25%</b>	<b>(2.14%)</b>	<b>1.59%</b>

Source of Benchmark: Bloomberg

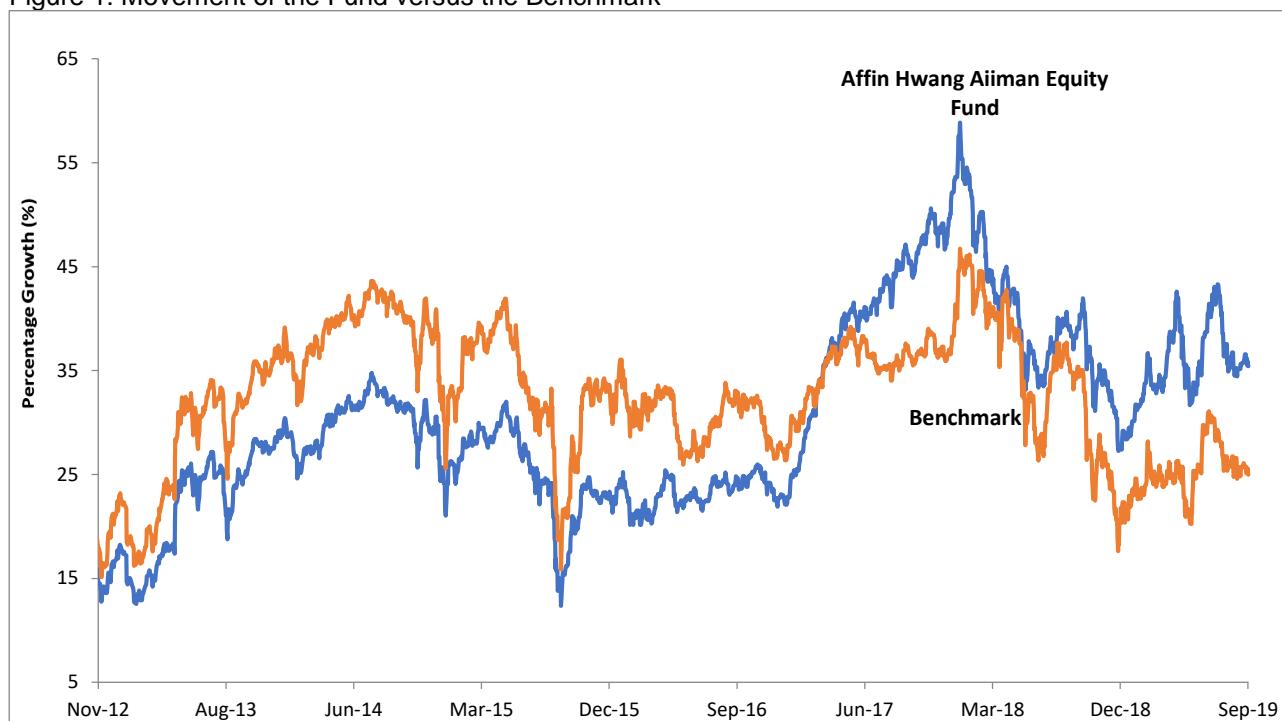
**Past performance is not necessarily indicative of future performance and that Unit prices and investment returns may go down, as well as up.**

## MANAGER'S REPORT

### Performance Review

For the period under review from 1 April 2019 to 30 September 2019, the Fund registered a 0.80% return compared to the benchmark return of 0.69%. The Fund thus outperformed the Benchmark by 0.11%. The Net Asset Value ("NAV") per unit of the Fund as at 30 September 2019 was RM 0.4411 compared to its NAV per unit as at 31 March 2019 was RM 0.4565. During the same period, the Fund has declared a total income distribution of RM0.02 per unit by way of reinvestment in the form of additional units.

Figure 1: Movement of the Fund versus the Benchmark



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

Benchmark: FTSE Bursa Malaysia Emas Shariah Index

### Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0200 per Unit for investors of the Affin Hwang Aiiman Equity Fund over the period under review.

The Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16 Jul 2019	17 Jul 2019	0.4861	0.0200	0.4632

No unit split were declared for the financial year ended 30 September 2019.

## **Asset Allocation**

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

Figure 2: Asset allocation of the Fund

	<b><u>30 Sep 2019</u></b>	<b><u>30 Sep 2018</u></b>	<b><u>30 Sep 2017</u></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Quoted equities – local	88.86	79.92	90.93
Exchange traded fund	1.68	1.10	-
Cash & cash equivalent	9.46	18.98	9.07
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

As at 30 September 2019, the asset allocation of the Fund stood at 88.86% in equities, 1.68% in exchange traded fund (ETF) while the balance was held in cash and cash equivalent. With market opportunity arose, the Manager reduced cash level significantly to 9.46% while equity exposure of the Fund increased by 8.94 percentage points compared to a year ago to 88.86%. Over the same period, the Manager also added exposure into local ETF – the Tradeplus Shariah Gold Tracker.

## **Strategies Employed**

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tariffs. As the sell-down accelerated, we took a view that the correction was overdone and a recession was not imminent, where we then redeployed into the market with a focus on quality.

