

# Affin Hwang Aiiman Global Sukuk Fund

Interim Report  
30 November 2020

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
CIMB Islamic Trustee Berhad (167913-M)

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## Interim Report and Unaudited Financial Statements For The Financial Period Ended 30 November 2020

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman 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 USD CLASS AS AT 30 NOVEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	0	0
5,001 to 10,000	0	0
10,001 to 50,000	2	57
50,001 to 500,000	1	201
500,001 and above	1	3,417
<b>Total</b>	<b>4</b>	<b>3,675</b>

\* Note: Excluding Manager's stock

### BREAKDOWN OF UNITHOLDERS BY SIZE MYR CLASS AS AT 30 NOVEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	1	2
5,001 to 10,000	2	19
10,001 to 50,000	1	19
50,001 to 500,000	2	604
500,001 and above	4	5,254
<b>Total</b>	<b>10</b>	<b>5,898</b>

\* Note: Excluding Manager's stock

**BREAKDOWN OF UNITHOLDERS BY SIZE MYR-HEDGED CLASS AS AT 30 NOVEMBER 2020**

<b>Size of holdings (units)</b>	<b>No. of unitholders</b>	<b>No. of units held * ('000)</b>
5,000 and below	3	8
5,001 to 10,000	1	9
10,001 to 50,000	2	41
50,001 to 500,000	4	630
500,001 and above	5	87,551
<b>Total</b>	<b>15</b>	<b>88,239</b>

*\* Note: Excluding Manager's stock*

## FUND PERFORMANCE DATA

Category	As at 30 Nov 2020 (%)			As at 30 Nov 2019 (%)			As at 30 Nov 2018 (%)		
Portfolio composition									
Unquoted sukuk – local		9.49			-			0.94	
Unquoted sukuk – foreign		83.85			95.20			89.71	
<b>Total unquoted sukuk</b>		<b>93.34</b>			<b>95.20</b>			<b>90.65</b>	
<b>Cash &amp; cash equivalent</b>		<b>6.66</b>			<b>4.80</b>			<b>9.35</b>	
<b>Total</b>		<b>100.00</b>			<b>100.00</b>			<b>100.00</b>	
Currency class	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR-</u> <u>Hedged</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR-</u> <u>Hedged</u> <u>Class</u>	<u>USD</u> <u>Class</u>	<u>MYR</u> <u>Class</u>	<u>MYR-</u> <u>Hedged</u> <u>Class</u>
Total NAV (million)	2.057	3.172	51.016	0.040	2.241	31.528	4.994	1.150	0.046
NAV per Unit (in respective currencies)	0.5594	0.5378	0.5781	0.5490	0.5396	0.5458	0.5133	0.4965	0.5073
Unit in Circulation (million)	3.678	5.899	88.242	0.072	4.153	57.760	9.728	2.317	0.091
Highest NAV	0.5594	0.5574	0.5781	0.5504	0.5454	0.5471	0.5149	0.4976	0.5084
Lowest NAV	0.5416	0.5366	0.5514	0.5394	0.5202	0.5319	0.5090	0.4673	0.4776
Return of the Fund (%) <sup>iii</sup>	4.90	-1.66	5.37	3.65	3.37	2.25	0.67	5.86	5.84
- Capital Growth (%) <sup>i</sup>	3.00	-3.43	4.90	1.76	3.37	2.25	0.67	5.86	5.84
- Income Distribution (%) <sup>ii</sup>	1.85	1.84	0.45	1.85	Nil	Nil	Nil	Nil	Nil
Gross Distribution per Unit (sen)	1.00	1.00	0.25	1.00	Nil	Nil	Nil	Nil	Nil
Net Distribution per Unit (sen)	1.00	1.00	0.25	1.00	Nil	Nil	Nil	Nil	Nil
Management Expense Ratio (%) <sup>1</sup>		0.67			0.68			0.69	
Portfolio Turnover Ratio (times) <sup>2</sup>		0.32			0.19			0.26	

<sup>1</sup>The MER of the Fund was slightly lower than previous year due to higher average NAV of the Fund during the period under review.

<sup>2</sup>The PTR of the Fund was higher than previous year due to more 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

**MANAGER'S REPORT****Income Distribution / Unit Split**

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

**USD Class**

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
14 Jul 2020	15 Jul 2020	0.5516	0.0100	0.5416

**MYR Class**

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
14 Jul 2020	15 Jul 2020	0.5559	0.0100	0.5449

**MYR-Hedged Class**

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
14 Jul 2020	15 Jul 2020	0.5600	0.0025	0.5575

No unit split were declared for the financial period ended 30 November 2020.

**Performance Review****USD Class**

For the period under review from 1 June 2020 to 30 November 2020, the Fund has registered a return of 4.90% as compared to the benchmark return of 3.42%. The Fund thus underperformed the benchmark by 1.48%. The Net Asset Value (NAV) per unit of the Fund as at 30 November 2020 was USD0.5594 compared to its NAV per unit as at 31 May 2020 was USD0.5431. During the period under review, the Fund has declared an income distribution of USD0.01 per unit.

**MYR Class**

For the period under review, the Fund has registered a return of -1.66% as compared to the benchmark return of -3.16%. The Fund thus outperformed the benchmark by 1.50%. The NAV per unit of the Fund as at 30 November 2020 was MYR0.5378 compared to its NAV per unit as at 31 May 2020 was MYR0.5569. During the period under review, the Fund has declared an income distribution of MYR0.01 per unit.

**MYR-Hedged Class**

For the period under review, the Fund has registered a return of 5.37% as compared to the benchmark return of -3.16%. The Fund thus outperformed the benchmark by 8.53%. The NAV per unit of the Fund as at 30 November 2020 was MYR0.5781 compared to its NAV per unit as at 31 May 2020 was MYR0.5511. During the period under review, the Fund has declared an income distribution of MYR0.0025 per unit.

We believe the fund's objective of providing investors with regular income through investments in Shariah-compliant fixed income instruments was met during the period under review.

## **Fund Performance**

### **USD Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/6/20 -</b> <b>30/11/20)</b>	<b>1 Year</b> <b>(1/12/19 -</b> <b>30/11/20)</b>	<b>3 Year</b> <b>(1/12/17 -</b> <b>30/11/20)</b>	<b>Since</b> <b>Commencement</b> <b>(30/12/15 -</b> <b>30/11/20)</b>
<b>Fund</b>	<b>4.90%</b>	<b>5.70%</b>	<b>13.94%</b>	<b>18.80%</b>
<b>Benchmark</b>	<b>3.42%</b>	<b>4.04%</b>	<b>7.30%</b>	<b>9.11%</b>
<b>Outperformance</b>	<b>1.48%</b>	<b>1.66%</b>	<b>6.64%</b>	<b>9.69%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/12/19 - 30/11/20)</b>	<b>3 Year</b> <b>(1/12/17 - 30/11/20)</b>	<b>Since Commencement</b> <b>(30/12/15 - 30/11/20)</b>
<b>Fund</b>	<b>5.70%</b>	<b>4.44%</b>	<b>3.56%</b>
<b>Benchmark</b>	<b>4.04%</b>	<b>2.37%</b>	<b>1.79%</b>
<b>Outperformance</b>	<b>1.66%</b>	<b>2.07%</b>	<b>1.77%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(1/6/19 -</b> <b>31/5/20)</b>	<b>FYE 2019</b> <b>(1/6/18 -</b> <b>31/5/19)</b>	<b>FYE 2018</b> <b>(1/6/17 -</b> <b>31/5/18)</b>	<b>FYE 2017</b> <b>(1/6/16 -</b> <b>31/5/17)</b>	<b>FYE 2016</b> <b>(30/12/15 -</b> <b>31/5/16)</b>
<b>Fund</b>	<b>4.43%</b>	<b>5.81%</b>	<b>(1.34%)</b>	<b>2.93%</b>	<b>0.92%</b>
<b>Benchmark</b>	<b>3.54%</b>	<b>3.40%</b>	<b>(3.73%)</b>	<b>0.81%</b>	<b>1.55%</b>
<b>Outperformance</b>	<b>0.89%</b>	<b>2.41%</b>	<b>2.39%</b>	<b>2.12%</b>	<b>(0.63%)</b>

