Affin Hwang
USD Cash Fund

Annual Report

30 September 2019

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

AFFIN HWANG
CAPITAL

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

TRUSTEE
Deutsche Trustees Malaysia Berhad (763590-H)

AFFIN HWANG USD CASH FUND

Annual Report And Audited Financial Statements
For The Financial Year Ended 30 September 2019

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FUND INFORMATION

Fund Name	Affin Hwang USD Cash Fund
Fund Type	Income
Fund Category	Money Market Wholesale (open-ended)
Investment Objective	The Fund seeks to provide investors with a regular income stream and liquid access to their investments
Benchmark	The Fund shall benchmark itself against the Malayan Banking Berhad Foreign Currency Account Overnight USD rate
Distribution Policy	Subject to the availability of income, the Fund will distribute income on a monthly basis

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 SEPTEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	4	8
5,001 to 10,000	1	8
10,001 to 50,000	2	70
50,001 to 500,000	12	3,049
500,001 and above	16	34,181
Total	**35**	**37,316**

** Note : Excluding Manager's stock*

FUND PERFORMANCE DATA

Category	As at 30 Sep 2019 (%)	As at 30 Sep 2018 (%)	As at 30 Sep 2017 (%)
Portfolio composition			
Money market instruments			
- Deposit	99.84	99.40	99.64
Cash	**0.16**	**0.60**	**0.36**
Total	**100.00**	**100.00**	**100.00**
Total NAV (RM'million)	38.165	62.226	52.828
NAV per Unit (RM)	1.0227	1.0122	1.0070
Unit in Circulation (million)	37.319	61.478	52.460
Highest NAV	1.0227	1.0122	1.0071
Lowest NAV	1.0117	1.0064	1.0026
Return of the Fund (%)[iii]	2.24	1.70	1.10
- Capital Growth (%)[i]	1.04	0.52	0.01
- Income Distribution (%)[ii]	1.19	1.18	1.09
Gross Distribution per Unit (sen)	1.20	1.18	1.09
Net Distribution per Unit (sen)	1.20	1.18	1.09
Management Expense Ratio (%)[1]	0.35	0.35	0.36
Portfolio Turnover Ratio (times)[2]	55.24	32.33	34.92

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

Capital Return[i] = {NAV per Unit @ 30/09/19 ÷ NAV per Unit @ 30/09/18* – 1} x 100
= (1.0227 ÷ 1.0122 – 1) x 100
= **1.04%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex- date} + 1
= {0.0010 ÷ 1.0117 @ 10/10/18} + 1 = 1.0010
= {0.0010 ÷ 1.0128 @ 14/11/18} + 1 = 1.0010
= {0.0010 ÷ 1.0135 @ 12/12/18} + 1 = 1.0010
= {0.0010 ÷ 1.0142 @ 09/01/19} + 1 = 1.0010
= {0.0010 ÷ 1.0154 @ 13/02/19} + 1 = 1.0010
= {0.0010 ÷ 1.0161 @ 13/03/19} + 1 = 1.0010
= {0.0010 ÷ 1.0168 @ 10/04/19} + 1 = 1.0010
= {0.0010 ÷ 1.0177 @ 08/05/19} + 1 = 1.0010
= {0.0010 ÷ 1.0190 @ 12/06/19} + 1 = 1.0010
= {0.0010 ÷ 1.0198 @ 10/07/19} + 1 = 1.0010
= {0.0010 ÷ 1.0210 @ 14/08/19} + 1 = 1.0010
= {0.0010 ÷ 1.0216 @ 11/09/19} + 1 = 1.0010

[1]The Fund's MER remained unchanged compared to previous year under review.
[2]The PTR of the Fund was higher than previous year due to the higher average of total acquisition and disposal for the financial year.