## **Market Review**

“Sell in May and go away” has again proven to be a recurring theme this year after deteriorating trade relations between US and China wreaked further havoc across global financial markets in May. Trump raised the tariff on some US\$200 billion worth of Chinese imports to 25.0% from 10.0% earlier that month in an extreme bid to speed up trade negotiations. While the tariff hike was initially downplayed, things took a swift turn on when Trump banned Huawei with a national security order; thus prompting US companies to sever all business ties with the Chinese smartphone and telecommunications giant.

For the first time in more than a decade, the US Federal Reserve (“Fed”) reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. However, the Fed delivered another widely expected 25bps rate cut at its policy meeting in September which would bring down its benchmark overnight lending rate to a target range of 1.75% to 2.0%.

Asian markets retreated in August as trade tensions flared up again after a surprise tariff announcement from US President Donald Trump. The Hong Kong Hang Seng index fell 7.4%, whilst the broader MSCI Asia ex-Japan index closed 4.6% lower as the prolonged trade row takes another turn for the worse.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

On a side note, BNM cut the Overnight Policy Rate by 25 bps to 3.00% on 7 May – likely a pre-emptive measure against a weakening external environment as well as slowing domestic growth. The announcement was largely priced in by investors, which saw the MGS market rallied strongly in the few weeks prior to the announcement, though the buying subsequently eased up amid the addition of risks on the global trade front.

## **Investment Outlook**

The global economy is poised to continue to grow at an even keel albeit at a slower pace. We do not see major economic imbalances that would lead to a recession in the immediate term. That said, as we head into a late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective.

Whilst the partial trade deal helped provide a lift in sentiment, the temporary trade truce could be easily upended as seen before. Structural issues and more challenging areas in negotiations such as intellectual property and technology transfer has not been addressed yet. The last mile negotiations in the trade talks would be the most critical to look out for. The overall macro environment remains weak as global economies are still showing weak data.

Going forward, we believe there is limited room for further monetary policy easing given already low interest rates. Central banks are more inclined to “save some bullets” for future, i.e. in the event whereby a recession materialises, as well as adopting a “wait-and-see” approach to assess impact post recent rate cuts. Therefore, expectations are that global interest rates are close to bottoming out in the near term. Having said that, we do not foresee central banks reverting to an interest rate hike cycle anytime soon. The biggest risks (both upside and downside) to my view would be ongoing trade negotiations and US inflation.

The Budget 2020 placed a lot more emphasis on job creation and shifted away from the outright disbursement of large cash handouts and subsidies as seen in prior budgets before. In terms of impact, the budget was market-neutral with no immediate catalysts that could drive Bursa higher for now.

However, the absence of any pump-priming measures or announcement of mega infrastructure projects came as a disappointment to the construction sector. The consumer sector could benefit incrementally over time as the trickle-down effects of job creation, allocation for subsidies and social subsidies to address high cost of living and low income levels spur consumption.

### **State of Affairs of the Fund**

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

### **Soft Commissions received from Brokers**

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

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

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

## **TRUSTEE'S REPORT**

For the Six Months Financial Period Ended 30 September 2019

### **TO THE UNIT HOLDERS OF AFFIN HWANG AIIMAN EQUITY FUND**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG AIIMAN EQUITY FUND for the six months financial period ended 30 September 2019. In our opinion AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG AIIMAN EQUITY FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds for the six month financial period ended 30 September 2019.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement.
- (c) The distribution of income made by AFFIN HWANG AIIMAN EQUITY FUND as declared by the Manager is appropriate and reflects the investment objective of AFFIN HWANG AIIMAN EQUITY FUND.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**HABSAH BINTI BAKAR**

Chief Executive Officer

Kuala Lumpur, Malaysia

15 November 2019

## **SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN EQUITY FUND**

We have acted as the Shariah Adviser of Affin Hwang Aiiman Equity Fund. Our responsibility is to ensure that the procedures and processes employed by Affin Hwang Asset Management Berhad and the provisions of the Master Deed dated 27 June 2007, First Supplemental Deed dated 25 October 2007, Second Supplemental Deed dated 8 September 2008, Third Supplemental Deed dated 13 October 2008, Fourth Supplemental Deed dated 22 July 2014 and a Fifth supplemental deed dated 6 August 2015 are in accordance with Shariah principles.

In our opinion, Affin Hwang Asset Management Berhad has managed and administered Affin Hwang Aiiman Equity Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 30 September 2019.

In addition, we also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC") or SAC of Bank Negara Malaysia ("BNM"). As for the securities which are not certified by the SACSC or BNM, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For **Amanie Advisors Sdn. Bhd**

