

Affin Hwang

Shariah Gold Tracker Fund

Annual Report
30 April 2022

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad
(200301008392 [610812-W])

AFFIN HWANG SHARIAH GOLD TRACKER FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 30 April 2022

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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

FUND PERFORMANCE DATA

Category	As At 30 Apr 2022 (%)	As At 30 Apr 2021 (%)
Portfolio Composition		
Collective Investment Scheme – local		
- TradePlus Shariah Gold Tracker	88.58	92.80
Cash and cash equivalent	11.42	7.20
Total	100.00	100.00
Total NAV (RM' million)	10.788	7.294
NAV per Unit (RM)	0.5134	0.4639
Unit in Circulation (million)	21.013	15.724
Highest NAV	0.5301	0.5000
Lowest NAV	0.4557	0.4415
Return of the Fund (%) ⁱⁱⁱ	10.67	-7.22
- Capital Return (%) ⁱ	10.67	-7.22
- Income Return (%) ⁱⁱ	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil
Total Expenses Ratio (%) ¹	0.36	0.23
Portfolio Turnover Ratio (times) ²	0.49	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

¹ The Fund's TER increased during the financial year due to higher expenses incurred for the Fund during the financial year.

² The Fund recorded a lower PTR than the previous year due to a higher average NAV.

MANAGER'S REPORT

Income Distribution / Unit Split

No income distribution or unit splits were declared for the financial year ended 30 April 2022.

Performance Review

For the period 1 May 2021 to 30 April 2022, the Fund registered a 10.67% return compared to the benchmark return of 14.75%. The Fund thus underperformed the Benchmark by 4.08%. The Net Asset Value per unit ("NAV") of the Fund as at 30 April 2022 was MYR0.5134 while the NAV as at 30 April 2021 was MYR0.4639.

Since commencement, the Fund has registered a return of 2.68% compared to the benchmark return of 6.50%, underperforming by 3.82%.

Table 1: Performance of the Fund

	1 Year (1/5/21 - 30/4/22)	Since Commencement (17/11/20 - 30/4/22)
Fund	10.67%	2.68%
Benchmark	14.75%	6.50%
Outperformance	(4.08%)	(3.82%)

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/5/21 - 30/4/22)	Since Commencement (17/11/20 - 30/4/22)
Fund	10.67%	1.84%
Benchmark	14.75%	4.43%
Outperformance	(4.08%)	(2.59%)

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2022 (1/5/21 - 30/4/22)	FYE 2021 (17/11/20 - 30/4/21)
Fund	10.67%	(7.22%)
Benchmark	14.75%	(7.19%)
Outperformance	(4.08%)	(0.03%)

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 2022, the Fund's exposure stood at 88.58% 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 TradePlus Shariah Gold Tracker price.

Market Review

Uncertainty has been an ongoing theme in economies and markets. While global equities started on a strong note at the start of 2021 due to policy easing and optimism surrounding vaccination rollout, global recovery was uneven as developed markets reported stronger gains compared to emerging markets. Developed countries managed to administer the vaccine at a quicker pace which led to a corresponding increase in mobility and hence a more optimistic market outlook. For the most of second quarter of 2021 ("2H 2021"), expensive valuations in both fixed income and equities loomed over investors. However, the challenging market conditions in the first quarter of 2022 ("1Q 2022") addressed some of these concerns as Chinese equities both onshore and offshore traded below their 15-year average and the Standard & Poor's ("S&P") plummeted 8.7% in April 2022.

In general, government policies to encourage demand throughout one of the largest economic contractions produced one of the fastest recoveries. Developed market output reached its pre-pandemic peak in the third quarter of 2021.

Real gross domestic product (“GDP”) growth for US in 1Q 2022 was weaker than expected, falling 1.4% on an annualised basis. The weakness can be largely attributed to a decline in the real trade deficit, lower government spending and a decrease in fiscal stimulus that was initiated to improve spending during the pandemic. Economic data showed sign of weakening while inflationary pressures continued to prompt the Federal Reserve into a more aggressive stance on interest rate hikes. However, domestic demand continues to be resilient, with personal consumption expenditures up 2.7% on an annualised basis.

