

# Affin Hwang

## Shariah Gold Tracker Fund

Annual Report  
30 April 2021

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
TMF Trustees Malaysia Berhad (200301008392)

# AFFIN HWANG SHARIAH GOLD TRACKER FUND

## Annual Report and Audited Financial Statements For The Financial Period From 27 October 2020 (Date of Launch) To 30 April 2021

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## FUND INFORMATION

Fund Name	Affin Hwang Shariah Gold Tracker Fund
Fund Type	Growth
Fund Category	Feeder fund
Investment Objective	The Fund aims to provide investors with investment results that closely track the performance of Gold price
Benchmark	LBMA Gold Price AM
Distribution Policy	The Fund is not expected to make distribution. However, incidental distribution may be declared whenever is appropriate

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 APRIL 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	27	62
5,001 to 10,000	9	68
10,001 to 50,000	28	619
50,001 to 500,000	17	3,940
500,001 and above	4	11,032
<b>Total</b>	<b>85</b>	<b>15,721</b>

\* Note: Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As At 30 Apr 2021 (%)
Portfolio Composition	
<b>Collective Investment Scheme – local</b>	
- TradePlus Shariah Gold Tracker	92.80
<b>Cash and cash equivalent</b>	<b>7.20</b>
<b>Total</b>	<b>100.00</b>
Total NAV (RM' million)	7.294
NAV per Unit (RM)	0.4639
Unit in Circulation (million)	15.724
Highest NAV	0.5000
Lowest NAV	0.4415
Return of the Fund (%) <sup>iii</sup>	-7.22
- Capital Return (%) <sup>i</sup>	-7.22
- Income Return (%) <sup>ii</sup>	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expenses Ratio (%)	0.23
Portfolio Turnover Ratio (times)	0.76

### **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

No income distribution or unit splits were declared for the financial year ended 30 April 2021.

### Performance Review

For the period 17 November 2020 to 30 April 2021, the Fund registered a return of -7.22% compared to the benchmark return of -7.19%. The Fund thus underperformed the Benchmark by 0.03%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2021 was MYR0.4639 while the initial NAV was MYR0.5000. The Fund has met its investment objective.

Table 1: Performance of the Fund

	<b>Since Commencement (17/11/20 - 30/4/21)</b>
<b>Fund</b>	<b>(7.22%)</b>
<b>Benchmark</b>	<b>(7.19%)</b>
<b>Outperformance</b>	<b>(0.03%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement (17/11/20 - 30/4/21)</b>
<b>Fund</b>	<b>(15.28%)</b>
<b>Benchmark</b>	<b>(15.21%)</b>
<b>Outperformance</b>	<b>(0.06%)</b>