Source of Benchmark: Bloomberg

### **MYR Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/6/20 -</b> <b>30/11/20)</b>	<b>1 Year</b> <b>(1/12/19 -</b> <b>30/11/20)</b>	<b>3 Year</b> <b>(1/12/17 -</b> <b>30/11/20)</b>	<b>Since</b> <b>Commencement</b> <b>(30/12/15 -</b> <b>30/11/20)</b>
<b>Fund</b>	<b>(1.66%)</b>	<b>3.42%</b>	<b>13.85%</b>	<b>11.62%</b>
<b>Benchmark</b>	<b>(3.16%)</b>	<b>1.45%</b>	<b>6.82%</b>	<b>3.74%</b>
<b>Outperformance</b>	<b>1.50%</b>	<b>1.97%</b>	<b>7.03%</b>	<b>7.88%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/12/19 - 30/11/20)</b>	<b>3 Year</b> <b>(1/12/17 - 30/11/20)</b>	<b>Since Commencement</b> <b>(30/12/15 - 30/11/20)</b>
<b>Fund</b>	<b>3.42%</b>	<b>4.41%</b>	<b>2.26%</b>
<b>Benchmark</b>	<b>1.45%</b>	<b>2.22%</b>	<b>0.75%</b>
<b>Outperformance</b>	<b>1.97%</b>	<b>2.19%</b>	<b>1.51%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(1/6/19 - 31/5/20)</b>	<b>FYE 2019</b> <b>(1/6/18 - 31/5/19)</b>	<b>FYE 2018</b> <b>(1/6/17 - 31/5/18)</b>	<b>FYE 2017</b> <b>(1/6/16 - 31/5/17)</b>	<b>FYE 2016</b> <b>(30/12/15 - 31/5/16)</b>
<b>Fund</b>	<b>8.71%</b>	<b>11.30%</b>	<b>(9.56%)</b>	<b>6.14%</b>	<b>(2.28%)</b>
<b>Benchmark</b>	<b>7.72%</b>	<b>8.63%</b>	<b>(10.70%)</b>	<b>5.23%</b>	<b>(2.58%)</b>
<b>Outperformance</b>	<b>0.99%</b>	<b>2.67%</b>	<b>1.14%</b>	<b>0.91%</b>	<b>0.30%</b>

Source of Benchmark: Bloomberg

**MYR-Hedged Class**

Table 1: Performance of the Fund

	<b>6 Months</b> <b>(1/6/20 - 30/11/20)</b>	<b>1 Year</b> <b>(1/12/19 - 30/11/20)</b>	<b>Since Commencement</b> <b>(15/12/17 - 30/11/20)</b>
<b>Fund</b>	<b>5.37%</b>	<b>6.39%</b>	<b>16.14%</b>
<b>Benchmark</b>	<b>(3.16%)</b>	<b>1.45%</b>	<b>6.94%</b>
<b>Outperformance</b>	<b>8.53%</b>	<b>4.94%</b>	<b>9.20%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year</b> <b>(1/12/19 - 30/11/20)</b>	<b>Since Commencement</b> <b>(15/12/17 - 30/11/20)</b>
<b>Fund</b>	<b>6.39%</b>	<b>5.18%</b>
<b>Benchmark</b>	<b>1.45%</b>	<b>2.29%</b>
<b>Outperformance</b>	<b>4.94%</b>	<b>2.89%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

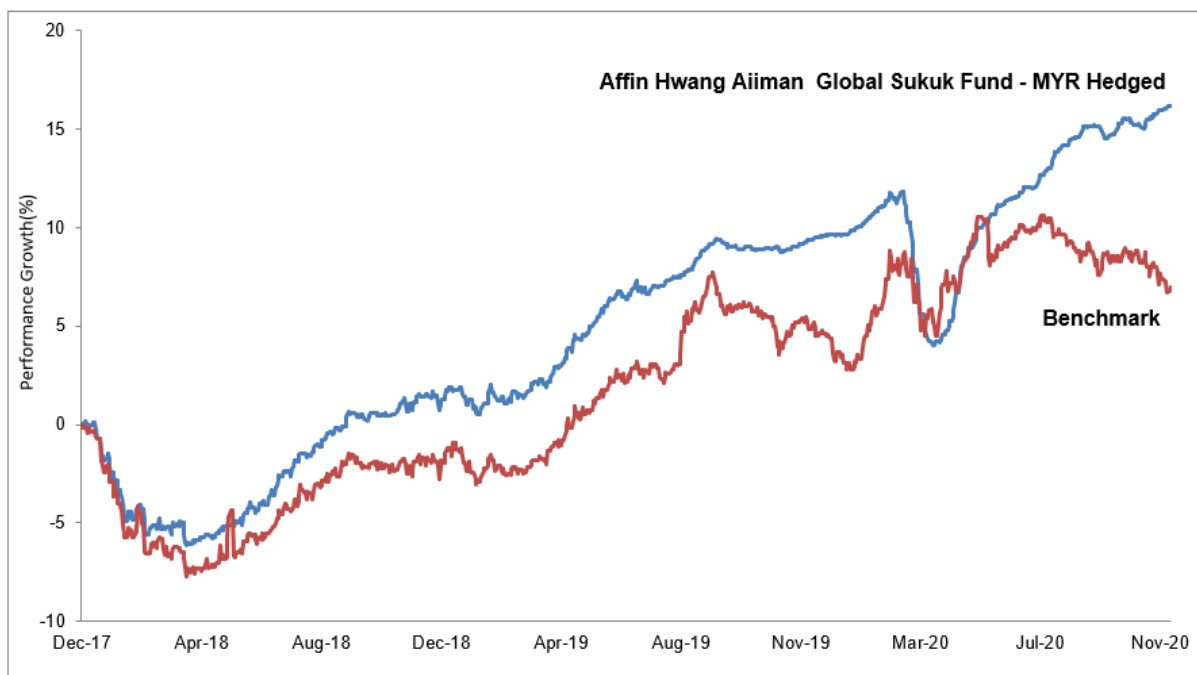
	<b>FYE 2020</b> <b>(1/6/19 - 31/5/20)</b>	<b>FYE 2019</b> <b>(1/6/18 - 31/5/19)</b>	<b>FYE 2018</b> <b>(15/12/17 - 31/5/18)</b>
<b>Fund</b>	<b>3.24%</b>	<b>11.37%</b>	<b>(4.14%)</b>
<b>Benchmark</b>	<b>7.72%</b>	<b>8.63%</b>	<b>(5.63%)</b>
<b>Outperformance</b>	<b>(4.48%)</b>	<b>2.74%</b>	<b>1.49%</b>

Source of Benchmark: Bloomberg



Figure 1: Movement of the Fund versus the Benchmark since commencement.