In China, although 1Q 2022 GDP has shown that the Chinese economy began to rebound in January and February, the impact the pandemic had on consumption, investment and production overshadowed the growth as Covid-19 continued to put downward pressure on the Chinese economy. The tightened credit conditions that persisted until early 2022 and regulatory policies in place as a result of the government’s common prosperity initiative have slowed growth. A decline in new Covid infection numbers could be the first step in restoring market confidence, however, with parts of China in lockdown since April 2022 resulting in a decrease in both the manufacturing and services sector, investor confidence remained cautious. The Chinese Yuan also experienced some sharp depreciation during the quarter as the 2-year US Treasury yield rose above its Chinese equivalent.

Asia equities were lower in April as China fought hard to contain its worst outbreak of Covid-19, implementing measures that affected the market adversely. Expectations of higher interest rates and the still ongoing conflict between Russia and Ukraine also weakened investor sentiment. Taiwan performed worst in terms of index market as major electronics manufacturers and chip slumped due to supply chain disruptions brought upon by lockdowns in Shanghai and neighbouring cities.

Bond yields continued to rise in April 2022, resulting in further negative returns in an environment of continued high inflation and expectations of significant interest rate hikes. US consumer price inflation accelerated to 8.5% year on year in March though the core personal consumption expenditure index fell slightly to an annualised 5.2% from 5.3%. Corporate bonds garnered negative total returns and underperformed government bonds in general.

The S&P GSCI Index reported a positive return in April 2022. Higher prices in agricultural and energy components supported weaker prices for livestock, industrial and precious metals. Energy was the top performing component of the index as the global economy normalises after the Covid-19 pandemic and supplies are disrupted due to geopolitical unrest.

On the domestic front, March exports jumped 25.4% year on year, exceeding consensus estimates. The growth was largely attributed to electrical & electronic and commodities-based products such as palm oil. In the local bond market, Malaysia’s sovereign bonds’ trading volume declined to RM55.3billion in April 2022, a 25% reduction since March 2022. A decline in trading volume of corporate bonds from RM9.1billion in March to RM5.7billion in April was also recorded.

Investment Outlook

2022 is set to be a year of transition for markets as investors continue to contend with normalisation of growth rates and monetary policy tightening. Both equities and bonds are down year-to-date as uncertain policy outlooks, an energy shock and weak growth outlook in China continue to stir markets. With the most impactful effects of the pandemic likely behind us, peak policy support and with it peak GDP growth during the pandemic era also likely realized in 2021. We expect to see a lot of crosswinds and periods of transition especially with regards to policy.

The Russia-Ukraine tension is also weighing on sentiments. With continued disruptions to supply chains, the conflict is contributing to inflationary pressures and it is no surprise that commodities are on track to outperform equities for the second consecutive year. However, history suggest that market impact from geopolitical events tend to be short. We expect markets to shift the focus back to tighter monetary conditions and slowing growth moving forward.

The inversion of the US yield curve and whether it is an accurate predictor of a recession has been widely discussed as of late. Whilst a recession is not inevitable in our view, we are increasingly of the opinion that economic growth will likely slow materially in the coming months as consumers adjust to rapidly rising costs. Although the default response to decelerating growth in recent years by central banks is to increase liquidity, this is much less likely this time as battling inflation is seen as a more pressing matter.

Back home, we believe that it will be a stock picker's market for local investors as Bursa languishes behind other regional peers. With foreign shareholding at an all-time low, much of the exuberance have faded especially on the back of a strong US dollar environment which makes emerging markets like Malaysia unattractive. Though, we view that domestic market will not be susceptible to sudden foreign outflows and that the direction of the market will be influenced more by local players that have grown massively in size and are looking for opportunities to deploy.

Against a volatile backdrop, we are cautiously positioned for 2022. On inflection points, we see retreating inflation and an easing of Russia-Ukraine tension as potential turnarounds for the market to improve.

