Affin Hwang Aiiman Global Sukuk Fund

Annual Report
31 May 2019

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

AFFIN HWANG CAPITAL

MANAGER
Affin Hwang Asset Management Berhad (429786-T)

TRUSTEE
CIMB Islamic Trustee Berhad (167913-M)

AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

Annual Report and Audited Financial Statements
For The Financial Year Ended 31 May 2019

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FUND INFORMATION

Fund Name	Affin Hwang Aiiman Global Sukuk Fund
Fund Type	Income
Fund Category	Fixed Income
Investment Objective	The Fund aims to provide investors with regular income through investments in Shariah-compliant fixed income instruments
Benchmark	Dow Jones Sukuk Index
Distribution Policy	Subject to the availability of income, the Fund will distribute income on an annual basis after the end of the first financial year of the Fund

BREAKDOWN OF UNITHOLDERS BY SIZE MYR CLASS AS AT 31 MAY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	1	16
50,001 to 500,000	1	87
500,001 and above	3	3,633
Total	**5**	**3,736**

** Note: Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE MYR-HEDGE CLASS AS AT 31 MAY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	-	-
10,001 to 50,000	-	-
50,001 to 500,000	-	-
500,001 and above	1	15,809
Total	**1**	**15,809**

** Note: Excluding Manager's stock*

BREAKDOWN OF UNITHOLDERS BY SIZE USD CLASS AS AT 31 MAY 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	-	-
5,001 to 10,000	1	10
10,001 to 50,000	-	-
50,001 to 500,000	2	358
500,001 and above	2	9,656
Total	**5**	**10,024**

** Note: Excluding Manager's stock*

FUND PERFORMANCE DATA

Category	As at 31 May 2019 (%)			As at 31 May 2018 (%)			As at 31 May 2017 (%)	
Portfolio Composition								
Unquoted sukuk - local	0.64			1.03			3.44	
Unquoted sukuk - foreign	93.42			87.51			90.12	
Total unquoted sukuk	**94.06**			**88.54**			**93.56**	
Cash & cash equivalent	**5.94**			**11.46**			**6.44**	
Total	**100.00**			**100.00**			**100.00**	
Currency class	**USD Class**	**MYR Class**	**MYR-Hedged Class**	**USD Class**	**MYR Class**	**MYR-Hedged Class**	**USD Class**	**MYR Class**
Total NAV (in million)	5.409	1.952	8.441	4.960	0.016	0.044	5.033	7.747
NAV per unit (in respective currencies)	0.5395	0.5220	0.5338	0.5099	0.4690	0.4793	0.5168	0.5186
Unit in Circulation (million)	10.026	3.739	15.812	9.728	0.034	0.091	9.740	14.940
Highest NAV	0.5395	0.5220	0.5338	0.5215	0.5233	0.5007	0.5194	0.5341
Lowest NAV	0.5090	0.4673	0.4776	0.5063	0.4592	0.4693	0.4991	0.4762
Return of the Fund (%)[iii]	5.81	11.30	11.37	-1.34	-9.56	-4.14	2.93	6.14
- Capital Return (%)[i]	5.81	11.30	11.37	-1.34	-9.56	-4.14	2.42	6.14
- Income Return (%)[ii]	Nil	Nil	Nil	Nil	Nil	Nil	0.50	Nil
Gross Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	0.25	Nil
Net Distribution per Unit (sen)	Nil	Nil	Nil	Nil	Nil	Nil	0.25	Nil
Management Expenses Ratio (%)[1]		1.37			1.49		1.44	
Portfolio Turnover Ratio (times)[2]		0.54			1.21		1.27	

[1] The Fund's MER decreased due to higher average NAV of the Fund during the period under review.
[2]The Fund's PTR was significantly lower than previous year as the Manager had decreased trading activities during the period under review.

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

USD Class

Capital Growth[i] = {NAV per Unit @ 31/05/19 ÷ NAV per Unit @ 31/05/18* - 1} x 100
= {0.5395 ÷ 0.5099 – 1} x 100
= 5.81%

Total Income Return[ii] = **Nil**

Return of the Fund[iii] = [{(1 + Capital Growth) x (1 + Total Income Return)} – 1] x 100
= [{(1 + 5.81%) x (1 + 0.00%)} – 1] x 100
= **5.81%**

MYR Class

Capital Growth[i] = {NAV per Unit @ 31/05/19 ÷ NAV per Unit @ 31/05/18* - 1} x 100
= {0.5220 ÷ 0.4690 – 1} x 100
= 11.30%

Total Income Return[ii] = **Nil**

Return of the Fund[iii] = [{(1 + Capital Growth) x (1 + Total Income Return)} – 1] x 100
= [{(1 + 11.30%) x (1 + 0.00%)} – 1] x 100
= **11.30%**

MYR-Hedged Class

Capital Growth[i] = {NAV per Unit @ 31/05/19 ÷ NAV per Unit @ 31/05/18* - 1} x 100
= {0.5338 ÷ 0.4793 – 1} x 100
= 11.37%

Total Income Return[ii] = **Nil**

Return of the Fund[iii] = [{(1 + Capital Growth) x (1 + Total Income Return)} – 1] x 100
= [{(1 + 11.37%) x (1 + 0.00%)} – 1] x 100
= **11.37%**

** Source – CIMB Islamic Trustee Berhad*

Table 1: Performance of the Fund

USD Class

	1 Year (1/6/18 - 31/5/19)	3 Years (1/6/16 - 31/5/19)	Since Commencement (30/12/15 - 31/5/19)
Fund	5.81%	7.45%	8.44%
Benchmark	3.40%	0.35%	1.90%
Outperformance / (Underperformance)	2.41%	7.10%	6.54%

Source of Benchmark: Bloomberg

MYR Class

	1 Year (1/6/18 - 31/5/19)	3 Years (1/6/16 - 31/5/19)	Since Commencement (30/12/15 - 31/5/19)
Fund	11.30%	6.84%	4.40%
Benchmark	8.63%	2.08%	(0.56%)
Outperformance / (Underperformance)	2.67%	4.76%	4.96%

Source of Benchmark: Bloomberg

MYR-Hedged Class

	1 Year (1/6/18 - 31/5/19)	Since Commencement (15/12/17 - 31/5/19)
Fund	11.37%	6.76%
Benchmark	8.63%	2.51%
Outperformance / (Underperformance)	2.74%	4.25%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

USD Class

	1 Year (1/6/18 - 31/5/19)	3 Years (1/6/16 - 31/5/19)	Since Commencement (30/12/15 - 31/5/19)
Fund	5.81%	2.42%	2.40%
Benchmark	3.40%	0.12%	0.55%
Outperformance / (Underperformance)	2.41%	2.30%	1.85%

Source of Benchmark: Bloomberg

MYR Class

	1 Year (1/6/18 - 31/5/19)	3 Years (1/6/16 - 31/5/19)	Since Commencement (30/12/15 - 31/5/19)
Fund	11.30%	2.23%	1.27%

Benchmark	**8.63%**	**0.69%**	**(0.16%)**
Outperformance / (Underperformance)	**2.67%**	**1.54%**	**1.43%**

Source of Benchmark: Bloomberg

MYR-Hedged Class

	1 Year (1/6/18 - 31/5/19)	**Since Commencement (15/12/17 - 31/5/19)**
Fund	**11.37%**	**4.58%**
Benchmark	**8.63%**	**1.72%**
Outperformance / (Underperformance)	**2.74%**	**2.86%**