Total Income Return[ii] = {Income distribution per Unit ÷ NAV per Unit on ex-date} x 100
= {1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010 x 1.0010} – 1 x 100
= **<u>1.19%</u>**

Return of the Fund[iii] = {(1 + Capital Return x (1 + Income Return)} – 1] x 100
= {(1 + 1.04%) x (1 + 1.19%)} – 1] x 100
= **<u>2.24%</u>**

** Source – Deutsche Trustees Malaysia Berhad*

Table 1: Performance of the Fund

	1 Year (1/10/18 - 30/9/19)	**3 Years (1/10/16 - 30/9/19)**	**Since Commencement (1/10/15 - 30/9/19)**
Fund	**2.24%**	**5.12%**	**5.97%**
Benchmark	**2.23%**	**4.68%**	**4.93%**
Outperformance	**0.01%**	**0.44%**	**1.04%**

Source of Benchmark: Quantshop and Maybank

Table 2: Average Total Return

	1 Year (1/10/18 - 30/9/19)	**3 Years (1/10/16 - 30/9/19)**	**Since Commencement (1/10/15 - 30/9/19)**
Fund	**2.24%**	**1.68%**	**1.46%**
Benchmark	**2.23%**	**1.54%**	**1.21%**
Outperformance	**0.01%**	**0.14%**	**0.25%**

Source of Benchmark: Quantshop and Maybank

Table 3: Annual Total Return

	FYE 2019 (01/10/18 - 30/9/19)	**FYE 2018 (01/10/17 - 30/9/18)**	**FYE 2017 (01/10/16 - 30/9/17)**	**FYE 2016 (01/10/15 - 30/9/16)**
Fund	**2.24%**	**1.70%**	**1.10%**	**0.81%**
Benchmark	**2.23%**	**1.56%**	**0.82%**	**0.24%**
Outperformance / (Underperformance)	**0.01%**	**0.14%**	**0.28%**	**0.57%**