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

*Benchmark: Dow Jones Sukuk Index*

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

### **Asset Allocation**

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

As at 30 November 2020, the Fund's asset allocation in Sukuk were slightly lower at 93.234% while the balance was held in cash and cash equivalent. During the period under review, the Manager added exposure towards local sukuk while reduced allocation to foreign sukuk.

### **Strategies Employed**

The Manager had maintained a moderately higher exposure level into the market while duration of the portfolio was lengthen over the period under review for a better pick up.

### **Market Review**

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing. The global equities trended lower as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month. In the US, the S&P 500 index closed 12.5% lower that month. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented relief package to cushion its economy. The relief package comes as the US also reports the

greatest number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced since. By November, the S&P 500 index closed 10.8% higher from the previous month. This positive effect extended to Asia as well, with the Hang Seng Index and broader MSCI Asia ex Japan index rising 9.15% and 8.00% respectively in the same period.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouses rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

On commodities, crude oil prices slid by about 40% YTD as at end of October, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

On the domestic front, the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. Targeted measures by this budget include extension of the Principal Hub incentive to Dec 2022, reduction of individual EPF contribution and review of income tax exemption on Green Sustainable and Responsible Investment Sukuk grant.

The Malaysia bond market saw foreign holdings increase by RM 2.7 billion in November making up 13.6% of total bonds outstanding, its highest since January 2020. Though foreign demand seems to be positive, overall yields still grew as selling concentrated on the lower end of the curve, as yields for the 15-year and 20-year MGS edged up 28 bps and 18 bps in the last week of November.

## **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers’ confidence return following the low death rates despite the rise in infections. With most markets recovering the year’s losses by November, coincided

with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Markets will be playing a “recovery theme” from December onwards and into 2021. Current estimates suggest global GDP to fall around 5% at the end of 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. But as vaccines take time to produce even at current maximum production levels, we should expect this “recovery theme” to be a multi-year theme.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe’s continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe’s exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

US-China trade tensions are likely to remain in the short-term. A Biden presidency could potentially uplift geopolitical risk with a steadier hand at the helm. Consistency in policy implementation is key alongside clarity on the nature of the two countries’ relationship with each other. A Biden win will set the stage for a post-election rally as investors warm to the idea. However, the issue of a divided Congress remains, with markets expecting a Republican-majority in control of the Senate.

In Malaysia, recent alarming increase in Covid-19 cases caused targeted lockdowns across the country, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. gloves, electromotive force and technology stocks. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries.

Inflows into global equity funds surge past US\$100 billion in the last 3 weeks of November as investors continue to pile into equities with markets turning risk-on. Buoyed by a “Goldilocks” environment with a favourable US election outcome, low interest rates and positive developments on the vaccine front, we could see additional support for risk assets.

Earnings momentum is expected to continue into 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages.

### **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 that the Investment Committee of the fund has reviewed that such transactions are in the best interest of the fund and transacted on an arm's length and fair value basis.

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

We, **CIMB Islamic Trustee Berhad** 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 the manager of the Fund, has fulfilled its duties in the following manner for the 6 months financial period ended 30 November 2020.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- b) Valuation and pricing of units of the Fund has been carried out in accordance with the Deed and relevant regulatory requirements;
- c) Creation and cancellation of units have been carried out in accordance with the Deed and the relevant regulatory requirements; and
- d) The distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of  
**CIMB Islamic Trustee Berhad**

**Lee Kooi Yoke**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
15 January 2021

## **SHARIAH ADVISER'S REPORT**

### **To the Unit Holders of Affin Hwang Aiiman Global Sukuk Fund ("Fund")**

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

**Datuk Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur  
15 January 2021

**AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020**



# **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020**

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# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020

	<u>Note</u>	6 months financial period ended 30.11.2020 USD	6 months financial period ended 30.11.2019 USD
<b>INVESTMENT INCOME</b>			
Profit income from financial asset at fair value through profit or loss		202,914	152,295
Profit income from financial asset at amortised cost		1,532	2,050
Net gain on foreign currency exchange		14,805	13,665
Net gain/(loss) on forward contract at fair value through profit or loss		543,589	(12,319)
Net gain on financial assets at fair value through profit or loss	8	463,040	185,155
		<u>1,225,880</u>	<u>340,846</u>
<b>EXPENSES</b>			
Management fee	4	(72,559)	(48,461)
Trustee fee	5	(3,649)	(2,438)
Auditors' remuneration		(1,047)	(937)
Tax agent's fee		(430)	(428)
Other expenses		(3,514)	(2,873)
		<u>(81,199)</u>	<u>(55,137)</u>
<b>NET PROFIT BEFORE FINANCE COST AND TAXATION</b>		1,144,681	285,709
<b>FINANCE COST</b>			
Distributions	7	(94,666)	(100,310)
<b>NET PROFIT BEFORE TAXATION</b>		1,050,015	185,399
Taxation	6	-	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,050,015</u>	<u>185,399</u>
Increase in net asset attributable to unitholders comprise the following:			
Realised amount		294,630	41,987
Unrealised amount		755,385	143,412
		<u>1,050,015</u>	<u>185,399</u>

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

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020

	<u>Note</u>	<u>2020</u> USD	<u>2019</u> USD
<b>ASSETS</b>			
Cash and cash equivalents		869,117	414,695
Amount due from dealer		3,860	7,767
Amount due from Manager			
- creation of units		926	380
Financial assets at fair value			
through profit or loss	8	14,339,807	7,735,521
Forward foreign currency contract at fair			
value through profit or loss	9	174,023	15,902
<b>TOTAL ASSETS</b>		<u>15,387,733</u>	<u>8,174,265</u>
<b>LIABILITIES</b>			
Forward foreign currency contract at fair			
value through profit or loss	9	2,272	28,221
Amount due to Manager			
- management fee		15,037	8,050
- cancellation of units		-	5,948
Amount due to Trustee		752	402
Auditors' remuneration		1,064	975
Tax agent's fee		2,555	2,504
Other payables and accruals		2,783	2,202
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS</b>			
<b>ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>24,463</u>	<u>48,302</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>15,363,270</u>	<u>8,125,963</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>15,363,270</u>	<u>8,125,963</u>

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020 (CONTINUED)

	<u>Note</u>	<u>2020</u> USD	<u>2019</u> USD
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>			
- MYR Class		778,984	536,645
- MYR-Hedged Class		12,526,832	7,549,791
- USD Class		2,057,454	39,527
		<u>15,363,270</u>	<u>8,125,963</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- MYR Class	10(a)	5,899,000	4,153,000
- MYR-Hedged Class	10(b)	88,242,000	57,760,000
- USD Class	10(c)	3,678,000	72,000
		<u>97,819,000</u>	<u>61,985,000</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- MYR Class		0.1321	0.1292
- MYR-Hedged Class		0.1420	0.1307
- USD Class		0.5594	0.5490
		<u>0.1321</u>	<u>0.1292</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- MYR Class		RM0.5378	RM0.5396
- MYR-Hedged Class		RM0.5781	RM0.5458
- USD Class		USD0.5594	USD0.5490
		<u>RM0.5378</u>	<u>RM0.5396</u>

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

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## UNAUDITED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020