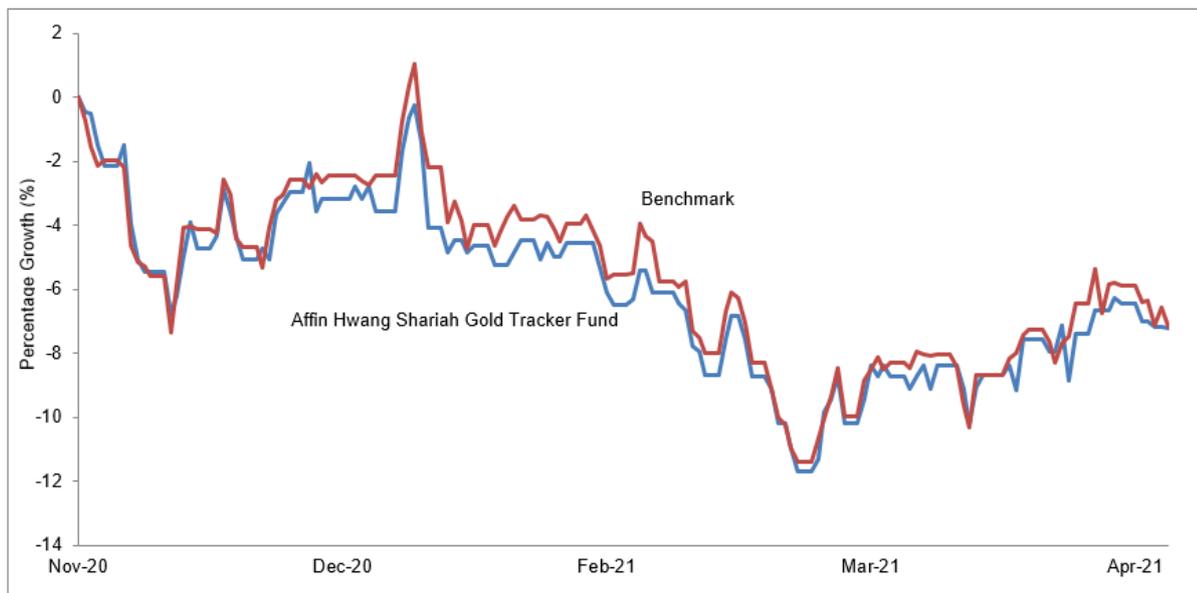
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2021 (17/11/20 - 30/4/21)</b>
<b>Fund</b>	<b>(7.22%)</b>
<b>Benchmark</b>	<b>(7.19%)</b>
<b>Outperformance</b>	<b>(0.03%)</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: LBMA Gold Price AM

**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 April 2021, the Fund's exposure stood at 92.80% in collective investment scheme and the remaining in cash and cash equivalent.

### **Strategies Employed**

The Fund invests solely into collective investment scheme and aims to provide investors with investment results that closely track the performance of Gold price.

### **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

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

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets. Meanwhile, earnings season continues with technology and banking stocks leading way in terms of results. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

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

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

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

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

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

## **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

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

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more

opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

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

There is neither any significant change to the state 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**

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

## **TRUSTEE’S REPORT TO THE UNITHOLDERS OF AFFIN HWANG SHARIAH GOLD TRACKER FUND**

We have acted as Trustee of Affin Hwang Shariah Gold Tracker Fund (“the Fund”) for the financial period from 27 October 2020 (Date of Launch) to 30 April 2021. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Capital Markets and Services Act 2007, the Securities Commission’s Guidelines on Unit Trust Funds and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For TMF Trustees Malaysia Berhad  
(Company No.: 610812-W)

**NORHAYATI BINTI AZIT**  
**DIRECTOR – FUND SERVICES**

Kuala Lumpur  
18 June 2021

## **SHARIAH ADVISER'S REPORT**

**To the Unit Holders of Affin Hwang Shariah Gold Tracker 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  
18 June 2021

**AFFIN HWANG SHARIAH GOLD TRACKER FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH)  
TO 30 APRIL 2021**

# **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH)  
TO 30 APRIL 2021**

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## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

	<u>Note</u>	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
<b>INVESTMENT LOSS</b>		
Profit income from financial assets at amortised cost		4,757
Net loss on financial asset at fair value through profit or loss	9	(305,764)
		<u>(301,007)</u>
<b>EXPENSES</b>		
Management fee	4	(8,693)
Trustee fee	5	(886)
Transaction cost		(17,443)
Other expenses		(3,590)
		<u>(30,612)</u>
<b>NET LOSS BEFORE TAXATION</b>		(331,619)
Taxation	8	-
		<u>(331,619)</u>
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u><u>(331,619)</u></u>
Net loss after taxation is made up of the following:		
Realised amount		(70,691)
Unrealised amount		(260,928)
		<u><u>(331,619)</u></u>