Source of Benchmark: Quantshop and Maybank

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

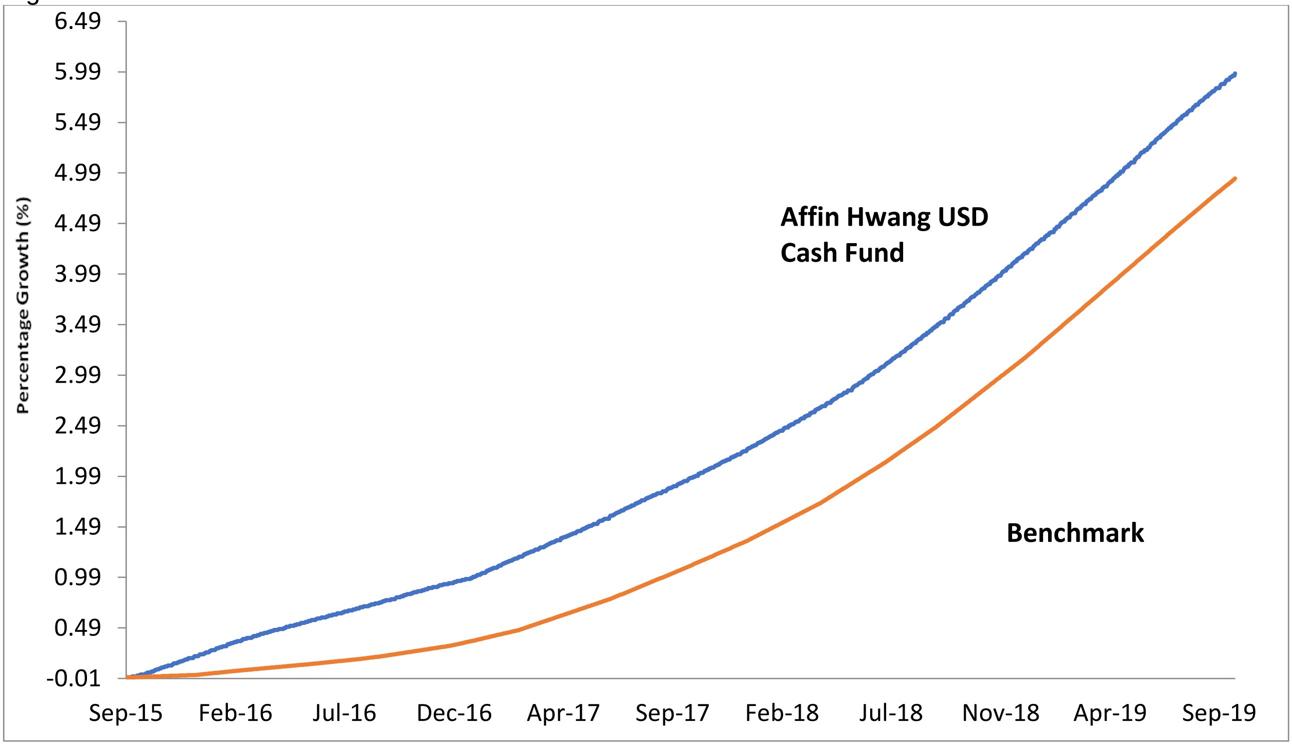
MANAGER'S REPORT

Performance Review

For the period under review from 1 October 2018 to 30 September 2019, the Fund registered a 2.24% return compared to the benchmark which yielded a return of 2.23%. The Fund thus outperformed the Benchmark by 0.01%. The Net Asset Value ("NAV") per unit of the Fund as at 30 September 2019 was RM1.0227 compared to its NAV per unit as at at 30 September 2018 was RM1.0122. During the period under review, the Fund has declared a total income distribution of RM0.012 per unit by way of reinvestment in the form of additional units.

Given the performance during the period under review, we believe the Fund's objective is being met to provide investors with a regular income stream and high level of liquidity to meet cash flow requirement while maintaining capital preservation.

Figure 1: Movement of the Fund versus the Benchmark



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

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0120 per Unit for investors of the Affin Hwang USD Cash Fund over the period under review.

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
09 Oct 2018	10 Oct 2018	1.0127	0.0010	1.0117
13 Nov 2018	14 Nov 2018	1.0137	0.0010	1.0128
11 Dec 2018	12 Dec 2018	1.0145	0.0010	1.0135
08 Jan 2019	09 Jan 2019	1.0152	0.0010	1.0142
12 Feb 2019	13 Feb 2019	1.0163	0.0010	1.0154
12 Mar 2019	13 Mar 2019	1.0170	0.0010	1.0161
09 Apr 2019	10 Apr 2019	1.0178	0.0010	1.0168
07 May 2019	08 May 2019	1.0186	0.0010	1.0177
11 Jun 2019	12 Jun 2019	1.0199	0.0010	1.0190
09 Jul 2019	10 Jul 2019	1.0207	0.0010	1.0198
13 Aug 2019	14 Aug 2019	1.0219	0.0010	1.0210
10 Sep 2019	11 Sep 2019	1.0225	0.0010	1.0216

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

Asset Allocation

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

Figure 2: Asset allocation of the Fund

	30 Sep 2019 (%)	30 Sep 2018 (%)	30 Sep 2017 (%)
Deposits	99.84	99.40	99.64
Cash	0.16	0.60	0.36
Total	**100.00**	**100.00**	**100.00**

During the period under review, the asset allocation of the Fund stood at 99.84% in deposit placements.

Strategies Employed

The Manager maintained a high level of investment in USD-denominated deposit placements to provide investors with regular income stream and liquid access to their respective investments.

Market Review

Trade remained a key overhang of markets following tit-for-tat tariffs. 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.

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.

Coming into 2019, "Sell in May and go away" has again proven to be a recurring theme this year after deteriorating trade relations between US and China wreaked further havoc across global financial markets in May. Trump raised the tariff on some US$200 billion worth of Chinese imports to 25.0% from 10.0% earlier that month in an extreme bid to speed up trade negotiations. While the tariff hike was initially downplayed, things took a swift turn on when Trump banned Huawei with a national security order; thus prompting US companies to sever all business ties with the Chinese smartphone and telecommunications giant.