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

USD Class

	FYE 2019 (01/6/18 - 31/5/19)	**FYE 2018 (01/6/17 - 31/5/18)**	**FYE 2017 (01/6/16 - 31/5/17)**
Fund	**5.81%**	**(1.34%)**	**2.93%**
Benchmark	**3.40%**	**(3.73%)**	**0.81%**
Outperformance / (Underperformance)	**2.41%**	**2.39%**	**2.12%**

Source of Benchmark: Bloomberg

MYR Class

	FYE 2019 (01/6/18 - 31/5/19)	**FYE 2018 (01/6/17 - 31/5/18)**	**FYE 2017 (01/6/16 - 31/5/17)**	**FYE 2016 (30/12/15 - 31/5/16)**
Fund	**11.30%**	**(9.56%)**	**6.14%**	**(2.28%)**
Benchmark	**8.63%**	**(10.70%)**	**5.23%**	**(2.58%)**
Outperformance / (Underperformance)	**2.67%**	**1.14%**	**0.91%**	**0.30%**

Source of Benchmark: Bloomberg

MYR-Hedged Class

	FYE 2019 (01/6/18 - 31/5/19)	**FYE 2018 (15/12/17 - 31/5/18)**
Fund	**11.37%**	**(4.14%)**
Benchmark	**8.63%**	**(5.63%)**
Outperformance / (Underperformance)	**2.74%**	**1.49%**

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

USD Class

For the period under review, the Fund has registered a return of 5.81% outperformed the benchmark return of 3.40% by 2.41 percentage points. The NAV per unit of the Fund on 31 May 2019 was USD 0.5395 while the NAV per unit on 31 May 2018 was USD 0.5099.(See Table 1 for performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

MYR Class

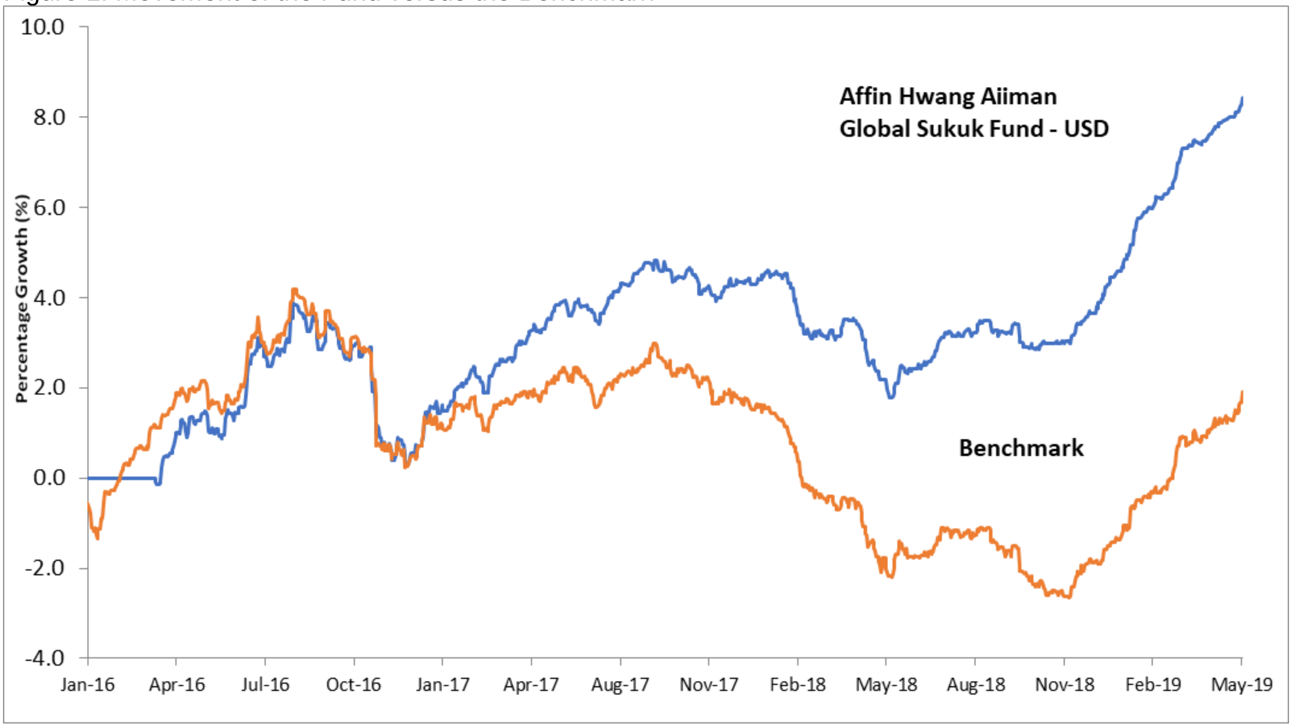
As for the MYR class, the Fund registered a return of 11.30% compared to the benchmark of 8.63% during the performance under review. The Fund thus outperformed the Benchmark by 2.67%. The Net Asset Value ("NAV") per unit as at 31 May 2019 was RM 0.5220 compared to the NAV per unit as 31 May 2018 was RM 0.4690.