**DATUK DR MOHD DAUD BAKAR**  
Executive Chairman

Kuala Lumpur  
15 November 2019

# AFFIN HWANG AIIMAN EQUITY FUND

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	<u>Note</u>	6 months financial period ended <u>30.9.2019</u> RM	6 months financial period ended <u>30.9.2018</u> RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Dividend income		707,638	824,937
Profit income from income from amortised cost		67,489	171,626
Net gain/(loss) on financial assets at fair value through profit or loss	8	342,412	(1,195,846)
		<u>1,117,539</u>	<u>(199,283)</u>
<b>EXPENSES</b>			
Management fee	4	(399,767)	(476,684)
Trustee fee	5	(21,558)	(25,646)
Auditors' remuneration		(3,750)	(3,760)
Tax agent's fee		(3,140)	(3,149)
Other expenses		(18,357)	(26,056)
Transaction costs		(184,456)	(191,471)
		<u>(631,028)</u>	<u>(726,766)</u>
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		486,511	(926,049)
<b>TAXATION</b>	6	-	(5,811)
<b>NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>		<u>486,511</u>	<u>(931,860)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		1,718,407	(2,930,244)
Unrealised amount		(1,231,896)	1,998,384
		<u>486,511</u>	<u>(931,860)</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 EQUITY FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	4,990,369	11,898,416
Dividend receivables		136,143	206,021
Amount due from brokers		106,592	422,663
Financial assets at fair value through profit or loss	8	46,824,733	50,939,506
<b>TOTAL ASSETS</b>		<u>52,057,837</u>	<u>63,466,606</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		63,762	76,664
- cancellation of units		36,611	41,377
Amount due to Trustee		3,412	4,104
Amount due to brokers		196,754	415,962
Auditors' remuneration		10,860	18,370
Tax agent's fee		12,040	9,549
Tax provision		-	3,915
Other payable and accruals		17,342	19,561
<b>TOTAL LIABILITIES</b>		<u>340,781</u>	<u>589,502</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>51,717,056</u>	<u>62,877,104</u>
<b>EQUITY</b>			
Unitholders' capital		53,158,689	59,734,944
(Accumulated losses)/ retained earnings		(1,441,633)	3,142,160
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>51,717,056</u>	<u>62,877,104</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>117,235,000</u>	<u>131,858,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.4411</u>	<u>0.4769</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 EQUITY FUND

## UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Unitholders' <u>capital</u> RM	(Accumulated losses)/ retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2019	54,024,290	378,616	54,402,906
Total comprehensive income for the financial period	-	486,511	486,511
Distribution (Note 7)	-	(2,306,760)	(2,306,760)
Movement in unitholders' capital:			
Creation of units arising from applications	366,629	-	366,629
Creation of units arising from distributions	2,306,760	-	2,306,760
Cancellation of units	(3,538,990)	-	(3,538,990)
Balance as at 30 September 2019	<u>53,158,689</u>	<u>(1,441,633)</u>	<u>51,717,056</u>
Balance as at 1 April 2018	62,672,722	5,387,740	68,060,462
Total comprehensive loss for the financial period	-	(931,860)	(931,860)
Distribution (Note 7)	-	(1,313,720)	(1,313,720)
Movement in unitholders' capital:			
Creation of units arising from applications	859,753		859,753
Creation of units arising from distributions	1,313,720	-	1,313,720
Cancellation of units	(5,111,251)	-	(5,111,251)
Balance as at 30 September 2018	<u>59,734,944</u>	<u>3,142,160</u>	<u>62,877,104</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 EQUITY FUND

### UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	6 months financial period ended <u>30.9.2019</u> RM	6 months financial period ended <u>30.9.2018</u> RM
<u>Note</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments	34,090,322	34,446,608
Purchase of Shariah-compliant investments	(29,036,527)	(27,650,007)
Profit and hibah received	67,489	171,626
Dividend received	685,652	737,349
Management fee paid	(405,062)	(488,120)
Trustee fee paid	(21,839)	(26,241)
Payment for other fees and expenses	(208,351)	(36,430)
	<hr/>	<hr/>
Net cash generated from operating activities	5,171,684	7,154,785
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	366,629	889,032
Payments for cancellation of units	(3,529,259)	(5,069,874)
	<hr/>	<hr/>
Net cash used in financing activities	(3,162,630)	(4,180,842)
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,009,054	2,973,943
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	2,981,315	8,924,473
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	9      4,990,369	11,898,416
	<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 EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

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

- (a) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

##### Interest income

Profit income from short-term Shariah-based deposits with licensed financial institutions is 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 rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

##### Dividend income

Dividend income from Shariah-compliant quoted equities is recognised on the ex-dividend date, when the right to receive the dividend has been established.

##### Realised gains and losses

For Shariah-compliant quoted equities and exchange-traded fund ("ETF"), realised gains and losses on sale of Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)**

#### **C TRANSACTION COSTS**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

#### **D DIVIDEND 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.

#### **E 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.

#### **F 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.

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The fund classifies its financial assets in the following measurement categories:

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)**

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### **(i) Classification (continued)**

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 interest, 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 cash and cash equivalents, dividend receivables, amount due from brokers, amount due from Manager and other receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

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

The Fund classifies amount due to Manager, amount due to Trustee, amount due to brokers, 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. Shariah-compliant investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities, within the scope 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.

## AFFIN HWANG AIIMAN EQUITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### (ii) Recognition and measurement (continued)

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

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

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

Shariah-based deposits with licensed financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the deposits.

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

##### (iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management 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.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)**

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

##### **(iii) Impairment (continued)**

###### Definition of default and credit-impaired financial assets

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

###### Write-off

The Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year

#### **H CASH AND CASH EQUIVALENTS**

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

#### **I AMOUNTS DUE FROM/(TO) BROKERS**

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

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)**

#### **J 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;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

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

Units are created and cancelled at 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 unit holders with the total number of outstanding units.