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

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

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

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

<u>Investment Outlook</u>

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

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

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

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

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

Regardless, the Manager will look to maintain a high level of investment in USD-denominated deposit placements that we are comfortable with in respect of the underlying bank's credit and fundamentals.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AFFIN HWANG USD CASH FUND

We have acted as Trustee for Affin Hwang USD Cash Fund (the "Fund") for the financial year ended 30 September 2019. To the best of our knowledge, for the financial year under review, Affin Hwang Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:-

(a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;

(b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and

(c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distributions made during this financial year ended 30 September 2019 by the Manager are not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Ng Hon Leong
Head, Trustee Operations

Kuala Lumpur
15 November 2019

AFFIN HWANG USD CASH FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 USD	2018 USD
INVESTMENT INCOME			
Interest income from financial assets at fair value through profit or loss		1,240,650	1,194,053
Net gain/(loss) on foreign currency exchange		1,083	(127)
		1,241,733	1,193,926
EXPENSES			
Management fee	4	(128,009)	(173,567)
Trustee fee	5	(14,835)	(17,357)
Auditors' remuneration		(1,813)	(1,771)
Tax agent's fee		(846)	(873)
Other expenses		(5,439)	(10,298)
		(150,942)	(203,866)
NET PROFIT BEFORE TAXATION		1,090,791	990,060
TAXATION	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,090,791	990,060
Net profit after taxation is made up of the following:			
Realised amount		1,090,847	990,109
Unrealised amount		(56)	(49)
		1,090,791	990,060

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

AFFIN HWANG USD CASH FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 USD	2018 USD
ASSETS			
Cash and cash equivalents		74,420	30,205
Financial assets at fair value through profit or loss	8	38,105,397	62,219,680
TOTAL ASSETS		38,179,817	62,249,885
LIABILITIES			
Amount due to Manager			
- management fee		9,412	16,987
Amount due to Trustee		941	1,698
Auditors' remuneration		1,813	1,754
Tax agent's fee		846	1,990
Other payables and accruals		1,994	1,836
TOTAL LIABILITIES		15,006	24,265
NET ASSET VALUE OF THE FUND		38,164,811	62,225,620
EQUITY			
Unitholders' capital		37,000,293	61,570,556
Retained earnings		1,164,518	655,064
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		38,164,811	62,225,620
NUMBER OF UNITS IN CIRCULATION		37,319,000	61,478,000
NET ASSET VALUE PER UNIT (USD)		1.0227	1.0122

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

AFFIN HWANG USD CASH FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Unitholders' capital USD	Retained earnings USD	Total USD
Balance as at 1 October 2018	61,570,556	655,064	62,225,620
Total comprehensive income for the financial year	-	1,090,791	1,090,791
Distributions (Note 7)	-	(581,337)	(581,337)
Movement in unitholders' capital:			
Creation of units arising from applications60,330,061	-	60,330,061	
Creation of units arising from distributions581,337	-	581,337	
Cancellation of units	(85,481,661)	-	(85,481,661)
Balance as at 30 September 2019	37,000,293	1,164,518	38,164,811
Balance as at 1 October 2017	52,488,075	340,399	52,828,474
Total comprehensive income for the financial year	-	990,060	990,060
Distributions (Note 7)	-	(675,395)	(675,395)
Movement in unitholders' capital:			
Creation of units arising from applications73,172,163	-	73,172,163	
Creation of units arising from distributions675,395	-	675,395	
Cancellation of units	(64,765,077)	-	(64,765,077)
Balance as at 30 September 2018	61,570,556	655,064	62,225,620