	6 months financial period ended <u>30.11.2020</u> USD	6 months financial period ended <u>30.11.2019</u> USD
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	9,889,983	7,889,655
Movement due to units created and cancelled during the financial period		
Creation of units arising from applications	6,610,640	6,086,139
- MYR Class	968,452	636,516
- MYR-Hedged Class	5,162,239	5,429,487
- USD Class	479,949	20,136
Creation of units arising from distributions	94,368	100,310
- MYR Class	23,323	-
- MYR-Hedged Class	30,835	-
- USD Class	40,210	100,310
Cancellation of units	(2,281,736)	(6,135,540)
- MYR Class	(1,064,150)	(584,881)
- MYR-Hedged Class	(959,796)	(10,296)
- USD Class	(257,790)	(5,540,363)
Net increase in net assets attributable to unitholders during the financial period	1,050,015	185,399
- MYR Class	22,875	19,056
- MYR-Hedged Class	967,711	115,670
- USD Class	59,429	50,673
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<u>15,363,270</u>	<u>8,125,963</u>

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

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020

	6 months financial period ended 30.11.2020 USD	6 months financial period ended 30.11.2019 USD
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of unquoted sukuk	1,694,693	1,474,387
Purchase of unquoted sukuk	(6,215,189)	(1,603,995)
Profit income from Shariah-based deposits with Islamic financial institutions	1,532	2,050
Profit income from unquoted sukuk	187,903	143,171
Management fee paid	(67,461)	(48,145)
Trustee fee paid	(3,394)	(2,423)
Payment for other fees and expenses	(5,018)	(4,371)
Realised gain on forward foreign currency contract	220,637	-
Net realised (loss)/gain on foreign currency exchange	(3,273)	15,045
Net cash used in from operating activities	(4,189,570)	(24,281)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	6,613,179	6,086,505
Payments for cancellation of units	(2,284,175)	(6,529,592)
Payment for distribution	(297)	-
Net cash generated from/(used in) financing activities	4,328,706	(443,087)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	139,136	(467,368)
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE</b>	331 (42)	
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	729,650	882,105
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	869,117	414,695

Cash and cash equivalents as at 30 November 2020 and 30 November 2019 comprise of bank balances.

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

## **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020**

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 summary of significant accounting policies and comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("MFRS").

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

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

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

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

The adoption of the above standards, amendments to standards or interpretations did not have a material effect on the financial statements of the Fund.

(b) Standards and amendments that have been issued but not yet effective

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

The adoption of the above standards, amendments to standards or interpretations is not expected to have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

##### Profit income

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

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

# **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)**

### **B INCOME RECOGNITION (CONTINUED)**

#### Realised gains and losses on sale of investments

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

### **C DISTRIBUTIONS**

A distribution to the Fund's unitholders is accounted for as a 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 period.

Withholding taxes on investment income from unquoted Shariah-compliant foreign investments are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

### **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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

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

#### (i) Classification

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

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost



## **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)**

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

(i) Classification (continued)

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 debt securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest<sup>(1)</sup> ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

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

<sup>(1)</sup> For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

(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 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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 transactions are presented in the statement of comprehensive income within 'net gain on financial assets at fair value through profit and loss' in the period which they arise.

## AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

##### (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's ("SC") as per the SC's 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 denominated in foreign currencies are revalued at least twice a week by reference to the mid-price quoted in Bloomberg. We use 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.

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

##### (iii) Impairment

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

##### Significant increase in credit risk

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

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

The Fund defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

## AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

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

##### Definition of default and credit-impaired financial assets (continued)

##### Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

##### Write-off

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

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

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

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

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

Amounts due from and to dealers 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 dealers balance is held for collection. Refer to Note G for accounting policy on recognition and measurement.

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

#### **J CREATION AND CANCELLATION OF UNITS**

The unitholders' contributions to the Fund meet 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 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 NAV of respective classes.

## **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)**

#### **J CREATION AND CANCELLATION OF UNITS (CONTINUED)**

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 DERIVATIVE FINANCIAL INSTRUMENTS**

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

#### **M CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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.

## **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)**

#### **M CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)**

##### Functional currency

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 the form of cash denominated in USD for the purpose of making settlement of the foreign trades.
- ii) Significant portion of the Fund's expenses are denominated in USD.

#### **N REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX**

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

# **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

## **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020**

### **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 Trustee Berhad.

The Fund commenced operations on 11 January 2016 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 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) Shariah-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, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 15 January 2021.

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	At amortised cost USD	At fair value through profit or loss USD	<u>Total USD</u>
<u>2020</u>				
<u>Financial asset</u>				
Cash and cash equivalents		869,117	-	869,117
Amount due from dealer		3,860	-	3,860
Amount due from Manager				
- creation of units		926	-	926
Unquoted sukuk	8	-	14,339,807	14,339,807
Forward foreign currency contract		-	174,023	174,023
Total		<u>873,903</u>	<u>14,513,830</u>	<u>15,387,733</u>
<u>Financial liabilities</u>				
Forward foreign currency contract		-	2,272	2,272
Amount due to Manager				
- management fee		15,037	-	15,037
Amount due to Trustee		752	-	752
Auditors' remuneration		1,064	-	1,064
Tax agent's fee		2,555	-	2,555
Other payables and accruals		2,783	-	2,783
Total		<u>22,191</u>	<u>2,272</u>	<u>24,463</u>
<u>2019</u>				
<u>Financial asset</u>				
Cash and cash equivalents		414,695	-	414,695
Amount due from dealer		7,767	-	7,767
Amount due from Manager				
- creation of units		380	-	380
Unquoted sukuk	8	-	7,735,521	7,735,521
Forward foreign currency contract		-	15,902	15,902
Total		<u>422,842</u>	<u>7,751,423</u>	<u>8,174,265</u>

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

Financial instruments are as follows: (continued)

	At amortised cost USD	At fair value through profit or loss USD	Total USD
<u>2019</u> (continued)			
<u>Financial liabilities</u>			
Forward foreign currency contract	-	28,221	28,221
Amount due to Manager			
- management fee	8,050	-	8,050
- cancellation of units	5,948	-	5,948
Amount due to Trustee	402	-	402
Auditors' remuneration	975	-	975
Tax agent's fee	2,504	-	2,504
Other payables and accruals	2,202	-	2,202
Total	<u>20,081</u>	<u>28,221</u>	<u>48,302</u>

The Fund is exposed to a variety of risks which include market risk (including price risk, profit rate risk, currency risk) credit risk, liquidity risk, capital risk and reclassification of Shariah status risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated by the SC's Guidelines on Unit Trust Funds.

#### Market risk

##### (a) Price risk

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

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

	<u>2020</u> USD	<u>2019</u> USD
<b>Unquoted Shariah-compliant investments</b>		
Unquoted sukuk*	<u>14,339,807</u>	<u>7,735,521</u>

\* Include profit receivable of USD114,774 (2019: USD59,181).

The following table summaries 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% (2019: 5%) and decreased by 5% (2019: 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.



# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

#### Market risk

##### (a) Price risk (continued)

<u>% change in price</u>	<u>Market value</u> USD	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> USD
<u>2020</u>		
-5%	13,513,781	(711,252)
0%	14,225,033	-
+5%	14,936,285	711,252
	<u>                    </u>	<u>                    </u>
<u>2019</u>		
-5%	7,292,523	(383,817)
0%	7,676,340	-
+5%	8,060,157	383,817
	<u>                    </u>	<u>                    </u>

##### (b) Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when profit rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted sukuk till 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 profit 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 profit 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 profit rate movements. Prices of unquoted sukuk move inversely to profit rate movements, therefore as profit 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 profit rate movements.

Investors should note that unquoted sukuk and money market instruments are subject to profit rate fluctuations. Such investments may be subject to unanticipated rise in profit 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 profit rates may therefore increase the potential for default by an issuer.