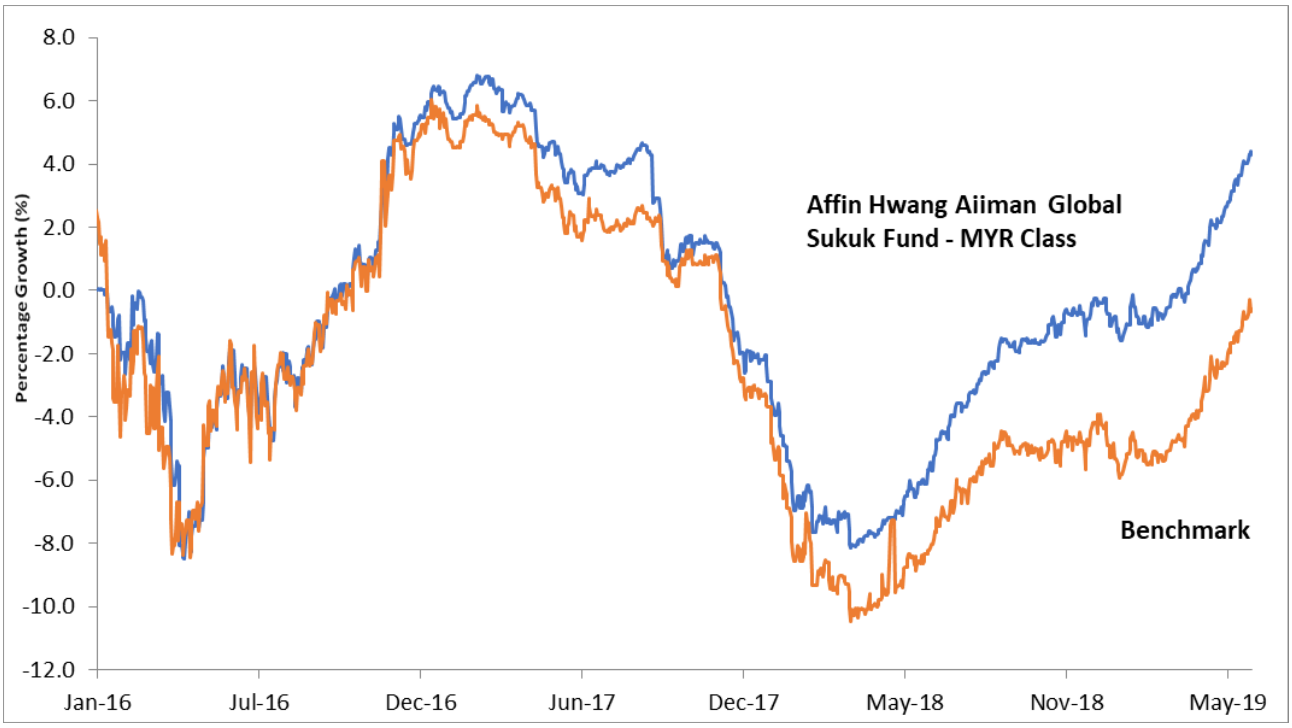
MYR-Hedged Fund

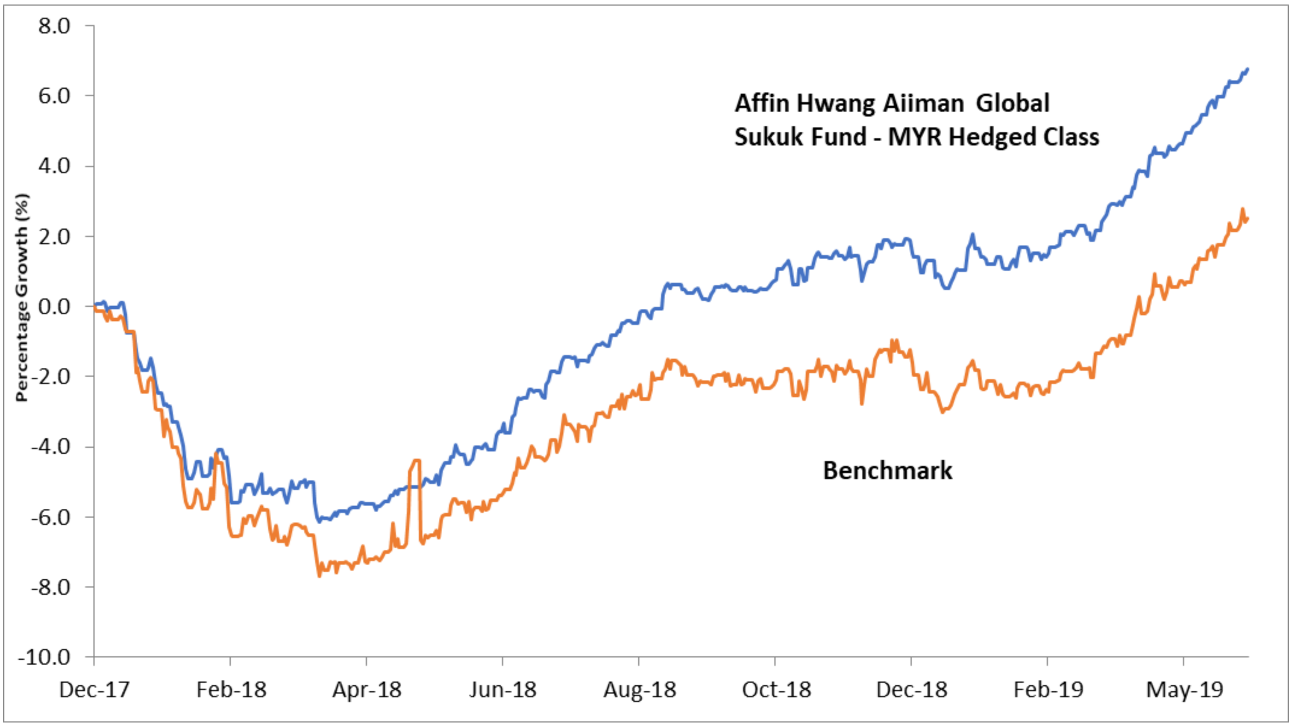
As for the MYR hedged class, the Fund registered a return of 11.37% compared to the benchmark of 8.63% during the performance under review. The Fund thus outperformed the Benchmark by 2.74%. The Net Asset Value ("NAV") per unit as at 31 May 2019 was RM 0.5338 compared to the NAV per unit as 31 May 2018 was RM 0.4793.

The Fund has outperformed its Benchmark since commencement. We believe the Fund's objective of providing investors with a steady income through investments in Shariah-compliant fixed income instruments has been met.

Figure 1: Movement of the Fund versus the Benchmark







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

Benchmark: Dow Jones Sukuk Index

Income Distribution / Unit Split

No income distribution or unit split was declared for the financial period ended 31 May 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

	31 May 2019	31 May 2018	31 May 2017
	(%)	(%)	(%)
Unquoted sukuk – local	0.64	1.03	3.44
Unquoted sukuk – foreign	93.42	87.51	90.12
Cash & cash equivalent	5.94	11.46	6.44
Total	**100.00**	**100.00**	**100.00**

During the period under review, the Fund remained highly invested with 94.06% of the Fund's NAV invested in Sukuk while cash level of the Fund stood at 5.94% over the same period.

Strategies Employed

With the return of volatility in markets, we raised our cash holdings and went into a defensive stance. Post-selloff and underperformance in 2018, we saw that valuations have become attractive and flows returning, where we then gradually increased exposure. However, in a late cycle environment, default rates tend to rise as growth slows, thus it is important to stick to quality credits.

Market Review

Emerging markets (EMs) saw a "tantrum-like" sell-off in 2018 where investors' appetite for risk-assets tapered off significantly on the back of fractious developments within Turkey and Argentina that have sent both their currencies into free fall.

Trade remained a key overhang of markets following tit-for-tat tariffs, where the Trump administration announced 10.0% duties on USD200 billion worth of Chinese imports which took effect on September 2018. China swiftly retaliated by imposing tariffs of their own on USD60 billion worth of US goods ranging between 5.0-10.0%. The two global powerhouses have already slapped tariffs on USD50 billion worth of goods throughout its trade skirmish.

A sharp depreciation of the Chinese yuan also dragged down the rest of EMs, as a high correlation between markets led to further pain within other Asian currencies. The yuan has shed its value when trade tensions started to brew. Due to concerns over trade-frictions with the US and possible second-order impacts on the Chinese economy that could manifest into slower investment and softer consumption, Beijing has shifted slightly towards a more neutral tone that leaves more room for China to loosen its grip on deleveraging and policy easing.

On the local front, the 14th General Election (GE14) concluded with jaw-dropping results that stunned political pundits and pollsters. In a watershed election, the opposition won GE14 by wrestling traditionally held strongholds from the incumbent by taking over states such as Johor, Kedah, and Melaka. Tun Dr. Mahathir aged 93 returns to parliament with a second stint as Prime Minister pledging institutional and fiscal reforms for the country.

The MYR sukuk market held up well in 2018 supported by flushed local liquidity despite domestic political events. On the flip-side, the global sukuk had a poor year in general, in line with global rates and credit markets due to tighter global monetary conditions and concerns of global growth tapering off. The decline in crude oil prices in the 2H'18 had little impact on the sukuk market, as oil prices still averaged higher than prices assumed in annual budgets throughout the year. In terms of domestic pipeline, we expect net issuance of GII to be sufficient to fund the country's expected fiscal deficit this year.