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

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2021

	<u>Note</u>	As at <u>30.4.2021</u> RM
<b>ASSETS</b>		
Cash and cash equivalents	10	519,189
Amount due from Manager - management fee rebate receivable		7,913
Financial assets at fair value through profit or loss	9	<u>6,769,399</u>
<b>TOTAL ASSETS</b>		<u>7,296,501</u>
<b>LIABILITIES</b>		
Amount due to Manager - management fee		1,838
Amount due to Trustee		<u>184</u>
<b>TOTAL LIABILITIES</b>		<u>2,022</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>7,294,479</u>
<b>EQUITY</b>		
Unitholders' capital		7,626,098
Accumulated losses		<u>(331,619)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>7,294,479</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>15,724,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.4639</u>

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

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

	Unitholder's <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> RM
Balance as at 27 October 2020 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(331,619)	(331,619)
Movements in unitholders' capital:			
Creation of units arising from applications	8,513,959	-	8,513,959
Cancellation of units	(887,861)	-	(887,861)
Balance as at 30 April 2021	<u>7,626,098</u>	<u>(331,619)</u>	<u>7,294,479</u>

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

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

	<u>Note</u>	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of Shariah-compliant investments		854,444
Purchase of Shariah-compliant investments		(7,937,520)
Profit received		4,757
Management fee rebate received		170
Management fee paid		(7,025)
Trustee fee paid		(702)
Payment for other fees and expenses		(21,033)
		<hr/>
Net cash flows used in operating activities		(7,106,909)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units		8,513,959
Payment for cancellation of units		(887,861)
		<hr/>
Net cash flows generated from financing activities		7,626,098
		<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		519,189
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>		<hr/> -
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	10	<hr/> <hr/> 519,189

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

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021**

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

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial 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 I.

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

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

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)**

#### **B INCOME RECOGNITION**

##### Profit income

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

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

For collective investment schemes, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

#### **C TRANSACTION COSTS**

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

#### **D 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.

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)**

#### **F 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

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

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

Investment in CIS have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

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

The Fund classifies amount due to Manager and amount due to Trustee as financial liabilities measured at amortised cost.

##### **(ii) Recognition and measurement**

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

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

\*For the purpose of this Fund, interest refers to profits earned from Shariah-compliant investments.

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

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

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 is presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the period which they arise.

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

##### (iii) Impairment

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

##### Significant increase in credit risk

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

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)**

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

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

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

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

###### Quantitative criteria:

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

###### Qualitative criteria:

The debtor meets 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.

#### **G CASH AND CASH EQUIVALENTS**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and 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 change in value.

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)**

#### **H UNITHOLDERS' CAPITAL**

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

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

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

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

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

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

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

However, the Manager is of the opinion that there are no accounting policies which require significant judgment to be exercised.

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

#### **J 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 SHARIAH GOLD TRACKER FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021**

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

The Unit Trust Fund was constituted under the name Affin Hwang Shariah Gold Tracker Fund (the “Fund”) pursuant to the execution of a Deed dated 15 May 2020 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and TMF Trustees Malaysia Berhad (the “Trustee”).

The Fund commenced operations on 30 October 2020 and will continue its operations until terminated by the Trustee as provided under Section 12.3 of the Deed.

The Fund may invest in the following permitted investments:

- (i) Units or shares in an Islamic collective investment scheme;
- (ii) Islamic money market instruments;
- (iii) Islamic deposits;
- (iv) Islamic derivatives; and
- (v) Any other Shariah-compliant investments permitted by the SC from time to time

All investments will be subjected to the SC’s Guidelines on Unit Trust Funds, the Deed and the objective of the Fund.

The Fund’s main objective is to provide investors with investment returns that closely track the performance of Gold price.

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 18 June 2021.