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 30 SEPTEMBER 2019

	Note	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from maturity of deposits with licensed financial institutions		2,743,552,951	1,865,613,306
Placements of deposits with licensed financial institutions		(2,719,599,062)	(1,874,829,264)
Interest received		1,401,044	1,026,499
Management fee paid		(135,584)	(169,697)
Trustee fee paid		(15,592)	(16,970)
Payments for other fees and expenses		(9,024)	(13,292)
Net realised foreign currency exchange gain/(loss)		1,139	(78)
Net cash generated from/(used in) from operating activities		25,195,872	(8,389,496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		60,330,061	73,172,163
Payments for cancellation of units		(85,481,662)	(65,765,936)
Net cash (used in)/generated from financing activities(25,151,601)		7,406,227	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		44,271	(983,269)
EFFECTS OF FOREIGN CURRENCY EXCHANGE	(56)	(49)	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		30,205	1,013,523
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		74,420	30,205

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

AFFIN HWANG USD CASH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 October 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

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 amendments for the first time for the financial year beginning on 1 October 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

Interest income

Interest from short term deposits with licensed financial institutions are recognised based on effective interest rate method on an accruals basis.

Up to 30 September 2018, when a loan 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 interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

From 1 October 2018, interest income is calculated by applying the effective interest 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 interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

The change did not result in any material impact in the Fund.

C DISTRIBUTION

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

D TAXATION

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

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 US 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the 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 30 September 2018, the Fund designates its investment in deposits with licensed financial institutions as financial assets at fair value through profit or loss.

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

Loans 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 loans and receivables comprises cash and cash equivalents.

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, auditors' remuneration, tax agent's fee and other payables and accruals as other financial liabilities.

From 1 October 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.

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The contractual cash flows of the Fund's deposits with licensed financial institutions 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 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, 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 30 September 2018 and MFRS 9 from 1 October 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 are presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit and loss' in the period which they arise.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposit.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

Up to 30 September 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 interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

<u>Significant increase in credit risk</u>

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

<u>Definition of default and credit-impaired financial assets</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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 purpose of statement of cash flows, cash and cash equivalents comprise cash at bank balances that are readily convertible to known amounts of cash, which is subject to an insignificant risk of change in value.

I UNITHOLDERS' CAPITAL

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

J CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") on Unlisted Capital Market Products under the Lodge and Launch Framework.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

1 INFORMATION ON THE FUND

The Wholesale Fund was constituted under the name Affin Hwang USD Cash Fund (the "Fund") pursuant to the execution of a Deed dated 15 September 2015 (the "Deed") entered into between Affin Hwang Asset Management Berhad (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 1 October 2015 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:

(a) Bonds and other forms of securitised debt;
(b) Money market instruments;
(c) Fixed deposits;
(d) Collective Investment schemes;
(e) Derivatives; and
(f) Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's objectives.

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

The main objective of the Fund is to provide investors with a regular income stream and liquid access to their investments.

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 statement were authorised for issue by the Manager on 15 November 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				
Cash and cash equivalents		74,420	-	74,420
Deposits with licensed financial institutions	8	-	38,105,397	38,105,397
Total		74,420	38,105,397	38,179,817

	Note	Loans and receivables USD	Financial assets at fair value through profit or loss USD	Total USD
2018				
Cash and cash equivalents		30,205	-	30,205
Deposits with licensed financial institutions	8	-	62,219,680	62,219,680
Total		30,205	62,219,680	62,249,885

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 interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

Market risk

(a) Interest rate risk

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

The Fund's exposure to the interest rate risk is mainly confined to deposits placements with financial institutions. The Manager overcomes this exposure by placing deposits with licensed financial institutions with fixed rates of interest and maturity.