#### **K SEGMENT REPORTING**

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

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

In undertaking any of the Fund's Shariah-compliant 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 Unit Trust Funds.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

#### **1 INFORMATION ON THE FUND**

The Unit Trust Fund was constituted under the name Affin Islamic Equity Fund (the “Fund”) pursuant to the execution of a Master Deed dated 27 June 2007, as modified by First Supplemental Deed dated 25 October 2007, Second Supplemental Deed dated 8 September 2008, Third Supplemental Deed dated 13 October 2008, Fourth Supplemental Deed dated 22 July 2014, Fifth Supplemental Deed dated 6 August 2015 and Sixth supplemental Deed dated 5 October 2018 (the “Deeds”) has been entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”) and the registered unitholders of the Fund. The Fund has changed its name from Affin Islamic Equity Fund to Affin Hwang Aiiman Equity Fund dated 22 July 2014 .

The Fund was launched on 1 August 2007 and will continue its operations until terminated by the Trustee as provided under Clause 22.1 of the Deed.

The Fund may invest in the following assets, subject to the Deeds, the Fund’s objective, the Guidelines, the requirements of the SC and any other regulatory body and all relevant laws:

- (i) Shariah-compliant securities of companies listed on the recognised Malaysian stock exchange or any other exchanges where the regulatory authority is a member of the International Organisation of Securities Commission (IOSCO);
- (ii) Unlisted Shariah-compliant securities;
- (iii) Shariah-compliant right issues;
- (iv) Shariah-compliant warrants;
- (v) Government Investment Issues (GII), Islamic Accepted Bills, Bank Negara Malaysia negotiable notes, negotiable Islamic debt certificate (NIDC), Islamic negotiable instrument of deposits (INID), Cagamas mudharabah bonds and any other Government Islamic papers;
- (vi) Other Shariah-compliant obligations issued or guaranteed by the Malaysian government, Bank Negara, state governments and government-related agencies;
- (vii) Sukuk;
- (viii) Islamic fixed deposits with financial institutions and placements of money market with investment banks;
- (ix) Islamic money market instruments and Sukuk traded in the Islamic capital market;
- (x) Units/shares in Shariah-compliant collective investment schemes which are in line with the objective of the Trust; and;
- (xi) Any other form of Shariah-compliant investments as may be permitted by the SC’s and/or the Shariah Adviser from time to time that is in line with the Trust’s objectives.

The objective of the Fund is to provide investors with stable returns by enabling investors to participate in the growth prospect of the Malaysian market, which is in compliance with Shariah principles.

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 15 November 2019.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	<u>Note</u>	Financial asset at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
Shariah-compliant quoted investments	8	-	45,953,660	45,953,660
Exchange-traded funds	8	-	871,073	871,073
Cash and cash equivalents	9	4,990,369	-	4,990,369
Dividend receivables		136,143	-	136,143
Amount due from brokers		106,592	-	106,592
Total		<u>5,233,104</u>	<u>46,824,733</u>	<u>52,057,837</u>

	<u>Note</u>	Financing and receivables RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2018</u>				
Shariah-compliant quoted investments	8	-	50,248,655	50,248,655
Exchange-traded funds	8	-	690,851	690,851
Cash and cash equivalents	9	11,898,416	-	11,898,416
Dividend receivables		206,021	-	206,021
Amount due from brokers		422,663	-	422,663
Total		<u>12,527,100</u>	<u>50,939,506</u>	<u>63,466,606</u>

All current liabilities are financial liabilities which are carried at amortised cost.

The Fund is exposed to a variety of risks which include market risk (including price risk and interest rate risk), liquidity risk, credit 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 Unit Trust Funds.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

##### Market risk

##### (a) Price risk

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

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

	<u>2019</u> RM	<u>2018</u> RM
<b>Shariah-compliant quoted investments</b>		
Quoted equities	45,953,660	50,248,655
Exchange-traded funds	871,073	690,851
	<u>46,824,733</u>	<u>50,939,506</u>

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2019</u>		
-5%	44,483,496	(2,341,237)
0%	46,824,733	-
+5%	49,165,970	2,341,237
	<u>                    </u>	<u>                    </u>
<u>2018</u>		
-5%	48,392,531	(2,546,975)
0%	50,939,506	-
+5%	53,486,481	2,546,975
	<u>                    </u>	<u>                    </u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

##### Market risk (continued)

##### (b) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to short term Shariah-based deposit placements with licensed financial institutions. The Manager overcomes this exposure by way of maintaining Shariah-based deposits on short term basis.