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

Financial instruments of the Fund are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>As at 30.4.2021</u>				
<u>Financial assets</u>				
Collective investment scheme	9	-	6,769,399	6,769,399
Cash and cash equivalents		519,189	-	519,189
Amount due from Manager - management fee rebate receivable		7,913	-	7,913
Total		<u>527,102</u>	<u>6,769,399</u>	<u>7,296,501</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		1,838	-	1,838
Amount due to Trustee		184	-	184
Total		<u>2,022</u>	<u>-</u>	<u>2,022</u>

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

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

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

##### Market risk

##### (a) Price risk

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

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

	As at <u>30.4.2021</u> RM
<b>Quoted investments</b>	
Collective investment scheme	6,769,399
	<u><u>6,769,399</u></u>

The following table summarises the sensitivity of the Fund's loss after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the commodity, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on loss after tax/ NAV RM
<u>As at 30.4.2021</u>		
-10%	6,092,459	(676,940)
0%	6,769,399	-
+10%	7,446,339	676,940
	<u><u>6,769,399</u></u>	<u><u>676,940</u></u>

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

##### Market risk (continued)

##### (b) Profit rate risk

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

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

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

##### 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 investment. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

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

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

	Cash and cash <u>equivalents</u> RM	Amount due from <u>Manager</u> RM	<u>Total</u> RM
<u>As at 30.4.2021</u>			
Financial Services			
- AAA	519,189	-	519,189
Other			
- NR	-	7,913	7,913
	<u>519,189</u>	<u>7,913</u>	<u>527,102</u>

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of Shariah-based liquid assets to meet anticipated payment and cancellations of units by unitholders. Shariah-based liquid assets comprise cash and Shariah-based deposits with licensed financial institutions, 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.

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>As at 30.4.2021</u>			
Amount due to Manager			
- management fee	1,838	-	1,838
Amount due to Trustee	184	-	184
	<u>2,022</u>	<u>-</u>	<u>2,022</u>

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and net of accumulated losses. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion 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-compliant funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed at the end of each quarter. If this occurs, the Manager and the Trustee shall have the discretion to wind-up the Fund or take such other action as the Manager, the Trustee and the Shariah Adviser may deem appropriate.

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

(i) Fair value hierarchy

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

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

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

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

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>As at 30.4.2021</u>				
Financial asset at fair value through profit or loss				
- Collective investment scheme	6,769,399	-	-	6,769,399

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Fund does not adjust the quoted prices for these instruments.

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

#### 4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate up to 0.30% per annum of the NAV of the Fund calculated on daily basis.

For the financial period from 27 October 2020 (date of launch) to 30 April 2021, management fee is recognised at a rate of 0.30% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate up to 0.03% per annum (excluding custody fees and charges) of the NAV of the Fund calculated on daily basis.

For the financial period from 27 October 2020 (date of launch) to 30 April 2021, the Trustee fee is recognised at a rate of 0.03% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

#### 6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

Auditors' remuneration and tax agent's fee of RM7,500 and RM3,500 respectively for the financial period from 27 October 2020 (date of launch) to 30 April 2021 are borne by the Manager.

#### 7 SHARIAH ADVISORY FEE

Shariah advisory fee of RM5,000 for the financial period from 27 October 2020 (date of launch) to 30 April 2021 are borne by the Manager

#### 8 TAXATION

	Financial period from 27.10.2020 (date of launch) to 30.4.2021 RM
Current taxation	-

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

	Financial period from 27.10.2020 (date of launch) to 30.4.2021 RM
Net loss before taxation	(331,619)
Tax at Malaysian statutory tax rate of 24%	(79,589)
Tax effects of:	
Investment loss exempted from tax	74,141
Expenses not deductible for tax purposes	5,261
Restriction on tax deductible expenses for Unit Trust Fund	187
	-

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

	As at <u>30.4.2021</u> RM
Financial assets at fair value through profit or loss:	
- collective investment scheme- local	6,769,399
	<u>6,769,399</u>
	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
Net loss on financial assets at fair value through profit or loss:	
- realised loss on sale of investment	(52,749)
- unrealised loss on changes in fair value	(260,928)
- management fee rebate on collective investment scheme#	7,913
	<u>(305,764)</u>

# In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment schemes have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines, management fee charged on the Fund's investments in collective investment schemes have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the net asset value of the collective investment schemes.