Coming into 2019, after a yearlong bitter trade conflict, we've since seen the two economic powerhouses change their political rhetoric to one of compromise and cooperation after extending the initial 1 March deadline. Some of the headwinds pressuring emerging markets (EMs) before are now receding with the US Federal Reserve turning more dovish and the US dollar strength starting to top-out. A gradual step-up in stimulus measures from China would also be supportive of markets and help drive growth.

However, “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.

On the domestic-front, the local market sold-off on the back of news that index provider FTSE Russell may drop Malaysian bonds from its global index which triggered outflows. FTSE Russell said it would review Malaysia’s market accessibility level in its World Government Bond Index (WGBI) due to concerns about market liquidity.

Malaysia could potentially face total outflows of US$ 7-8 billion dollar in the event of an exclusion from the WGBI with Malaysia making up 40bps of the index. Passive outflows which is the more susceptible component could see outflows totalling US$2-3 billion. However, ample domestic liquidity would be able to shore up the bond market and absorb any shocks due to foreign selling. A final review by the index provider is due on September’19.

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

For the next six to nine months, we expect global economy to continue to grow at a healthy albeit at a slower pace and do not see major economic imbalances that will lead to a recession in the immediate term. That said, as we head into late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective. In terms of interest rate cycle, we have likely entered the tail-end of rate hike cycle globally, including in the US after 9 consecutive rate hikes given slower growth and benign inflation outlook.

Among the G3, while the European Central Bank (ECB) and Bank of Japan (BOJ) are likely to remain accommodative, the US Federal Reserve (Fed) could potentially deliver 1 rate cut in July depending on market condition. Outside G3, we believe the pressures for central banks to hike rates have subsided especially for Emerging Markets (EM) given low inflation and our expectation of limited upside for US Dollar (USD) as Fed turns dovish.

Back home, considering the more neutral statement by BNM after the rate cut, we expect the central bank to keep rates steady for the remainder of 2019 – provided that trade relations between US and China doesn’t deteriorate further.

As opposed to 2018 where we saw significant growth divergence between US and the Rest of World (RoW), we are transitioning towards synchronized deceleration globally, as the US “catches up” to RoW on a downward trajectory. With that, we expect slow down ahead in the US as a result of tighter fiscal and monetary policy as well as impact from the ongoing trade tension.

In a typical late cycle environment, inflation tends to rise as the economy overheats and that forces central banks to hike rates. The good news today is that inflation has not and does not seem to be rising significantly. Weakening global demand and other underlying structural issues such as aging demographic, elevated debts and technology are the reasons why inflationary pressures have been benign. This allows global central banks to be patient in raising rates even though economic growth has picked up. Therefore, we believe future rate hikes, if any are limited and interest rates will stay lower for longer.

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.

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transaction are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF
AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

We, **CIMB Islamic Trustee Berhad ("the Trustee")**, being the Trustee for **Affin Hwang Aiiman Global Sukuk Fund ("the Fund")** are of the opinion that **Affin Hwang Asset Management Berhad ("the Manager")**, acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 May 2019.

In our opinion:

(a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deeds, the Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products Under The Lodge and Launch Framework, the Capital Markets and Services Act, 2007 (as amended from time to time) and other applicable laws;

(b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and

(c) The creation and cancellation of units have been carried out in accordance with the Deeds and the relevant regulatory requirements.

For and on behalf of
CIMB Islamic Trustee Berhad

Liew Pik Yoong
Chief Executive Officer

Kuala Lumpur, Malaysia
16 July 2019

SHARIAH ADVISER’S REPORT TO THE UNITHOLDERS OF
AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

We have acted as the Shariah Adviser of Affin Hwang Aiiman Global Sukuk Fund (“the 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 31 July 2015 and First Supplemental Deed dated 16 October 2017 are in occordance with Shariah principles..

In our opinion, Affin Hwang Asset Management Berhad, has managed and administered the 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 31 May 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
16 July 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019 USD	2018 USD
INVESTMENT INCOME			
Profit income from financial assets at fair value through profit or loss		219,873	182,732
Profit income from financial assets at amortised cost		7,579	4,188
Net gain/(loss) on foreign currency exchange		11,101	(9,867)
Net gain/(loss) on financial assets at fair value through profit or loss	7	205,867	(149,401)
		444,420	27,652
EXPENSES			
Management fee	4	(68,912)	(64,650)
Trustee fee	5	(3,533)	(3,280)
Auditors' remuneration		(1,946)	(1,939)
Tax agent's fee		(859)	(897)
Other expenses		(3,800)	(10,499)
		(79,050)	(81,265)
NET PROFIT/(LOSS) BEFORE TAXATION		365,370	(53,613)
TAXATION	6	-	-
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		365,370	(53,613)

Increase/(decrease) in net assets attributable to unitholders is made up of the following:

		2019 USD	2018 USD
Realised amount		121,742	145,114
Unrealised amount		243,628	(198,727)
		365,370	(53,613)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019

	Note	2019 USD	2018 USD
ASSETS			
Cash and cash equivalents	8	882,105	580,596
Amount due from Manager			
- creation of units		746	-
Financial assets at fair value through profit or loss	7	7,420,739	4,405,843
TOTAL ASSETS		8,303,590	4,986,439
LIABILITIES			
Amount due to Manager			
- management fee		7,734	5,055
Amount due to Trustee		387	253
Amount due to broker		400,000	-
Auditors' remuneration		1,946	1,939
Tax agent's fee		2,076	2,060
Other payables and accruals		1,792	2,160
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		413,935	11,467
NET ASSET VALUE OF THE FUND		7,889,655	4,974,972
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		7,889,655	4,974,972

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019 (CONTINUED)

	Note	2019 USD	2018 USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- MYR Class		465,954	4,007
- MYR-Hedged Class		2,014,930	10,961
- USD Class		5,408,771	4,960,004
		7,889,655	4,974,972
NUMBER OF UNITS IN CIRCULATION			
- MYR Class	9 (a)	3,739,000	34,000
- MYR-Hedged Class	9 (b)	15,812,000	91,000
- USD Class	9 (c)	10,026,000	9,728,000
		29,577,000	9,853,000
NET ASSET VALUE PER UNIT (USD)			
- MYR Class		0.1246	0.1179
- MYR-Hedged Class		0.1274	0.1205
- USD Class		0.5395	0.5099
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR Class		RM 0.5220	RM 0.4690
- MYR-Hedged Class		RM 0.5338	RM 0.4793
- USD Class		USD 0.5395	USD 0.5099

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	2019 USD	2018 USD
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	4,974,972	6,843,594
Movement due to units created and cancelled during the financial year		
Creation of units arising from applications	2,840,934	23,669
- MYR Class	727,766	7,834
- MYR-Hedged Class	1,951,055	11,157
- USD Class	162,113	4,678
Cancellation of units	(291,621)	(1,838,678)
- MYR Class	(272,953)	(1,827,779)
- MYR-Hedged Class	(16,519)	-
- USD Class	(2,149)	(10,899)
Increase/(decrease) in net assets attributable to unitholders during the financial year	365,370	(53,613)
- MYR Class	7,134	13,507
- MYR-Hedged Class	69,433	(196)
- USD Class	288,803	(66,924)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL YEAR	7,889,655	4,974,972

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of unquoted sukuk		1,778,399	7,810,627
Purchase of unquoted sukuk		(4,175,340)	(6,371,349)
Profit income from Shariah-based deposits with Islamic financial institutions		7,632	4,188
Profit income from unquoted sukuk		207,732	191,588
Management fee paid		(66,233)	(66,547)
Trustee's fee paid		(3,399)	(3,375)
Payment for other fees and expenses		(6,950)	(12,299)
Net realised gain/(loss) on foreign currency exchange		11,094	(9,785)
Net cash (used in)/generated from operating activities		(2,247,065)	1,543,048
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		2,840,188	23,669
Payments for cancellation of units		(291,621)	(1,839,041)
Net cash generated from/(used in) financing activities		2,548,567	(1,815,372)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		301,502	(272,324)
EFFECTS OF FOREIGN CURRENCY EXCHANGE		7	(82)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		580,596	853,002
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	882,105	580,596

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 MAY 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 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 M.