The Fund's exposure to interest rate risk associated with 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)

(b) Currency risk

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

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

	Cash and cash equivalents USD	Other payables* USD	Total USD
2019			
Malaysian Ringgit	1	(4,653)	(4,652)
2018			
Malaysian Ringgit	-	(5,580)	(5,580)

* Other payables consist of 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 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 held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding (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	-/+ 233
2018		
Malaysian Ringgit	+/- 5	-/+ 279

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

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

Credit risk

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

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

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

	Cash and cash equivalents USD	Financial assets at fair value through profit or loss USD	Total USD
2019			
Financials			
– AAA	-	38,105,397	38,105,397
– AA1	74,420	-	74,420
	74,420	38,105,397	38,179,817
2018			
Financials			
– AAA	-	62,219,680	62,219,680
– AA1	30,205	-	30,205
	30,205	62,219,680	62,249,885

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 obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders. Liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

	Within one month USD	Between one month to one year USD	Total USD
2019			
Amount due to Manager			
- management fee	9,412	-	9,412
Amount due to Trustee	941	-	941
Auditors' remuneration	-	1,813	1,813
Tax agent's fee	-	846	846
Other payables and accruals	-	1,994	1,994
	10,353	4,653	15,006
2018			
Amount due to Manager			
- management fee	16,987	-	16,987
Amount due to Trustee	1,698	-	1,698
Auditors' remuneration	-	1,754	1,754
Tax agent's fee	-	1,990	1,990
Other payables and accruals	-	1,836	1,836
	18,685	5,580	24,265

Capital risk

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

3 FAIR VALUE ESTIMATION

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 market (such as trading securities) is based on quoted market prices at the close of trading on the financial period end date.

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

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

(i) Fair value hierarchy

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

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

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

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.

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2019				
Financial assets at fair value through profit or loss - deposits with licensed financial institutions	-	38,105,397	-	38,105,397
2018				
Financial assets at fair value through profit or loss - deposits with licensed financial institutions	-	62,219,680	-	62,219,680

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 deposits with licensed financial institutions. 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 to their short term nature.

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

	2019 USD	2018 USD
Gross management fee	148,353	173,567
Management fee rebate	(20,344)	-
Net management fee	128,009	173,567

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE (CONTINUED)

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 5.00% per annum on the NAV of the Fund calculated on a daily basis.

For the financial year ended 30 September 2019, the management fee is recognised at a rate of 0.30% (2018: 0.30%) per annum on the NAV of the Fund calculated on a daily basis.

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

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, exclusive of foreign custodian fees.

For the financial year ended 30 September 2019, the Trustee fee is recognised at a rate of 0.03% (2018: 0.03%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Information Memorandum.

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

6 TAXATION

	2019 RM	2018 RM
Current taxation - local	-	-

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

	2019 USD	2018 USD
Net profit before taxation	1,090,792	990,060
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	261,790	237,614
Tax effects of:		
Investment income not subject to tax	(298,016)	(286,542)
Expenses not deductible for tax purposes	5,040	6,734
Restrictions on tax deductible expenses for Wholesale Funds	31,186	42,194
Tax expense	-	-

7 DISTRIBUTIONS

	2019 USD	2018 USD
Distribution to unitholders is from the following sources:		
Interest income	13,543	335,102
Previous years' realised income	567,794	340,293
Gross distribution amount	581,337	675,395
Less: Expenses	-	-
Net distribution amount	581,337	675,395

During the financial year ended 30 September 2019, distributions were made as follows:

2019	Gross/Net distribution per unit (sen)
10.10.2018	0.0010
14.11.2018	0.0010
12.12.2018	0.0010
09.01.2019	0.0010
13.02.2019	0.0010
13.03.2019	0.0010
10.04.2019	0.0010
08.05.2019	0.0010
12.06.2019	0.0010
10.07.2019	0.0010
14.08.2019	0.0010
11.09.2019	0.0010
	0.0120

7 DISTRIBUTIONS (CONTINUED)

During the financial year ended 30 September 2018, distributions were made as follows:

2018	Gross/Net distribution per unit (sen)
11.10.2017	0.1000
08.11.2017	0.1000
13.12.2017	0.1000
10.01.2018	0.1000
14.02.2018	0.1000
14.03.2018	0.1000
11.04.2018	0.1000
07.05.2018	0.1000
13.06.2018	0.1000
11.07.2018	0.1000
08.08.2018	0.0800
12.09.2018	0.1000
	1.1800

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

Included in the distributions for the financial year is an amount of USD567,794 (2018: USD340,293) made from previous years' realised income.