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

(a) Collective investment scheme – local

(i) Collective investment scheme – local as at 30 April 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	2,899,100	7,030,327	6,769,399	92.80
Total collective investment scheme – local	<u>2,899,100</u>	<u>7,030,327</u>	<u>6,769,399</u>	<u>92.80</u>
Accumulated unrealised loss on collective investment scheme – local		<u>(260,928)</u>		
Total collective investment scheme – local		<u>6,769,399</u>		

#### 10 CASH AND CASH EQUIVALENTS

	<u>As at 30.4.2021 RM</u>
Cash and bank balances	48,971
Shariah-based deposits with licensed financial institutions	470,218
	<u>519,189</u>

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

	<u>As at 30.4.2021 %</u>
Shariah-based deposits with licensed financial institutions	<u>1.70</u>

Shariah-based deposits with licensed financial institutions has an average maturity of 3 days.

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

#### 11 NUMBER OF UNITS IN CIRCULATION

	As at <u>30.4.2021</u> No. of units
At the date of launch	-
Creation of units arising from applications during the financial period	17,648,000
Cancellation of units during the financial period	<u>(1,924,000)</u>
At the end of the financial period	<u><u>15,724,000</u></u>

#### 12 SHARIAH INFORMATION OF THE FUND

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

- (a) Collective investment scheme fund listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission; and
- (b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

#### 13 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with brokers for the financial period from 27 October 2020 (date of launch) to 30 April 2021 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CIMB Bank Bhd	4,338,318	49.34	3,471	23.77
Affin Hwang Investment Bank Bhd#	2,482,591	28.24	6,206	42.49
Maybank Investment Bank Bhd	1,971,056	22.42	4,928	33.74
	<u>8,791,965</u>	<u>100.00</u>	<u>14,605</u>	<u>100.00</u>

#Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM2,482,591. The Manager is of the opinion that the transactions with the related company have been entered at agreed terms between the related parties.

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

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

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

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

The units held by the Manager and parties related to the Manager as at the end of the financial period are as follows:

	<u>As at 30.4.2021</u>	
	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>		
Affin Hwang Asset Management Bhd (The units are held legally)	2,592	1,202
<u>Subsidiary of the Manager:</u>		
AIIMAN Asset Management Sdn Bhd (The units are held beneficially)	4,000,000	1,855,600

## AFFIN HWANG SHARIAH GOLD TRACKER FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)

#### 15 MANAGEMENT EXPENSE RATIO (“MER”)

	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> %
MER	<u>0.23</u>

MER is derived from the following calculation:

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

- A = Management fee, excluding management fee rebates
- B = Trustee fee
- C = Other expenses excluding the goods and services tax on transaction costs
- D = Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM5,810,221.

#### 16 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u>
PTR (times)	<u>0.76</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM7,937,520  
and total disposal for the financial period = RM907,193

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 27 OCTOBER 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONTINUED)**

#### **17 COMPARATIVES**

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

#### **18 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

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

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

## **AFFIN HWANG SHARIAH GOLD TRACKER FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 24 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 April 2021 and of its financial performance, changes in equity and cash flows for the financial period from 27 October 2020 (date of launch) to 30 April 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**DATO' TENG CHEE WAI**  
**EXECUTIVE DIRECTOR/MANAGING DIRECTOR**

Kuala Lumpur  
18 June 2021

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SHARIAH GOLD TRACKER FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Affin Hwang Shariah Gold Tracker Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 April 2021, and of its financial performance and its cash flows for the financial period from 27 October 2020 (date of launch) to 30 April 2021 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 27 October 2020 (date of launch) to 30 April 2021, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 24.

### Basis for opinion

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

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

### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SHARIAH GOLD TRACKER FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Information other than the financial statements and auditors' report thereon

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

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

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

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

#### Responsibilities of the Manager for the financial statements

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

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

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG SHARIAH GOLD TRACKER FUND (CONTINUED)

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

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

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

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG SHARIAH GOLD TRACKER FUND (CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
18 June 2021

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