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

The Fund has applied the following amendment for the first time for the financial year beginning on 1 June 2018:

- MFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

  Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest ("SPPI"). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss ("ECL") impairment model.

  MFRS 9 has been applied retrospectively by the Fund and has resulted in the changes outlined in Note G.

  The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The Fund has applied the following amendment for the first time for the financial year beginning on 1 June 2018: (continued)

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Fund.

(b) 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

Profit income

Profit income from short term Shariah-based deposits with licensed financial institutions and unquoted sukuk are recognised based on effective profit rate method on an accruals basis.

Up to 31 May 2018, when a financing and receivable is impaired, the Fund reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective profit rate of the instrument and continues unwinding the discount as profit income. Profit income on impaired financing and receivables are recognised using the original effective rate.

From 1 June 2018, 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).

Realised gain and loss on sale of investments

For unquoted sukuk, realised gains and losses on sale of unquoted sukuk are accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted sukuk, determined on a weighted average cost basis for unquoted sukuk and on cost adjusted for accretion of discount or amortisation of premium on investments for unquoted sukuk.

C DISTRIBUTION

A distribution to the Fund's unitholders is accounted for as finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

D TAXATION

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

Tax on investment income from unquoted Shariah-compliant foreign investments is based on the tax regime of the respective countries that the Fund invests in.

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the Fund's functional and presentation currency.

F FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

Up to 31 May 2018, the Fund designates its investment in unquoted sukuk as financial assets at fair value through profit or loss at inception.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's financing and receivables comprise cash and cash equivalents and amount due from Manager.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to broker, auditors' remuneration, tax agent's fee and other payables and accruals as other financial liabilities.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

From 1 June 2018, 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.

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 are measured at fair value through profit or loss

The Fund classifies cash and cash equivalents and amount due from Manager 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. Investments are initially recognised at fair value.

Financial liabilities, within the scope of MFRS 139 up to 31 May 2018 and MFRS 9 from 1 June 2018, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category including the effects of foreign transaction are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the financial year which they arise.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(ii) Recognition and measurement (continued)

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

(i) records its basis for using non-BPA price;
(ii) obtains necessary internal approvals to use the non-BPA price; and
(iii) keeps an audit trail of all decisions and basis for adopting the market yield.

Unquoted sukuk securities denominated in foreign currencies are revalued at least twice a week by reference to the mid-price quoted in Bloomberg. The Fund uses the Composite Bloomberg Bond Trader ("CBBT") which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

Shariah-based deposits with licensed Islamic 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

Up to 31 May 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate.

The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'financing and receivables' has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

From 1 June 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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 impairment gains. There are no write-offs/recoveries during the financial year.

H CASH AND CASH EQUIVALENTS

For the purposes 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 AMOUNT 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.

J CREATION AND CANCELLATION

The unitholders' contribution to the Fund meets the definition of puttable instruments classified as financial liability under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in three classes of units, known respectively as the MYR class, MYR-Hedged Class and USD class, which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Prospectus and Securities Commission's ("SC's") Guidelines on Unit Trust Funds. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

K INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Income not distributed is included in net assets attributable to unitholders.

L SEGMENT REPORTING

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

M 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.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unit Trust Funds.

<u>Functional currency</u>

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

i) Significant portion of the NAV is invested in unquoted securities denominated in USD.
ii) Significant portion of the Fund's expenses are denominated in USD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Hwang Aiiman Global Sukuk Fund (the "Fund") pursuant to the execution of a Deed dated 31 July 2015 and Supplemental Deed dated 16 October 2017 ("the Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and CIMB Islamic Trustees Berhad.

The Fund commenced operations on 11 January 2016 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the following investments, including but not limited to:-

(a) Sukuk;
(b) Shariah-compliant unlisted securities including without limitation, securities that have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the fund by the issuer;
(c) Islamic fixed deposits and Islamic money market instruments;
(d) Shariah-compliant collective investment schemes;
(e) Sharish-compliant fixed income securities listed or traded on foreign markets;
(f) Shariah-compliant derivative and structured products; and
(g) Any other form of Shariah-compliant investments as may be permitted by the Shariah Advisory Council of the SC and/or the Shariah Adviser and as may be agreed between the Manager and the Trustee from time to time that is in line with the Fund's objective.

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

The main objective of the Fund is to provide investors with regular income through investments in Shariah-compliant fixed income instruments.

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

The financial statements were authorised for issue by the Manager on 16 July 2019.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	Financial assets at amortised cost USD	Financial assets at fair value through profit or loss USD	Total USD
2019				
Unquoted sukuk	7	-	7,420,739	7,420,739
Cash and cash equivalents	8	882,105	-	882,105
Amount due from Manager		746	-	746
Total		882,851	7,420,739	8,303,590

	Note	Financing and receivables USD	Financial asset at fair value through profit or loss USD	Total USD
2018				
Unquoted sukuk	7	-	4,405,843	4,405,843
Cash and cash equivalents	8	580,596	-	580,596
Total		580,596	4,405,843	4,986,439

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, interest rate risk, currency 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 and the Deed.

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:

	2019 USD	2018 USD
Shariah-compliant unquoted investments		
Unquoted sukuk*	7,420,739	4,405,843

* Includes profit receivable of USD52,451 (2018: USD38,268)

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

% Change in price	Market value USD	Impact on profit after tax/NAV USD
2019		
-5%	6,999,874	(368,414)
0%	7,368,288	-
+5%	7,736,702	368,414
2018		
-5%	4,149,196	(218,379)
0%	4,367,575	-
+5%	4,585,954	218,379

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

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted sukuk until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted sukuk fund since unquoted sukuk portfolio management depends on forecasting interest rate movements. Prices of unquoted sukuk move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted sukuk and money market instruments are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's profit after taxation and NAV to movements in prices of unquoted sukuk held by the Fund as a result of movement in interest rates. The analysis is based on the assumptions that the interest rate increased and decreased by 1% (100 basis points) with all other variables held constant.

% Change in interest rate	Impact on profit after tax/NAV	
	2019	2018
	USD	USD
+ 1%	(11,465)	(9,857)
- 1%	11,585	9,883

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.

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

Market risk (continued)

(c) Currency risk

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

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

	Unquoted sukuk USD	Cash and cash equivalents USD	Other payables* USD	Net assets attributable to unitholders USD	Total USD
2019					
Malaysian Ringgit	50,504	14,711	(13,935)	(2,480,884)	(2,429,604)
2018					
Malaysian Ringgit	51,471	148,738	(11,467)	(14,968)	173,774

*Other payables consist of amount due to Manager, amount due to Trustee, auditors' remuneration, tax agent's fee and other payables and accruals.