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

##### 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 Shariah-based liquid assets to meet anticipated payments and cancellation of units by unitholders. Shariah-based liquid assets comprise cash, Shariah-based deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

	Within <u>one month</u> RM	Between one month to <u>one year</u> RM	<u>Total</u> RM
<u>2019</u>			
Amount due to Manager			
- management fee	63,762	-	63,762
- cancellation of units	36,611	-	36,611
Amount due to Trustee	3,412	-	3,412
Amount due to brokers	196,754	-	196,754
Auditors' remuneration	-	10,860	10,860
Tax agent's fee	-	12,040	12,040
Other payables and accruals	-	17,342	17,342
	<u>300,539</u>	<u>40,242</u>	<u>340,781</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (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):

	Within <u>one month</u> RM	Between one month to <u>one year</u> RM	<u>Total</u> RM
<u>2018</u>			
Amount due to Manager			
- management fee	76,664	-	76,664
- cancellation of units	41,377	-	41,377
Amount due to trustee	4,104	-	4,104
Amount due to brokers	415,962	-	415,962
Auditors' remuneration	-	18,370	18,370
Tax agent's fee	-	9,549	9,549
Other payables and accruals	-	19,561	19,561
	<u>538,107</u>	<u>47,480</u>	<u>585,587</u>

##### Credit risk

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

Credit risk arising from placements of Shariah-based deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

The settlement terms of amount due from brokers are governed by the relevant rules and regulations as prescribed by the respective stock exchange.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

##### Credit risk (continued)

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

	Cash and cash equivalents	Other assets*	Total
<u>2019</u>			
Consumer Products & Services			
- NR	-	10,000	10,000
Financials			
- AA3	60,326	-	60,326
- AAA	4,930,043	-	4,930,043
REITs			
- NR	-	8,177	8,177
Technology			
- NR	-	5,601	5,601
Utilities			
- NR	-	72,000	72,000
Industrial Products & Services			
- NR	-	40,365	40,365
Others			
- NR	-	106,592	106,592
	<u>4,990,369</u>	<u>242,735</u>	<u>5,233,104</u>

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

##### Credit risk (continued)

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

	Cash and cash <u>equivalents</u>	Other <u>assets*</u>	<u>Total</u>
<u>2018</u>			
Construction			
- NR	-	13,149	13,149
Consumer Products & Services			
- NR	-	437,710	437,710
Financials			
- AA3	2,058,471	-	2,058,471
- AAA	9,839,945	-	9,839,945
HealthCare			
- NR	-	5,950	5,950
Industrial Products & Services			
- NR	-	53,667	53,667
Plantation			
- NR	-	3,960	3,960
Property			
- NR	-	20,353	20,353
Technology			
- NR	-	14,700	14,700
Utilities			
- NR	-	79,195	79,195
	<u>11,898,416</u>	<u>628,684</u>	<u>12,527,100</u>

\* Other assets consist of dividend receivables and amount due from brokers.

The Fund's financial assets are neither past due nor impaired.

##### Capital risk

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

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

##### 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 SC 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 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 financial period end date.

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

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

##### (i) Fair value hierarchy

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

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

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

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant quoted equities	45,953,660	-	-	45,953,660
- exchange-traded funds	871,073	-	-	871,073
	<u>46,824,733</u>	<u>-</u>	<u>-</u>	<u>46,824,733</u>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant quoted equities	50,248,655	-	-	50,248,655
- exchange-traded funds	690,851	-	-	690,851
	<u>50,939,506</u>	<u>-</u>	<u>-</u>	<u>50,939,506</u>

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

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

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

	Financial period ended 30.9.2019 RM	Financial period ended 30.9.2018 RM
Gross management fee	404,215	480,856
Management fee rebate		
- management fee rebate on exchange traded fund	(1,213)	(1,788)
- interest income earned on collective accounts	(3,235)	(2,384)
Net management fee	<u>399,767</u>	<u>476,684</u>

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

For the 6 months financial period ended 30 September 2019, the management fee is recognised at a rate of 1.50% (2018: 1.50%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

As this Fund invests in units of Tradeplus Shariah Gold Tracker, any management fee charged to ETF is fully refunded to this Fund. Accordingly, there is no double charging of management fee.

The interest income earned by the Manager from the Fund's trust collection account maintained by the Manager is netted off against the gross management fee charged by the Manager.

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

#### 5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee of up to 0.08% per annum of the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM18,000 per annum.

For the 6 months financial period ended 30 September 2019, the Trustee fee is recognised at a rate of 0.08% (2018: 0.08%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 6 TAXATION

	6 months financial period ended 30.9.2019 RM	6 months financial period ended 30.9.2018 RM
Current taxation - local	-	5,811

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

	6 months financial period ended 30.9.2019 RM	6 months financial period ended 30.9.2018 RM
Net profit/(loss) before taxation	486,511	(926,049)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	116,763	(222,252)
Tax effects of:		
(Investment income not subject to tax)		
/investment loss exempted from tax	(268,121)	47,828
Expenses not deductible for tax purposes	54,603	58,275
Restrictions on tax deductible expenses for Unit Trust Funds	96,755	116,149
Local income subject to difference tax rate	-	5,811
Tax expense	-	5,811

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 7 DISTRIBUTION

	6 months financial period ended 30.9.2019 RM	6 months financial period ended 30.9.2018 RM
Distributions to unitholders are from the following sources:		
Prior year's realised income	2,306,760	1,313,720
Gross realised income	2,306,760	1,313,720
Less: Expenses	-	-
Net distribution amount	2,306,760	1,313,720
Gross/net distribution per unit (sen)	2.00	1.00
Ex-date	17.07.2019	24.07.2018

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

Included in distribution for the financial year is an amount of RM2,306,760 (2018: RM1,313,720) made from previous financial year's realised income.

#### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 RM	2018 RM
Designated at fair value through profit or loss at inception:		
- Shariah-compliant quoted equities – local	45,953,660	50,248,655
- exchange-traded funds – local	871,073	690,851
	46,824,733	50,939,506
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	1,574,308	(3,194,230)
- unrealised (loss)/gain on changes in fair value	(1,231,896)	1,998,384
	342,412	(1,195,846)

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local

(i) Shariah-compliant quoted equities – local as at 30 September 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
IJM Corporation Bhd	265,100	520,603	577,918	1.12
Kerjaya Prospek Group Bhd	699,900	795,833	923,868	1.79
Gadang Holdings Bhd	1,217,600	1,105,849	791,440	1.53
WCT Holdings Bhd	535,000	597,842	470,800	0.91
	<u>2,717,600</u>	<u>3,020,127</u>	<u>2,764,026</u>	<u>5.35</u>
<u>Consumer Products &amp; Services</u>				
Kim Hin Joo Bhd	2,000,000	860,129	590,000	1.14
MBM Resources Bhd	251,100	1,061,706	986,823	1.91
Lee Swee Kiat Group Bhd	1,250,000	1,125,000	743,750	1.44
Formosa Prosonic Industries Bhd	646,400	1,161,864	1,066,560	2.06
	<u>4,147,500</u>	<u>4,208,699</u>	<u>3,387,133</u>	<u>6.55</u>
<u>Energy</u>				
Dayang Enterprise Hldgs Bhd	486,300	770,193	812,121	1.57
Malaysia Marine&Heavy Eng. Bhd	1,368,300	997,534	1,108,323	2.14
Hibiscus Petroleum Bhd	1,554,000	1,541,892	1,484,070	2.87
Velesto Energy Bhd	5,540,400	1,542,144	1,800,630	3.48
KNM Group Bhd	3,009,600	1,123,785	1,128,600	2.18
Dialog Group Bhd	551,400	1,378,819	1,874,760	3.63
Yinson Holdings Bhd	156,500	928,111	1,043,855	2.02
	<u>12,666,500</u>	<u>8,282,478</u>	<u>9,252,359</u>	<u>17.89</u>
<u>Financial Services</u>				
BIMB Holdings Bhd	186,400	805,620	738,144	1.43
<u>Health Care</u>				
Duopharma Biotech Bhd	1,341,692	1,385,379	1,864,952	3.61

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(i) Shariah-compliant quoted equities – local as at 30 September 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products &amp; Services</u>				
Kelington Group Bhd	854,000	994,198	1,110,200	2.15
Scientex Bhd	128,100	692,145	1,145,214	2.21
Halex Holdings Bhd	1,368,800	1,067,664	903,408	1.75
Sunway Bhd	1,060,836	1,658,578	1,803,421	3.49
V.S. Industry Bhd	1,100,000	1,148,297	1,474,000	2.85
Favelle Favco Bhd	570,200	1,590,439	1,511,030	2.92
ATA IMS Bhd	1,016,000	1,672,572	1,341,120	2.59
	<u>6,097,936</u>	<u>8,823,893</u>	<u>9,288,393</u>	<u>17.96</u>
<u>Plantation</u>				
Sime Darby Plantation Bhd	221,700	1,059,962	1,046,424	2.02
<u>Property</u>				
Paramount Corporation Bhd	1,022,420	1,567,091	1,359,819	2.63
UOA Development Bhd	604,700	1,505,867	1,209,400	2.34
	<u>1,627,120</u>	<u>3,072,958</u>	<u>2,569,219</u>	<u>4.97</u>
<u>REITs</u>				
Axis Real Estate Invst Trust	1,259,100	1,958,179	2,316,744	4.48
KLCCP Stapled Group Stapled Security	100,000	802,347	805,000	1.56
	<u>1,359,100</u>	<u>2,760,526</u>	<u>3,121,744</u>	<u>6.04</u>
<u>Technology</u>				
GHL Systems Bhd	1,070,000	1,637,224	1,476,600	2.86
Frontken Corp Bhd	640,000	545,792	1,100,800	2.13
My EG Services Bhd	1,586,500	2,118,257	2,221,100	4.29
Inari Amertron Bhd	509,200	990,230	921,652	1.78
Revenue Group Bhd	727,900	917,004	1,070,013	2.07
Malaysian Pac Industries Bhd	60,600	709,295	553,884	1.07
Pentamaster Corporation Bhd	180,250	334,786	798,507	1.54
	<u>4,774,450</u>	<u>7,252,588</u>	<u>8,142,556</u>	<u>15.74</u>

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(i) Shariah-compliant quoted equities – local as at 30 September 2019 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunications &amp; Media</u>				
TIME dotCom Bhd	57,000	512,943	514,710	0.99
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Utilities</u>				
Tenaga Nasional Bhd	240,000	3,064,074	3,264,000	6.31
	<hr/>	<hr/>	<hr/>	<hr/>
Total Shariah-compliant quoted equities – local	35,436,998	44,249,247	45,953,660	88.86
	<hr/>		<hr/>	<hr/>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		1,704,413		
		<hr/>		
Total Shariah-compliant quoted equities – local		45,953,660		
		<hr/>		