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

#### Market risk (continued)

##### (b) Profit rate risk (continued)

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted sukuk held by the Fund as a result of movement in profit rate. The analysis is based on the assumptions that the profit rate increased and decreased by 2% (200 basis points) (2019: 1%; 100 basis points) with all other variables held constant.

<u>% Change in profit rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2020</u> USD	<u>2019</u> USD
+ 2% (2019: +1%)	(36,532)	(7,495)
- 2% (2019: -1%)	36,690	7,516

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

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies other than the functional currency of the Fund. When the foreign currencies fluctuate in an unfavourable movement against the functional currency, the investments will face currency losses in addition to the capital gain/loss. The Manager will evaluate the likely directions of a foreign currency versus the functional currency 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:

	<u>Unquoted sukuk</u> USD	<u>Cash and cash equivalents</u> USD	<u>Forward currency contract</u> USD	<u>Amount due from Manager</u> USD	<u>Total</u> USD
<u>2020</u>					
<u>Financial assets</u>					
Malaysian Ringgit	<u>1,457,495</u>	<u>4,383</u>	<u>174,023</u>	<u>926</u>	<u>1,636,827</u>
		<u>Forward foreign currency contracts</u> USD	<u>Other payables*</u> USD	<u>Net assets attributable to unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>					
Malaysian Ringgit		<u>2,272</u>	<u>22,191</u>	<u>13,305,816</u>	<u>13,330,279</u>

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

#### Market risk (continued)

#### (c) Currency risk (continued)

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

	Cash and cash <u>equivalents</u> USD	Forward currency <u>contract</u> USD	Amount due from <u>Manager</u> USD	<u>Total</u> USD
<u>2019</u>				
<u>Financial assets</u>				
Malaysian Ringgit	9,722	15,902	380	26,004
	Forward foreign currency <u>contracts</u> USD	Other <u>payables*</u> USD	Net assets attributable to <u>unitholders</u> USD	<u>Total</u> USD
<u>Financial liabilities</u>				
Malaysian Ringgit	28,221	20,081	8,086,436	8,134,738

\*Other payables consist of amount due to Manager, amount due to Trustee, auditor's 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 based on foreign exchange rate changes by 10% (2019: 5%), with all other variables remain constants. 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 by approximately 10% (2019: 5%).

	Change <u>in price</u> %	Impact on profit after <u>tax/NAV</u> USD
<u>2020</u>		
Malaysian Ringgit	+/-10	+/-1,169,345
<u>2019</u>		
Malaysian Ringgit	+/-5	+/-405,437

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (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 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 financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For unquoted sukuk, 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.

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

The settlement terms of amount due from dealers are governed by the relevant rules and regulators as prescribed by the respective stocks exchanges.

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

	Forward currency contract USD	Unquoted sukuk USD	Cash and cash equivalents USD	Other asset* USD	Total USD
<u>2020</u>					
Basic Materials					
- Baa2	-	216,211	-	-	216,211
Consumer Services					
- A	-	205,201	-	3,860	209,061
Financials					
- AAA	174,023	-	869,117	-	1,043,140
- AA-	-	386,628	-	-	386,628
- A+	-	510,329	-	-	510,329
- A-	-	200,173	-	-	200,173
- A1	-	413,156	-	-	413,156
- A2	-	217,917	-	-	217,917
- A3	-	848,155	-	-	848,155
- A	-	631,101	-	-	631,101
- Baa2	-	427,386	-	-	427,386
- Baa3	-	806,754	-	-	806,754
- Baa1	-	431,679	-	-	431,679
- BBB	-	655,030	-	-	655,030
- B2	-	219,239	-	-	219,239
- BB+	-	210,217	-	-	210,217
- NR	-	634,667	-	-	634,667
Government					
- A	-	213,549	-	-	213,549
- A1	-	440,474	-	-	440,474
- Baa2	-	937,794	-	-	937,794
- B+	-	220,194	-	-	220,194
- B2	-	207,744	-	-	207,744

## AFFIN HWANG AIIAN GLOBAL SUKUK FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

##### Credit risk (continued)

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

	Forward currency <u>contract</u> USD	Unquoted <u>sukuk</u> USD	Cash and cash <u>equivalents</u> USD	Other <u>asset*</u> USD	<u>Total</u> USD
<u>2020</u> (continued)					
Industrials					
- AA-	-	263,658	-	-	263,658
- A	-	251,990	-	-	251,990
- Baa3	-	681,381	-	-	681,381
- Baa2	-	207,330	-	-	207,330
Oil & Gas					
- AA-	-	555,219	-	-	555,219
Quasi-Gov					
- Baa2	-	649,199	-	-	649,199
- NR	-	406,616	-	-	406,616
Telecommunications					
- A1	-	229,389	-	-	229,389
- Baa2	-	636,533	-	-	636,533
Utilities					
- A1	-	906,366	-	-	906,366
- A3	-	518,528	-	-	518,528
Others					
- NR	-	-	-	926	926
	<u>174,023</u>	<u>14,339,807</u>	<u>869,117</u>	<u>4,786</u>	<u>15,387,733</u>

# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

#### Credit risk (continued)

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

	Forward currency <u>contract</u> USD	Unquoted <u>sukuk</u> USD	Cash and cash <u>equivalents</u> USD	Other <u>asset*</u> USD	<u>Total</u> USD
<u>2019</u>					
Basic Materials					
- Baa3	-	210,291	-	-	210,291
Consumer Goods					
- Baa3	-	212,160			212,160
Consumer Services					
- A	-	204,721	-	-	204,721
Financials					
- A	-	210,138	414,695	-	624,833
- A-	-	411,995	-	-	411,995
- A1	-	414,213	-	-	414,213
- A2	-	212,257	-	-	212,257
- A3	-	820,643	-	-	820,643
- Aa3	-	212,877	-	-	212,877
- Baa1	-	201,779	-	-	201,779
- Baa2	-	213,733	-	-	213,733
- BBB	-	202,437	-	-	202,437
- BBB-	-	211,217	-	-	211,217
- NR	15,902	838,505	-	-	854,407
Government					
- A1	-	211,966	-	-	211,966
- Baa2	-	215,669	-	-	215,669
Industrials					
- Baa1	-	617,155	-	-	617,155
- Baa3	-	224,767	-	-	224,767
Oil & Gas					
- A2	-	201,278	-	-	201,278
Quasi-Gov					
- A3	-	211,682	-	-	211,682
- NR	-	403,795	-	-	403,795
Telecommunications					
- A1	-	214,409	-	-	214,409
- Baa2	-	418,453	-	-	418,453
Utilities					
- A2	-	439,381	-	-	439,381
Others					
- NR	-	-	-	8,147	8,147
	<u>15,902</u>	<u>7,735,521</u>	<u>414,695</u>	<u>8,147</u>	<u>8,174,265</u>

\* Other asset consist of amount due from Manager and amount due from brokers.

# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

#### Liquidity risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting its financial obligation. This will result in lower NAV of the Fund. The Manager manages this risk by maintaining sufficient level of Shariah-based liquid assets to meet anticipated payment and cancellations of unit by unitholders. Shariah-based liquid assets comprise cash, short term Shariah-based deposits with licensed 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 <u>one month</u> USD	Between one month <u>to one year</u> USD	<u>Total</u> USD
<u>2020</u>			
Forward foreign currency contract	-	2,272	2,272
Amount due to Manager			
- management fee	15,037	-	15,037
Amount due to Trustee	752	-	752
Auditors' remuneration	-	1,064	1,064
Tax agent's fee	-	2,555	2,555
Other payables and accruals	-	2,783	2,783
Net asset attributable to unitholders*	15,363,270	-	15,363,270
	<u>15,379,059</u>	<u>8,674</u>	<u>15,387,733</u>
<u>2019</u>			
Forward foreign currency contract	-	28,221	28,221
Amount due to Manager			
- management fee	8,050	-	8,050
- cancellation of units	5,948	-	5,948
Amount due to Trustee	402	-	402
Auditors' remuneration	-	975	975
Tax agent's fee	-	2,504	2,504
Other payables and accruals	-	2,202	2,202
Net asset attributable to unitholders*	8,125,963	-	8,125,963
	<u>8,140,363</u>	<u>33,902</u>	<u>8,174,265</u>

\*Outstanding units are redeemed on demand at the holder's option. 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.

## AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 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 securities in the portfolio of Shariah-based funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the SC performed twice yearly. If this occurs, the value of the fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's advice.

#### 3 FAIR VALUE ESTIMATION

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

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

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

##### (i) Fair value hierarchy

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

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

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



# AFFIN HWANG AII MAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

### 3 FAIR VALUE ESTIMATION (CONTINUED)

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

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>2020</u>				
Financial assets at fair value through profit or loss				
- unquoted sukuk	-	14,339,807	-	14,339,807
- forward foreign currency contracts	-	174,023	-	174,023
	-	14,513,830	-	14,513,830
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	2,272	-	2,272
<u>2019</u>				
Financial assets at fair value through profit or loss				
- unquoted sukuk	-	7,735,521	-	7,735,521
- forward foreign currency contracts	-	15,902	-	15,902
	-	7,751,423	-	7,751,423
Financial liabilities at fair value through profit or loss				
- forward foreign currency contracts	-	28,221	-	28,221

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. These include unquoted sukuk and forward foreign currency contracts. 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, amount due from dealer, amount due from Manager and all current liabilities except for forward foreign currency contract are a reasonable approximation of the fair values due their short term nature.

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

### 4 MANAGEMENT FEE

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

For the 6 months financial period ended 30 November 2020, the management fee is recognised at a rate of 1.20% (2019: 1.20%) per annum on the NAV of the Fund and is calculated on daily basis as stated in the Fund's Prospectus.

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 Deeds, 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 6 months financial period ended 30 November 2020, the Trustee fee is recognised at a rate of 0.05% (2019: 0.05%) per annum on the NAV of the Fund, inclusive of local custodian fee, calculated on 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

	6 months financial period ended 30.11.2020 USD	6 months financial period ended 30.11.2019 USD
Current taxation – foreign	-	-

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

	6 months financial period ended 30.11.2020 USD	6 months financial period ended 30.11.2019 USD
Net profit before finance cost and taxation	1,144,681	285,709
Tax at Malaysian statutory rate of 24% (2019: 24%)	274,723	68,570
Tax effects of:		
Investment income not subject to tax	(294,212)	(81,803)
Expenses not deductible for tax purposes	1,764	1,348
Restriction on tax deductible expenses Unit Trust Funds	17,725	11,885
Tax expense	-	-

## AFFIN HWANG AIIAN GLOBAL SUKUK FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 7 DISTRIBUTION

	6 months financial period ended 30.11.2020 USD	6 months financial period ended 30.11.2019 USD
Distribution to unitholders is from the following sources:		
Previous year's realised income	94,666	100,310
Gross/Net distribution amount	<u>94,666</u>	<u>100,310</u>

During the 6 months financial period ended 30 November 2020, distributions were made as follows:

	<u>Gross/Net distribution per unit (cent/sen)</u>		
	MYR <u>class</u> MYR	MYR Hedged- <u>class</u> MYR	USD <u>class</u> USD
<u>2020</u>			
15.7.2020	<u>1.00</u>	<u>0.25</u>	<u>1.00</u>

During the 6 months financial period ended 30 November 2019, distributions were made as follows:

	<u>Gross/Net distribution per unit (cent/sen)</u>	
		USD <u>class</u> USD
<u>2019</u>		
17.7.2019		<u>1.00</u>

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

Included in distributions for the financial period is an amount of USD94,666 (2019: USD100,310) made from previous year's realised income.

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

	<u>2020</u> USD	<u>2019</u> USD
Financial assets at fair value through profit or loss		
- unquoted sukuk - local	1,457,495	-
- unquoted sukuk - foreign	12,882,312	7,735,521
	<u>14,339,807</u>	<u>7,735,521</u>
Net gain on financial assets at fair value through profit or loss		
- realised gain on sale of investment	11,611	31,776
- unrealised gain on changes in fair value	451,429	153,379
	<u>463,040</u>	<u>185,155</u>

#### (a) Unquoted sukuk – local

##### (i) Unquoted sukuk – local as at 30 November 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
5.06% UEM Sunrise Bhd 09.12.2022 (AA-)	368,324	380,977	386,628	2.52
6% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	491,099	547,457	555,219	3.61
5.65% WCT Holdings Bhd 20.04.2026 (AA-)	245,549	259,370	263,658	1.72
5.8%WCT Holdings Bhd Call: 27.09.2024 (A)	245,549	252,209	251,990	1.64
	<u>1,350,521</u>	<u>1,440,013</u>	<u>1,457,495</u>	<u>9.49</u>
Total unquoted sukuk - local				
		17,482		
Total unquoted sukuk - local		<u>1,457,495</u>		

##### (ii) There is no investment in unquoted sukuk – local as at 30 November 2019.

# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Unquoted sukuk – foreign

(i) Unquoted sukuk - foreign as at 30 November 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
3.875% Aldar Sukuk No 2 Ltd 22.10.2029 (Baa1)	400,000	417,162	431,679	2.81
2.163% Axiata SPV2 Bhd Call: 19.05.2030 (Baa2)	400,000	400,481	406,531	2.65
4.357% Axiata SPV2 Bhd 24.03.2026 (Baa2)	200,000	208,430	230,002	1.50
2.593% Boubyan Sukuk Ltd 18.02.2025 (A+)	200,000	201,484	208,544	1.36
3.95% CBB International Sukuk 16.09.2027 (B2)	200,000	201,624	207,744	1.35
6.25% CBB International Sukuk 14.11.2024 (B+)	200,000	216,282	220,194	1.43
3.035% Danga Capital Bhd 01.03.2021 (NR)	200,000	202,316	202,237	1.32
2.95% DIB Sukuk Ltd 16.01.2026 (A3)	200,000	202,183	211,032	1.37
2.95% DIB Sukuk Ltd 20.02.2025 (A3)	400,000	411,279	421,038	2.74
6.25% DIB Tier 1 Sukuk 3 Ltd Call: 22.01.2025 (B2)	200,000	213,430	219,239	1.43
4.325% DIFC Investments LLC 12.11.2024 (BB+)	200,000	205,436	210,217	1.37
3.875% DP World Crescent Ltd 18.07.2029 (Baa3)	200,000	201,175	217,503	1.41
4.848% DP World Crescent Ltd 26.09.2028 (Baa3)	200,000	220,232	229,831	1.50
2.763% Dubai DOF Sukuk Ltd 09.09.2030 (NR)	200,000	200,074	204,379	1.33
1.827% EI Sukuk Co Ltd 23.09.2025 (A+)	300,000	299,575	301,785	1.96
3.635% Emaar Sukuk Ltd 15.09.2026 (Baa3)	200,000	202,856	199,435	1.30
3.875% Emaar Sukuk Ltd 17.09.2029 (Baa3)	200,000	202,516	198,453	1.29
4.564% EMG Sukuk Ltd 18.06.2024 (Baa2)	400,000	421,343	427,386	2.78
3.944% Equate Sukuk Spc Ltd 21.02.2024 (Baa2)	200,000	205,907	216,211	1.41
3.35% EXIM Sukuk Malaysia Bhd 06.05.2025 (A3)	200,000	194,007	216,085	1.41
5% ICD Sukuk Co Ltd 01.02.2027 (NR)	200,000	209,103	219,293	1.43
2.375% KIB Tier 1 Sukuk Ltd Call: 30.11.2025 (A-)	200,000	200,213	200,173	1.30
5.625% KIB Tier 1 Sukuk Ltd Call: 10.06.2024 (NR)	200,000	205,344	208,044	1.35
2.969% KSA Sukuk Ltd 29.10.2029 (A1)	200,000	213,311	216,108	1.41