The table below summarises the sensitivity of the Fund's profit after tax and net asset value ("NAV") to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/ decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in rate %	Impact on profit after tax/NAV USD
2019		
Malaysian Ringgit	+/-5	+/- 121,480

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

Market risk (continued)

(c) Currency risk (continued)

	Change in rate	Impact on profit after tax/NAV
	%	USD
2018		
Malaysian Ringgit	+/-5	+/- 8,689

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 Shariah-compliant investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

Investment in unquoted sukuk may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted sukuk and subsequently depress the NAV of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk.

The Manager regularly reviews the ratings assigned to the issuer so that necessary steps can be taken if the rating falls below those prescribed by the Deeds and SC's Guidelines on Unit Trust Funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted sukuk USD	Cash and cash equivalents USD	Amount due from Manager USD	Total USD
2019				
Basic Materials				
- Baa2 / BBB	204,931	-	-	204,931
Consumer Goods				
- Baa3 / BBB-	207,180	-	-	207,180
Consumer Services				
- A2 / A	201,721	-	-	201,721
Financial				
- AAA	-	882,105	-	882,105
- Aa3 / AA-	207,577	-	-	207,577
- A1 / A+	200,720	-	-	200,720
- A2 / A	619,805	-	-	619,805
- A3 / A-	1,410,393	-	-	1,410,393
- Baa2 / BBB	413,653	-	-	413,653
- Baa3 / BBB-	204,877	-	-	204,877
- NR	1,026,120	-	-	1,026,120
Government				
- A1 / A+	404,005	-	-	404,005
- Baa2 / BBB	205,329	-	-	205,329
Industrials				
- Baa1 / BBB+	404,092	-	-	404,092
- Baa2 / BBB	216,547	-	-	216,547
Quasi-Gov				
- Baa3 / BBB-	203,222	-	-	203,222
- NR	401,795	-	-	401,795
Telecommunications				
- A1 / A+	202,162	-	-	202,162
- Baa2	210,182	-	-	210,182
Utilities				
- AA3 / AA-	50,504	-	-	50,504
- A2 / A	425,924	-	-	425,924
Others				
- NR	-	-	746	746
	7,420,739	882,105	746	8,303,590

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted sukuk USD	Cash and cash equivalents USD	Total USD
2018			
Basic Materials			
- Baa2 / BBB	197,431	-	197,431
Consumer Services			
- A2 / A	199,081	-	199,081
Finance			
- AAA	-	580,596	580,596
- A1 / A+	199,100	-	199,100
- A2 / A	191,445	-	191,445
- A3 / A-	780,471	-	780,471
- Baa2 / BBB	813,583	-	813,583
- NR	406,278	-	406,278
Government			
- A1 / A+	192,784	-	192,784
- Baa2 / BBB	596,993	-	596,993
Industrials			
- Baa1 / BBB+	194,710	-	194,710
Quasi-Gov			
- Baa3 / BBB-	194,457	-	194,457
Telecommunications			
- Baa2 / BBB	201,642	-	201,642
Utilities			
- AA3 / AA-	51,471	-	51,471
- A3 / A-	186,397	-	186,397
	4,405,843	580,596	4,986,439

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligation. 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 at bank, short term Shariah-based deposits with licensed Islamic financial institutions and other Shariah-compliant 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 one month USD	Between one month to one year USD	Total USD
2019			
Amount due to Manager			
- management fee	7,734	-	7,734
Amount due to Trustee	387	-	387
Amount due to broker	400,000	-	400,000
Auditors' remuneration	-	1,946	1,946
Tax agent's fee	-	2,076	2,076
Other payables and accruals	-	1,792	1,792
Net assets attributable to unitholders*	7,889,655	-	7,889,655
	8,297,776	5,814	8,303,590
2018			
Amount due to Manager			
- management fee	5,055	-	5,055
Amount due to Trustee	253	-	253
Auditors' remuneration	-	1,939	1,939
Tax agent's fee	-	2,060	2,060
Other payables and accruals	318	1,842	2,160
Net assets attributable to unitholders*	4,974,972	-	4,974,972
	4,980,598	5,841	4,986,439

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

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

Capital risk

The capital of the Fund is represented by net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other 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 that the currently held Shariah-compliant investments in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the investments 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date.

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

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

(i) Fair value hierarchy

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

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

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2019				
Financial assets at fair value through profit or loss - unquoted sukuk	-	7,420,739	-	7,420,739
2018				
Financial assets at fair value through profit or loss - unquoted sukuk	-	4,405,843	-	4,405,843

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

	2019 USD	2018 USD
Gross management fee	70,658	65,602
Management fee rebate		
- interest income earned on collection accounts	(1,746)	(952)
Net management fee	68,912	64,650

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 31 May 2019, the management fee is recognised at a rate of 1.20% (2018: 1.20%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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 the amounts recognised above.

5 TRUSTEE'S 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, calculated on a daily basis, exclusive of foreign custodian fees.

For the financial year ended 31 May 2019, the Trustee fee is recognised at a rate of 0.06% (2018: 0.06%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on a daily basis, exclusive of foreign custodian fees as stated in the Fund's Prospectus.

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

6 TAXATION

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:

	2019 USD	2018 USD
Net profit/(loss) before taxation	365,370	(53,613)
Tax at Malaysian statutory rate of 24% (2018: 24%)	87,689	(12,867)
Tax effects of:		
Investment income not subject to tax	(106,660)	(6,636)
Expenses not deductible for tax purposes	1,849	3,405
Restriction on tax deductible expenses for Unit Trust Funds	17,122	16,098
Tax expense	-	-

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 USD	2018 USD
Financial assets at fair value through profit or loss		
- unquoted sukuk – local	50,504	51,471
- unquoted sukuk – foreign	7,370,235	4,354,372
	7,420,739	4,405,843

	2019 USD	2018 USD
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised (loss)/gain on sale of investments	(39,850)	49,244
- unrealised gain/(loss) on changes in fair value	245,717	(198,645)
	205,867	(149,401)

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

(a) Unquoted sukuk – local

(i) Unquoted sukuk – local as at 31 May 2019 are as follows:

Name of issuer	Nominal value USD	Adjusted cost USD	Fair value USD	Percentage of NAV %
Sukuk				
5.4% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	47,744	47,795	50,504	0.64
Total unquoted sukuk – local	47,744	47,795	50,504	0.64
Accumulated unrealised gain on unquoted sukuk – local		2,709		
Total unquoted sukuk – local		50,504		

(ii) Unquoted sukuk – local as at 31 May 2018 are as follows:

Name of issuer	Nominal value USD	Adjusted cost USD	Fair value USD	Percentage of NAV %
Sukuk				
5.4% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	50,258	47,866	51,471	1.03
Total unquoted sukuk – local	50,258	47,866	51,471	1.03
Accumulated unrealised gain on unquoted sukuk – local		3,605		
Total unquoted sukuk – local		51,471		

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

(b) Unquoted sukuk – foreign

(i) Unquoted sukuk – foreign as at 31 May 2019 are as follows:

Name of issuer	Nominal value USD	Adjusted cost USD	Fair value USD	Percentage of NAV %
Sukuk				
4.375% AHB Sukuk Co 19.09.2023 (A2)	200,000	201,058	209,390	2.65
4.311% Almarai Co JSC 05.03.2024 (Baa3)	200,000	202,060	207,180	2.63
4.357% Axiata SPV2 Bhd 24.03.2026 (Baa2)	200,000	210,129	210,182	2.66
3.035% Danga Capital Bhd 01.03.2021 (NR)	400,000	396,271	401,795	5.09
3.625% DIB Sukuk Ltd 06.02.2023 (A3)	200,000	201,687	203,016	2.57
3.664% DIB Sukuk Ltd 14.02.2022 (A3)	200,000	198,807	203,178	2.58
6.75% DIB Tier 1 Sukuk 2 Ltd Call: 20.01.2021 (NR)	200,000	207,671	211,492	2.68
4.325% DIFC Investment LLC 12.11.2024 (BBB-)	200,000	207,152	204,877	2.60
3.908% DP World Cresent Ltd 31.05.2023 (Baa1)	200,000	197,735	203,622	2.58
3.542% EI Sukuk Co Ltd 31.05.2021 (A+)	200,000	198,644	200,720	2.55
4.564% EMG Sukuk Ltd 18.06.2024 (Baa2)	200,000	209,643	208,453	2.64
3.944% Equate Sukuk Spc Ltd 21.02.2024 (Baa2)	200,000	202,343	204,931	2.60
3.35% EXIM Sukuk Malaysia Bhd 06.05.2025 (A3)	200,000	192,092	192,644	2.44
3.875% Fab Sukuk Co Ltd 22.01.2024 (Aa3)	200,000	202,807	207,577	2.63
5% ICD Sukuk Co Ltd 01.02.2027 (NR)	200,000	210,287	208,773	2.65
3.508% ICD Sukuk Co Ltd 21.05.2020 (NR)	200,000	199,662	200,015	2.54
5.625% KIB Tier 1 Sukuk Ltd Call: 10.06.2024 (NR)	400,000	400,000	405,840	5.14
2.894% KSA Sukuk Ltd 20.04.2022 (A1)	200,000	196,763	200,919	2.55
3.628% KSA Sukuk Ltd 20.04.2027 (A1)	200,000	200,609	203,086	2.57
4.5% Maf Sukuk Ltd 03.11.2025 (BBB)	200,000	207,006	205,200	2.60

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

(b) Unquoted sukuk – foreign (continued)

(i) Unquoted sukuk – foreign as at 31 May 2019 are as follows: (continued)

Name of issuer	Nominal value USD	Adjusted cost USD	Fair value USD	Percentage of NAV %
Sukuk (Continued)				
4.471% Noor Sukuk Co Ltd 24.04.2023 (A-)	200,000	200,919	206,959	2.62
2.788% Noor Sukuk Co Ltd 28.04.2020 (A-)	200,000	198,576	199,516	2.53
4.15% Perusahaan Penerbit SBSN 29.03.2027 (Baa2)	200,000	203,517	205,329	2.60
3.982% QIB Sukuk Ltd 26.03.2024 (A)	200,000	201,438	203,838	2.58
4.264% QIIB Sukuk Funding Ltd 05.03.2024 (A2)	200,000	202,037	206,577	2.62
4.723% Saudi Electricity Global Sukuk 4 27.09.2028 (A2)	200,000	200,322	215,879	2.74
4.222% Saudi Electricity Global Sukuk 27.01.2024 (A2)	200,000	203,305	210,045	2.66
3.89% Saudi Telcom Co 13.05.2029 (A1)	200,000	200,402	202,162	2.56
3.854% Sharjah Sukuk Program Ltd 03.04.2026 (A3)	200,000	201,430	203,222	2.58
4.231% SIB Sukuk Co III LTD 18.04.2023 (A3)	200,000	201,011	204,771	2.60
2.843% SIB Sukuk Co Ltd 17.03.2020 (A3)	200,000	199,632	200,309	2.54
3.29% Sime Darby Global Bhd 29.01.2023 (Baa1)	200,000	198,919	200,470	2.54
5.5% Tabreed Sukuk Spc Ltd 31.10.2025 (Baa3)	200,000	200,947	216,547	2.74
3.86% Unity 1 Sukuk Ltd 30.11.2021 (A)	200,000	202,156	201,721	2.56
Total unquoted sukuk – foreign	7,200,000	7,257,037	7,370,235	93.42
Accumulated unrealised gain on unquoted sukuk – foreign		113,198		
Total unquoted sukuk – foreign		7,370,235		

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

(b) Unquoted sukuk – foreign (continued)

(ii) Unquoted sukuk – foreign as at 31 May 2018 are as follows:

Name of issuer	Nominal value USD	Adjusted cost USD	Fair value USD	Percentage of NAV %
Sukuk				
4.357% Axiata SPV2 Bhd 24.03.2026 (Baa2)	200,000	211,212	201,642	4.05
3.625% DIB Sukuk Ltd 06.02.2023 (A3)	200,000	201,532	195,536	3.93
4.325% DIFC Investments LLC 12.11.2024 (BBB)	200,000	208,245	203,137	4.08
6.25% Dubai Islamic Bank Call: 20.03.2019 (NR)	200,000	204,294	204,585	4.11
3.542% EI Sukuk Co Ltd 31.05.2021 (A+)	200,000	201,132	199,100	4.00
4.564% EMG Sukuk Ltd 18.06.2024 (Baa2)	400,000	421,226	406,186	8.16
3.944% Equate Sukuk Spc Ltd 21.02.2024 (Baa2)	200,000	202,374	197,431	3.97
3.35% EXIM Sukuk Malaysia Bhd 06.05.2025 (A3)	200,000	190,854	184,745	3.71
5% ICD Sukuk Co Ltd 01.02.2027 (NR)	200,000	211,034	201,693	4.05
3.628% KSA Sukuk Ltd 20.04.2027 (A1)	200,000	200,584	192,784	3.88
4.5% Maf Sukuk Ltd 03.11.2025 (BBB)	200,000	207,854	204,260	4.11
4.471% Noor Sukuk Co Ltd 24.04.2023 (A-)	200,000	200,919	200,079	4.02
4.397% Oman Sovereign Sukuk SAOC 01.06.2024 (Baa3)	200,000	204,026	194,457	3.91
3.75% Perusahaan Penerbit SBSN 01.03.2023 (Baa2)	200,000	201,875	198,675	3.99
4.15% Perusahaan Penerbit SBSN 29.03.2027 (Baa2)	200,000	203,741	196,049	3.94
4.35% Perusahaan Penerbit SBSN 10.09.2024 (Baa2)	200,000	213,918	202,269	4.07
3.251% QIB Sukuk Ltd 23.05.2022 (A)	200,000	200,145	191,445	3.85
4.231% SIB Sukuk Co III LTD 18.04.2023 (A3)	200,000	201,011	200,111	4.02
3.29% Sime Darby Global Bhd 29.01.2023 (Baa1)	200,000	198,092	194,710	3.91

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

(b) Unquoted sukuk – foreign (continued)

(ii) Unquoted sukuk – foreign as at 31 May 2018 are as follows: (continued)

Name of issuer	Nominal value USD	Adjusted cost USD	Fair value USD	Percentage of NAV %
Sukuk (continued)				
3.244% TNB Global Ventures Capital Bhd 19.10.2026 (A3)	200,000	200,757	186,397	3.75
3.86% Unity 1 Sukuk Ltd 30.11.2021 (A)	200,000	202,962	199,081	4.00
Total unquoted sukuk – foreign	4,400,000	4,487,787	4,354,372	87.51
Accumulated unrealised loss on unquoted sukuk – foreign		(133,415)		
Total unquoted sukuk – foreign		4,354,372		

8 CASH AND CASH EQUIVALENTS

	2019 USD	2018 USD
Cash and bank balances	209,044	442,267
Shariah-based deposits with licensed Islamic financial institutions	673,061	138,329
	882,105	580,596

Weighted average effective profit rates per annum of Shariah-based deposits with licensed Islamic financial institutions are as follows:

	2019 %	2018 %
Shariah-based deposits with licensed Islamic financial institutions	2.90	2.78

Shariah-based deposits with licensed Islamic financial institution have an average maturity of 3 days (2018: 1 day).