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(ii) Shariah-compliant quoted equities – local as at 30 September 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Econpile Holdings Bhd	1,529,900	1,330,734	1,223,920	1.95
GDB Holdings Bhd	950,000	375,393	327,750	0.52
Kerjaya Prospek Group Bhd	476,620	480,934	652,969	1.04
	<u>2,956,520</u>	<u>2,187,061</u>	<u>2,204,639</u>	<u>3.51</u>
<u>Consumer Products &amp; Services</u>				
Aeon Company (M) Bhd	380,000	737,766	646,000	1.03
Fraser & Neave Holdings Bhd	49,800	1,429,201	1,876,464	2.98
Petronas Dagangan Bhd	71,400	1,821,685	1,872,108	2.98
Sime Darby Bhd	250,788	560,132	654,557	1.04
	<u>751,988</u>	<u>4,548,784</u>	<u>5,049,129</u>	<u>8.03</u>
<u>Energy</u>				
Dayang Enterprise Hldgs Bhd	1,669,000	1,304,799	1,260,095	2.00
Dialog Group Bhd	919,700	1,538,096	3,200,556	5.09
Hibiscus Petroleum Bhd	820,000	823,650	1,025,000	1.63
	<u>3,408,700</u>	<u>3,666,545</u>	<u>5,485,651</u>	<u>8.72</u>
<u>Health Care</u>				
CCM Duopharma Biotech Bhd	464,712	417,878	557,654	0.89
Kossan Rubber Industries Bhd	368,000	1,440,727	1,575,040	2.51
KPJ Healthcare Bhd	1,190,000	1,156,789	1,285,200	2.04
	<u>2,022,712</u>	<u>3,015,394</u>	<u>3,417,894</u>	<u>5.44</u>
<u>Industrial Products &amp; Services</u>				
ATA IMS Bhd	776,000	1,241,315	1,272,640	2.02
HSS Engineers Bhd	1,010,000	848,486	944,350	1.50
Kelington Group Bhd	732,900	494,647	740,229	1.18
Petronas Chemicals Group Bhd	298,000	2,470,733	2,789,280	4.44

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(ii) Shariah-compliant quoted equities – local as at 30 September 2018 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products &amp; Services</u> (continued)				
Scientex Bhd	265,100	1,242,934	2,332,880	3.71
Sunway Bhd	1,533,333	2,421,282	2,315,333	3.68
V.S. Industry Bhd	863,025	1,949,293	1,484,403	2.36
	<u>5,478,358</u>	<u>10,668,690</u>	<u>11,879,115</u>	<u>18.89</u>
<u>Plantation</u>				
IOI Corporation Bhd	143,000	658,838	646,360	1.03
<u>Property</u>				
Matrix Concepts Holdings Bhd	626,250	1,262,639	1,302,600	2.07
UOA Development Bhd	565,000	1,426,864	1,299,500	2.07
	<u>1,191,250</u>	<u>2,689,503</u>	<u>2,602,100</u>	<u>4.14</u>
<u>REITS</u>				
Axis Real Estate Invst Trust	1,550,000	2,410,593	2,278,500	3.62
KLCCP Stapled Group Stapled Security	98,000	717,192	743,820	1.18
	<u>1,648,000</u>	<u>3,127,785</u>	<u>3,022,320</u>	<u>4.80</u>
<u>Technology</u>				
D&O Green Technologies Bhd	1,770,000	1,237,888	1,584,150	2.52
Frontken Corp Bhd	1,100,000	701,250	995,500	1.58
GHL Systems Bhd	1,200,000	1,836,139	1,896,000	3.02
Inari Amertron Bhd	735,000	1,562,728	1,675,800	2.67
Malaysian Pac Industries Bhd	82,600	959,657	1,002,764	1.60
Pentamaster Corporation Bhd	305,000	931,968	1,125,450	1.79
Unisem M Berhad	204,900	486,228	635,190	1.01
	<u>5,397,500</u>	<u>7,715,858</u>	<u>8,914,854</u>	<u>14.19</u>

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(ii) Shariah-compliant quoted equities – local as at 30 September 2018 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunications &amp; Media</u>				
Digi. Com Bhd	273,000	1,267,374	1,310,400	2.08
OCK Group Bhd	1,839,800	1,407,769	1,057,885	1.68
	<u>2,112,800</u>	<u>2,675,143</u>	<u>2,368,285</u>	<u>3.76</u>
<u>Utilities</u>				
Mega First Corp Bhd	260,000	939,818	884,000	1.41
Tenaga Nasional Bhd	244,450	3,522,376	3,774,308	6.00
	<u>504,450</u>	<u>4,462,194</u>	<u>4,658,308</u>	<u>7.41</u>
Total Shariah-compliant quoted equities – local	<u>25,615,278</u>	<u>45,415,795</u>	<u>50,248,655</u>	<u>79.92</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>4,832,860</u>		
Total Shariah-compliant quoted equities – local		<u>50,248,655</u>		

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

(b) Exchange-traded funds – local

(i) Exchange-traded funds – local as at 30 September 2019 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	429,100	757,590	690,851	1.10
Total exchange-traded funds – local	<u>429,100</u>	<u>757,590</u>	<u>871,073</u>	<u>1.68</u>
Accumulated unrealised gain on exchange-traded funds – local		<u>113,483</u>		
Total exchange-traded funds – local		<u>871,073</u>		