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Unquoted sukuk – foreign (continued)

(i) Unquoted sukuk - foreign as at 30 November 2020 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk (continued)</u>				
3.628% KSA Sukuk Ltd 20.04.2027 (A1)	200,000	200,645	224,366	1.46
3.9325% Maf Sukuk Ltd 28.02.2030 (BBB)	200,000	202,032	213,092	1.39
4.5% Maf Sukuk Ltd 03.11.2025 (BBB)	200,000	216,800	219,360	1.43
4.638% Maf Sukuk Ltd 14.05.2029 (BBB)	200,000	217,509	222,578	1.45
2.21% MAR Sukuk Ltd 02.09.2025 (A1)	200,000	202,791	203,853	1.33
3.025% MAR Sukuk Ltd 13.11.2024 (A1)	200,000	203,707	209,303	1.36
4.471% Noor Sukuk Co Ltd 24.04.2023 (A)	200,000	200,919	214,839	1.40
6.25% Noor Tier 1 Sukuk Ltd Call: 01.06.2021 (NR)	200,000	208,029	207,330	1.35
4.35% Perusahaan Penerbit SBSN 10.09.2024 (Baa2)	200,000	211,214	226,257	1.47
4.4% Perusahaan Penerbit SBSN 01.03.2028 (Baa2)	400,000	452,844	472,520	3.08
4.45% Perusahaan Penerbit SBSN IND 3 20.02.2029 (Baa2)	200,000	226,503	239,017	1.56
1.95% QIB Sukuk Ltd 27.10.2025 (A)	200,000	200,217	200,368	1.30
3.982% QIB Sukuk Ltd 26.03.2024 (A)	200,000	201,394	215,894	1.40
4.264% QIIB Sukuk Funding Ltd 05.03.2024 (A2)	200,000	202,037	217,917	1.42
3.094% RAK Capital 31.03.2025 (A)	200,000	204,212	213,549	1.39
3.174% Riyad Sukuk Ltd Call: 25.02.2025 (Baa3)	400,000	405,139	408,866	2.66
2.413% Saudi Electricity Global Sukuk 17.09.2030 (A1)	200,000	200,890	205,592	1.34
4.222% Saudi Electricity Global Sukuk 27.01.2024 (A1)	200,000	203,184	220,508	1.43
4.723% Saudi Electricity Global Sukuk 27.09.2028 (A1)	400,000	437,514	480,266	3.13
3.89% Saudi Telecom Co 13.05.2029 (A1)	200,000	200,389	229,389	1.49
2.942% Sharjah Sukuk Program Ltd 10.06.2027 (Baa2)	200,000	202,795	210,355	1.37
3.854% Sharjah Sukuk Program Ltd 03.04.2026 (Baa2)	400,000	420,357	438,844	2.86
3.29% Sime Darby Global Bhd 29.01.2023 (Baa2)	200,000	200,218	207,330	1.35
5.5% Tabreed Sukuk Spc Ltd 31.10.2025 (Baa3)	200,000	200,947	234,047	1.52
3.244% TNB Global Ventures CapitalBhd 19.10.2026 (A3)	200,000	209,088	218,517	1.42
4.851% TNB Global Ventures CapitalBhd 01.11.2028 (A3)	250,000	278,752	300,011	1.95

# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Unquoted sukuk – foreign (continued)

(i) Unquoted sukuk - foreign as at 30 November 2020 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk (continued)</u>				
3.86% Unity 1 Sukuk Ltd 30.11.2021 (A)	200,000	200,895	205,201	1.33
Total unquoted sukuk - foreign	<u>11,950,000</u>	<u>12,366,784</u>	<u>12,882,312</u>	<u>83.85</u>
Accumulated unrealised gain on unquoted sukuk - foreign		<u>515,528</u>		
Total unquoted sukuk - foreign		<u>12,882,312</u>		

(ii) Unquoted sukuk - foreign as at 30 November 2019 are as follows:

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
5% ICD Sukuk Co Ltd 01.02.2027 (NR)	200,000	209,901	214,433	2.64
3.664% DIB Sukuk Ltd 14.02.2022 (A3)	200,000	199,400	205,898	2.53
3.944% Equate Sukuk Spc Ltd 21.02.2024 (Baa2)	200,000	202,327	210,291	2.59
3.628% KSA Sukuk Ltd 20.04.2027 (A1)	200,000	200,621	211,966	2.61
4.15% Perusahaan Penerbit SBSN 29.03.2027 (Baa2)	200,000	203,402	215,669	2.65
4.231% SIB Sukuk Co III LTD 18.04.2023 (A3)	200,000	201,011	210,391	2.59
4.471% Noor Sukuk Co Ltd 24.04.2023 (A-)	200,000	200,919	211,299	2.60
4.375% AHB Sukuk Co 19.09.2023 (A1)	200,000	201,130	213,710	2.63
4.222% Saudi Electricity Global Sukuk 27.01.2024 (A2)	200,000	203,235	215,042	2.65
4.723% Saudi Electricity Global Skk 4 27.09.2028 (A2)	200,000	200,380	224,339	2.76
5.5% Tabreed Sukuk Spc Ltd 31.10.2025 (Baa3)	200,000	200,947	224,767	2.77
3.875% Fab Sukuk Co Ltd 22.01.2024 (Aa3)	200,000	202,803	212,877	2.62
4.311% Almarai Co JSC 05.03.2024 (Baa3)	200,000	202,060	212,160	2.61
4.264% QIIB Sukuk Funding Ltd 05.03.2024 (A2)	200,000	202,037	212,257	2.61

# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Unquoted sukuk – foreign (continued)