The Fund has incurred an unrealised loss of USD56 (2018: USD49) for the financial year ended 30 September 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 USD	2018 USD
Financial asset at fair value through profit or loss:		
- deposits with licensed financial institutions*	38,105,397	62,219,680

*Includes interest receivable of USD205,907 (2018: USD366,301).

Weighted average effective interest rates per annum of deposits with licensed financial institutions are as follows:

	2019 %	2018 %
Deposits with licensed financial institutions	2.32	2.43

The deposits with licensed financial institutions have an average maturity of 36 days (2018: 54 days).

9 NUMBER OF UNITS IN CIRCULATION

	2019 No. of units	2018 No. of units
At the beginning of the financial year	61,478,000	52,460,000
Creation of units arising from applications	59,446,842	72,511,693
Creation of units arising from distributions	572,110	669,888
Cancellation of units	(84,177,952)	(64,163,581)
At the end of the financial year	37,319,000	61,478,000

10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

(i) Details of transactions with the financial institutions for the financial year ended 30 September 2019 are as follows:

Name of financial institutions	Value of trade USD	Percentage of total trade %
CIMB Bank Bhd	1,067,178,249	39.24
Hong Leong Investment Bank Bhd	910,272,870	33.47
Malayan Banking Bhd	396,446,117	14.58
Hong Leong Bank Singapore	237,707,171	8.74
Hong Leong Islamic Bank Bhd	99,980,549	3.68
Public Bank Bhd	6,014,055	0.22
Anz Singapore Ltd	2,000,051	0.07
	2,719,599,062	100.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (CONTINUED)

10 TRANSACTIONS WITH FINANCIAL INSTITUTIONS (CONTINUED)

(ii) Details of transactions with the financial institutions for the financial year ended 30 September 2018 are as follows:

Name of financial institutions	Value of trade USD	Percentage of total trade %
Hong Leong Islamic Bank Bhd	773,334,046	41.25
Hong Leong Investment Bank Bhd	375,068,258	20.01
Public Bank Bhd	647,040,914	34.51
Malayan Banking Bhd	75,386,046	4.02
CIMB Bank Bhd	4,000,000	0.21
	1,874,829,264	100.00

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

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

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

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

	2019		2018	
	No. of units	USD	No. of units	USD
The Manager:				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	2,824	2,888	2,192	2,219

12 MANAGEMENT EXPENSE RATIO ("MER")

	2019	2018
	%	%
MER	0.35	0.35

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is USD49,450,079 (2018: USD57,854,580)

13 PORTFOLIO TURNOVER RATIO ("PTR")

	2019	2018
PTR (times)	55.24	32.33

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 = USD2,719,599,062 (2018:USD1,874,829,264)
total disposal for the financial year = USD2,743,552,951 (2018: USD1,865,613,305)

14 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 30 September 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. Note G sets out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 October 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets:

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

14 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Impairment (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 October 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						
Cash and cash equivalents	Loans and receivables	Amortised cost	30,205	-	-	30,205
Deposits with licensed financial institutions	FVTPL	FVTPL	62,219,680	-	-	62,219,680
Liabilities						
Amount due to Manager	Amortised cost	Amortised cost	16,987	-	-	16,987
Amount due to Trustee	Amortised cost	Amortised cost	1,698	-	-	1,698
Auditors’ remuneration	Amortised cost	Amortised cost	1,754	-	-	1,754
Tax agent’s fee	Amortised cost	Amortised cost	1,990	-	-	1,990
Other payables and accruals	Amortised cost	Amortised cost	1,836	-	-	1,836

AFFIN HWANG USD CASH 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 10 to 35 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 September 2019 and of its financial performance, changes in equity and cash flows for the financial year 30 September 2019 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 November 2019

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG USD CASH FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang USD Cash Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 September 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 30 September 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 35.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

(d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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
15 November 2019

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