(ii) Exchange-traded funds – local as at 30 September 2018 is as follow:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	429,100	757,590	690,851	1.10
Total exchange-traded funds – local	<u>429,100</u>	<u>757,590</u>	<u>690,851</u>	<u>1.10</u>
Accumulated unrealised loss on exchange-traded funds – local		<u>(66,739)</u>		
Total exchange-traded funds – local		<u>690,851</u>		

## AFFIN HWANG AIIAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	60,326	57,402
Short term Shariah-based deposits with licensed financial institutions	4,930,043	11,841,014
	<u>4,990,369</u>	<u>11,898,416</u>

The weighted average effective profits per annum of Shariah-based deposits with licensed financial institutions are as follows:

	<u>2019</u> %	<u>2018</u> %
Shariah-based deposits with licensed financial institutions	<u>2.92</u>	<u>3.21</u>

Shariah-based deposits with licensed financial institutions have an average maturity of 1 day (2018: 2 days).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial period	119,184,000	137,964,000
Creation of unit arising from applications	794,318	1,839,000
Creation of units arising from distributions	4,974,682	2,808,895
Cancellation of units	(7,718,000)	(10,753,895)
At the end of the financial period	<u>117,235,000</u>	<u>131,858,000</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 11 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- a. Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the SC; and
- b. Exchange trade funds which has been classified as Shariah-compliant by the Shariah Advisory Council of the SC; and
- c. Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

#### 12 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the 6 months financial period ended 30 September 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	Percentage of total <u>trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	20,533,198	33.67	57,732	32.84
Hong Leong Investment Bank Bhd	5,542,812	9.09	16,411	9.33
CLSA Securities Malaysia Sdn. Bhd	5,518,908	9.05	11,800	6.70
Public Investment Bank Bhd	3,724,306	6.10	10,828	6.16
RHB Investment Bank Bhd	3,675,850	6.03	11,375	6.47
KAF Seagroatt & Campbell Securities Sdn Bhd	3,494,506	5.73	10,442	5.94
UOB Kay Hian Securities (M) Sdn Bhd	3,285,101	5.39	9,343	5.31
Kenanga Investment Bank Bhd	3,000,877	4.92	9,250	5.26
Alliance Investment Bank Bhd	2,681,777	4.40	8,114	4.62
CGS – Cimb Securities Sdn. Bhd	2,632,773	4.32	7,972	4.53
Others	6,893,367	11.30	22,548	12.84
	<u>60,983,475</u>	<u>100.00</u>	<u>175,815</u>	<u>100.00</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 12 TRANSACTIONS WITH BROKERS (CONTINUED)

- (ii) Details of transactions with the top 10 brokers for the 6 months financial period ended 30 September 2018 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
Affin Hwang Investment Bank Bhd #	19,768,465	32.33	60,688	31.70
UOB Kay Hian Securities (M) Sdn Bhd	5,698,839	9.32	18,600	9.72
Hong Leong Investment Bank Bhd	4,794,267	7.84	14,311	7.47
RHB Investment Bank Bhd	4,183,135	6.84	13,582	7.09
Malayan Banking Bhd	4,092,568	6.69	13,013	6.80
Macquarie Capital Securities (Malaysia) Sdn. Bhd.	3,158,351	5.16	10,132	5.29
Public Investment Bank Bhd	3,135,265	5.13	10,036	5.24
Kenanga Investment Bank Bhd	3,100,510	5.07	9,677	5.05
CIMB Investment Bank Bhd	3,000,514	4.91	10,237	5.35
KAF Seagroatt & Campbell Securities Sdn Bhd	2,369,709	3.88	6,455	3.37
Others	7,843,007	12.83	24,740	12.92
	<u>61,144,630</u>	<u>100.00</u>	<u>191,471</u>	<u>100.00</u>

# Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM20,533,198 (2018: RM19,768,465). The Manager is of the opinion that all transactions with the related companies have been entered into the normal course of business at agreed terms between the related parties.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

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

	<u>2019</u>		<u>2018</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad				
(The units are held legally for booking purposes)	2,990	1,319	2,945	1,404

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

#### 14 MANAGEMENT EXPENSE RATIO ("MER")

	6 months financial period ended <u>30.9.2019</u>	6 months financial period ended <u>30.9.2018</u>
	%	%
MER	<u>0.83</u>	<u>0.84</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee and custodian fees
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sales and service tax on transaction costs and withholding tax
F	=	Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on daily basis is RM53,890,598 (2018: RM63,932,968).

#### 15 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended <u>30.9.2019</u>	6 months financial period ended <u>30.9.2018</u>
PTR (times)	<u>0.55</u>	<u>0.50</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM29,033,245 (2018: RM26,963,463)  
total disposal for the financial period = RM30,376,051 (2018: RM37,349,036)

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)**

#### **16 SEGMENT INFORMATION**

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

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

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividends, income and gains on the appreciation in the value of investments and are derived from quoted equities and exchange-traded funds in Malaysia.

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

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

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, as the Directors of Affin Hwang Asset Management Berhad, do hereby state that in my opinion as the Manager, the financial statements set out on pages 10 to 44 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2019 and of its financial performance, changes in equity and cash flows for the financial period ended 30 September 2019 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,

**AFFIN HWANG ASSET MANAGEMENT BERHAD**

**TENG CHEE WAI**

**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur

15 November 2019

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