(ii) Unquoted sukuk - foreign as at 30 November 2019 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk (continued)</u>				
3.982% QIB Sukuk Ltd 26.03.2024 (A)	200,000	201,438	210,138	2.59
3.854% Sharjah Sukuk Program Ltd 03.04.2026 (A3)	200,000	201,418	211,682	2.61
3.875% DP World Crescent Ltd 18.07.2029 (Baa1)	200,000	201,015	206,483	2.54
3.508% ICD Sukuk Co Ltd 21.05.2020 (NR)	200,000	199,931	200,975	2.47
4.564% EMG Sukuk Ltd 18.06.2024 (Baa2)	200,000	209,144	213,733	2.63
4.325% DIFC Investments LLC 12.11.2024 (BBB-)	200,000	206,590	211,217	2.60
6.75% DIB Tier 1 Sukuk 2 Ltd 6.75% Call: 20.01.2021 (NR)	200,000	206,850	211,333	2.60
2.843% SIB Sukuk Co Ltd 17.03.2020 (A3)	200,000	200,581	201,169	2.48
2.788% Noor Sukuk Co Ltd 28.04.2020 (A-)	200,000	199,623	200,696	2.47
3.908% DP World Crescent Ltd 31.05.2023 (Baa1)	200,000	197,997	207,282	2.55
3.86% Unity 1 Sukuk Ltd 30.11.2021 (A)	200,000	201,743	204,721	2.52
3.875% Aldar Sukuk No 2 Ltd 22.10.2029 (Baa1)	200,000	199,939	201,779	2.48
3.9325% Maf Sukuk Ltd 28.02.2030 (BBB)	200,000	200,677	202,437	2.49
3.025% MAR Sukuk Ltd 13.11.2024 (A1)	200,000	200,380	200,503	2.47
3.89% Saudi Telecom Co 13.05.2029 (A1)	200,000	200,389	214,409	2.64
5.625% KIB Tier 1 Sukuk Ltd Call: 10.06.2024 (NR)	200,000	205,344	211,764	2.61
3.29% Sime Darby Global Bhd 29.01.2023 (Baa1)	200,000	199,344	203,390	2.50
2.707% Petronas Global Sukuk Limited 18.03.2020 (A2)	200,000	201,384	201,278	2.48
3.35% EXIM Sukuk Malaysia Bhd 06.05.2025 (A3)	200,000	192,705	203,185	2.50
4.357% Axiata SPV2 Bhd 24.03.2026 (Baa2)	200,000	209,573	216,382	2.66
3.035% Danga Capital Bhd 01.03.2021 (NR)	400,000	398,151	403,795	4.97



# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

(b) Unquoted sukuk – foreign (continued)

(ii) Unquoted sukuk - foreign as at 30 November 2019 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value USD</u>	<u>Adjusted cost USD</u>	<u>Fair value USD</u>	<u>Percentage of NAV %</u>
<u>Sukuk (continued)</u>				
3.466% Axiata SPV2 Bhd 19.11.2020 (Baa2)	200,000	201,846	202,071	2.48
Total unquoted sukuk - foreign	<u>7,400,000</u>	<u>7,466,235</u>	<u>7,735,521</u>	<u>95.20</u>
Accumulated unrealised gain on unquoted sukuk - foreign	269,286			
Total unquoted sukuk - foreign		<u>7,735,521</u>		

### 9 FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of the statement of financial position, there are 7 (2019: 4) forward foreign currency contracts outstanding. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD13,625,915 (2019: USD7,521,447). The forward foreign currency contracts entered into during the financial period were for hedging against the currency exposure arising from the investment in the foreign unquoted sukuk denominated in Malaysian Ringgit. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

### 10 NUMBER OF UNITS IN CIRCULATION

(a) MYR Class units in circulation

	<u>2020 No. of units</u>	<u>2019 No. of units</u>
At the beginning of the financial period	6,464,000	3,739,000
Created of units arising from application	7,445,741	4,997,000
Created of units arising from distribution	182,259	-
Cancellations of units	<u>(8,193,000)</u>	<u>(4,583,000)</u>
At the end of the financial period	<u>5,899,000</u>	<u>4,153,000</u>

# AFFIN HWANG AIIAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

### 10 NUMBER OF UNITS IN CIRCULATION (CONTINUED)

(c) MYR-Hedged Class units in circulation  
(d)

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	57,762,000	15,812,000
Created of units arising from application	37,540,396	42,027,000
Created of units arising from distribution	235,604	-
Cancellations of units	(7,296,000)	(79,000)
At the end of the financial period	<u>88,242,000</u>	<u>57,760,000</u>

(c) USD Class units in circulation

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the beginning of the financial period	3,196,000	10,026,000
Created of units arising from application	872,000	37,172
Created of units arising from distribution	74,202	185,828
Cancellations of units	(464,202)	(10,177,000)
At the end of the financial period	<u>3,678,000</u>	<u>72,000</u>

### 11 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser 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 SC; and
- (b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

## AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 12 TRANSACTIONS WITH DEALERS

- (i) Details of transactions with the top 10 dealers for the 6 months financial period ended 30 November 2020 are as follows:

<u>Name of dealers</u>	<u>Value of trade USD</u>	<u>Percentage of total trade %</u>
First Abu Dhabi Bank	1,708,350	22.18
Standard Chartered Bank Bhd	1,431,474	18.59
Kotak Mahindra (UK) Ltd	1,352,250	17.56
National Bank of Abu Dhabi (M)	1,021,350	13.26
Bank Muamalat Malaysia Bhd#	918,329	11.93
Arqaam	409,850	5.32
Affin Hwang Investment Bank Bhd#	251,574	3.27
Mitsubishi UFJ Sec Int Plc	207,336	2.69
CIMB Bank Bhd	200,000	2.60
HSBC Bank Malaysia Bhd	200,000	2.60
	<u>7,700,513</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 dealers for the 6 months financial period ended 30 November 2019 are as follows:

<u>Name of dealers</u>	<u>Value of trade USD</u>	<u>Percentage of total trade %</u>
National Bank of Abu Dhabi (M)	1,831,492	59.50
Standard Chartered Bank Bhd	797,840	25.92
Arqaam Capital	398,100	12.93
Affin Hwang Investment Bank Bhd#	50,560	1.65
	<u>3,077,992</u>	<u>100.00</u>

Included in transactions with brokers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to USD251,574 (2019 : USD50,560). The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

## AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

#### 12 TRANSACTIONS WITH DEALERS (CONTINUED)

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

	<u>2020</u> USD	<u>2019</u> USD
<u>Name of dealers</u>		
Affin Hwang Investment Bank Bhd	252,280	50,560
Bank Muamalat Malaysia Bhd	918,882	-
	<u>1,171,162</u>	<u>50,560</u>

The cross trades are conducted between the Fund and other fund managed by the Manager as follows:

	<u>2020</u> USD	<u>2019</u> USD
Affin Hwang Aiiman Income Plus Fund	<u>1,171,162</u>	<u>50,560</u>

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

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

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

# AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

### 13 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 period are as follows:

	2020		2019	
	No. of Unit	USD	No. of Unit	USD
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)				
- MYR Class	2,627	347	2,777	359
- MYR-Hedged Class	3,291	467	3,309	432
- USD Class	2,576	1,441	3,238	1,778
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>Subsidiary and associated companies of the ultimate holding company of the Manager:</u>				
Bintang Capital Partner Bhd (The units are held beneficially).				
- MYR Hedge Class	-	-	31,098,114	4,064,523
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Aiiman Asset Management Sdn Bhd (The units are held beneficially).				
- MYR Hedge Class	35,642,979	5,061,303	10,358,316	1,353,832
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

	6 months financial period ended 30.11.2020 %	6 months financial period ended 30.11.2019 %
MER	0.67	0.68
	<u>          </u>	<u>          </u>

## AFFIN HWANG AIIMAN GLOBAL SUKUK FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (CONTINUED)

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

MER is derived from the following calculation:

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

A	=	Management fee
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 period calculated on a daily basis is USD12,155,005 (2019: USD8,103,164).

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

	6 months financial period ended 30.11.2020	6 months financial period ended 30.11.2019
PTR (times)	0.32	0.19

PTR is derived from the following calculation:

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

Where :total acquisition for the financial period = USD6,215,190 (2019: USD1,603,995)  
total disposal for the financial period = USD1,669,195 (2019: USD1,451,716)

#### 16 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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

## **AFFIN HWANG AIIMAN GLOBAL SUKUK FUND**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 37 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 November 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 30 November 2020 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 January 2021





## **DIRECTORY OF SALES OFFICE**

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