9 NUMBER OF UNITS IN CIRCULATION

(a) MYR Class units in circulation

	2019 No. of units	2018 No. of units
At the beginning of the financial year	34,000	14,940,000
Creation of units arising from applications during the financial year	5,969,000	65,000
Cancellation of units during the financial year	(2,264,000)	(14,971,000)
At the end of the financial year	3,739,000	34,000

(b) MYR-Hedged Class units in circulation

	2019 No. of units	2018 No. of units
At the beginning of the financial year	91,000	-
Creation of units arising from applications during the financial year	15,853,000	91,000
Cancellation of units during the financial year	(132,000)	-
At the end of the financial year	15,812,000	91,000

(c) USD Class units in circulation

	2019 No. of units	2018 No. of units
At the beginning of the financial year	9,728,000	9,740,000
Creation of units arising from applications during the financial year	302,000	9,000
Cancellation of units during the financial year	(4,000)	(21,000)
At the end of the financial year	10,026,000	9,728,000

10 SHARIAH INFORMATION OF THE FUND

The Shariah Advisor confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises:

(a) Sukuk as per the list of approved sukuk issued by the Securities Commission; and
(b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

11 TRANSACTIONS WITH BROKERS

(i) Details of transactions with the brokers for the financial year ended 31 May 2019 are as follows:

Name of brokers	Value of trade USD	Percentage of total trade %
Standard Chartered Bank Bhd	2,186,240	34.41
National Bank of Abu Dhabi (M)	1,196,650	18.83
Noor Bank	995,160	15.66
Arqaam	605,840	9.54
JP Morgan Chase Bank Bhd	592,000	9.32
Kotak Mahindra (UK) Ltd	577,850	9.09
Malayan Banking Bhd	200,000	3.15
	6,353,740	100.00

(ii) Details of transactions with the top 10 brokers for the financial year ended 31 May 2018 are as follows:

Name of brokers	Value of trade USD	Percentage of total trade %
Standard Chartered Bank Bhd	3,029,568	22.92
National Bank of Abu Dhabi (M)	2,338,310	17.69
Noor Bank	2,121,670	16.05
Arqaam	1,865,150	14.11
RHB Investment Bank Bhd	1,573,630	11.90
JP Morgan Chase Bank Bhd	1,031,602	7.80
Jeffries International Ltd	414,650	3.14
Kotak Mahindra (UK) Ltd	202,500	1.53
Mitsubishi USJ Trust Int Ltd	202,000	1.53
Standard Chartered Bank (M) Bhd	200,000	1.51
Others	239,411	1.82
	13,218,491	100.00

11 TRANSACTIONS WITH BROKERS (CONTINUED)

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

	2019 USD	2018 USD
Name of brokers		
Bank Muamalat Malaysia Bhd	-	122,228
RHB Investment Bank Bhd	-	1,164,495
	-	1,286,723

The cross trades are conducted between the Fund, other funds and private mandates managed by the Manager as follows:

	2019 USD	2018 USD
Affin Hwang Aiiman Income Plus Fund	-	479,468
Affin Hwang Aiiman Balanced Fund	-	71,034
Private mandates managed by the Manager	-	736,221
	-	1,286,723

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

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

Related parties	Relationships
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 Affin Hwang Asset Management Berhad as disclosed in its financial statements	Subsidiaries and associated companies of the Manager

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

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

	2019 No. of units	2019 USD	2018 No. of units	2018 USD
The Manager:				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)				
- MYR Class	2,643	329	2,415	285
- MYR-Hedged Class	3,268	416	91,000	10,961
- USD Class	2,756	1,487	2,702	1,378
Subsidiaries of the Manager:				
Aiiman Asset Management Sdn Bhd (The units are held beneficially)				
- USD Class	2,414,012	1,302,298	2,414,012	1,230,829
Bintang Capital Partners Berhad (The units are held beneficially)				
- USD Class	7,242,035	3,906,893	7,242,035	3,692,488

13 MANAGEMENT EXPENSE RATIO ("MER")

	2019 %	2018 %
MER	1.37	1.49

MER is derived from the following calculation:

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

A = Management fee, excluding management fee rebates
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 USD5,879,063 (2018: USD5,466,453).

14 PORTFOLIO TURNOVER RATIO ("PTR")

	2019	2018
PTR (times)	0.54	1.21

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = USD4,575,340 (2018: USD5,971,349)
total disposal for the financial year = USD1,778,399 (2018: USD7,247,142)

15 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 this committee 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 each portfolio. These returns consist of profit and gains on the appreciation in the value of investments, and are derived from unquoted sukuk in Cayman Islands, Indonesia, Malaysia, Oman, Qatar and United Arab Emirates.

The Fund has a diversified unitholder population. However, as at 31 May 2019, there were 2 unitholders (2018: 2 unitholders) who held more than 10% of the Fund's NAV. The unitholders' holdings were 74.40% and 21.80% (2018: 74.70% and 24.80%).

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

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.

16 MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note A, the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies:

(a) Classification and measurement of financial assets

Up to 31 May 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL") and financing and receivables. Note G sets out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 June 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets, including those that contain embedded derivative features:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL").

(b) Impairment

From 1 June 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider 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

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

16 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

As disclosed above, the adoption of MFRS 9 in 2018 resulted in a change in measurement categories of certain financial assets and financial liabilities.

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 June 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi-cations	Remeasu-rements	New (MFRS 9)
			USD	**USD**	**USD**	**USD**
Assets						
Financial assets at fair value through profit or loss	FVTPL	FVTPL	4,405,843	-	-	4,405,843
Cash and cash equivalents	Financing and receivables	Amortised cost	580,596	-	-	580,596
Liabilities						
Amount due to Manager – management fee	Amortised cost	Amortised cost	5,055	-	-	5,055
Amount due to Trustee	Amortised cost	Amortised cost	253	-	-	253
Auditors' remuneration	Amortised cost	Amortised cost	1,939	-	-	1,939
Tax agent's fee	Amortised cost	Amortised cost	2,060	-	-	2,060
Other payables and accruals	Amortised cost	Amortised cost	2,160	-	-	2,160

AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 15 to 52 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 31 May 2019 and of its financial performance, net assets attributable to unitholders and cash flows for the financial year ended 31 May 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
16 July 2019

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Global Sukuk Fund give a true and fair view of the financial position of the Fund as at 31 May 2019, 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 31 May 2019, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders 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 15 to 52.

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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund 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.

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or 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.

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 judgement 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 Company'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.

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 July 2019

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