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, no soft commission was received by the management company on behalf 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 year ended 30 April 2022. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has operated and managed the Fund in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement

For **TMF Trustees Malaysia Berhad**
(Company No.: (200301008392 [610812-W]))

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
17 June 2022

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

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
17 June 2022

AFFIN HWANG SHARIAH GOLD TRACKER FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

AFFIN HWANG SHARIAH GOLD TRACKER FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

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AFFIN HWANG SHARIAH GOLD TRACKER FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Note	Financial year ended 30.4.2022 RM	Financial period from 27.10.2020 (date of launch) to 30.4.2021 RM
INVESTMENT INCOME/(LOSS)			
Profit income from financial assets at amortised cost		8,778	4,757
Net gain on foreign currency exchange		3,024	-
Net gain/(loss) on financial asset at fair value through profit or loss	10	1,043,839	(305,764)
Other income	8	2,280	-
		<u>1,057,921</u>	<u>(301,007)</u>
EXPENSES			
Management fee	4	(31,680)	(8,693)
Trustee fee	5	(3,178)	(886)
Transaction costs		(13,786)	(17,443)
Other expenses		(1,840)	(3,590)
		<u>(50,484)</u>	<u>(30,612)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		1,007,437	(331,619)
Taxation	9	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR/PERIOD		<u>1,007,437</u>	<u>(331,619)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		108,069	(70,691)
Unrealised amount		899,368	(260,928)
		<u>1,007,437</u>	<u>(331,619)</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 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	11	626,145	519,189
Amount due from Manager			
- creation of units		717,873	-
- management fee rebate receivable		2,288	7,913
Financial assets at fair value through profit or loss	10	9,556,188	6,769,399
TOTAL ASSETS		<u>10,902,494</u>	<u>7,296,501</u>
LIABILITIES			
Amount due to brokers		108,944	-
Amount due to Manager			
- management fee		2,490	1,838
- cancellation of units		2,568	-
Amount due to Trustee		249	184
TOTAL LIABILITIES		<u>114,251</u>	<u>2,022</u>
NET ASSET VALUE OF THE FUND		<u>10,788,243</u>	<u>7,294,479</u>
EQUITY			
Unitholders' capital		10,112,425	7,626,098
Retained earnings/(accumulated losses)		675,818	(331,619)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>10,788,243</u>	<u>7,294,479</u>
NUMBER OF UNITS IN CIRCULATION	12	<u>21,013,000</u>	<u>15,724,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5134</u>	<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 YEAR ENDED 30 APRIL 2022

	Unitholders' <u>capital</u> RM	Retained earnings/ (accumulated <u>losses</u>) RM	<u>Total</u> RM
Balance as 1 May 2021	7,626,098	(331,619)	7,294,479
Total comprehensive income for the financial year	-	1,007,437	1,007,437
Movements in unitholders' capital:			
Creation of units arising from applications	8,817,357	-	8,817,357
Cancellation of units	(6,331,030)	-	(6,331,030)
Balance as at 30 April 2022	<u>10,112,425</u>	<u>675,818</u>	<u>10,788,243</u>
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 YEAR ENDED 30 APRIL 2022

	<u>Note</u>	Financial year ended 30.4.2022 RM	Financial period from 27.10.2020 (date of launch) to 30.4.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		4,415,931	854,444
Purchase of Shariah-compliant investments		(6,079,927)	(7,937,520)
Profit received		8,778	4,757
Management fee rebate received		35,615	170
Management fee paid		(31,028)	(7,025)
Trustee fee paid		(3,113)	(702)
Payment for other fees and expenses		(13,346)	(21,033)
Net gain realised foreign currency exchange		2	-
Net cash flows used in operating activities		<u>(1,667,088)</u>	<u>(7,106,909)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		8,099,484	8,513,959
Payment for cancellation of units		(6,328,462)	(887,861)
Net cash flows generated from financing activities		<u>1,771,022</u>	<u>7,626,098</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		103,934	519,189
EFFECTS OF FOREIGN CURRENCY EXCHANGE		3,022	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/ DATE OF LAUNCH		<u>519,189</u>	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	11	<u><u>626,145</u></u>	<u><u>519,189</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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ (effective 1 January 2021) provide practical expedient allowing entities to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- 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 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 exchange-traded fund ("ETF"), 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 year.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

E FUNCTIONAL AND PRESENTATION CURRENCY

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

F FOREIGN CURRENCY TRANSLATION

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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 ETF 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 brokers, amount due to Manager and amount due to Trustee as financial liabilities measured at amortised cost.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

* For the purpose 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. 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.

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 year 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 profit method.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(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.

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 unlikelihood 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 year/period.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

H 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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

I AMOUNT DUE FROM/(TO) BROKERS

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

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

J UNITHOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net 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 the unitholder's option 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.

K 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.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

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.

L 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 YEAR ENDED 30 APRIL 2022

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 17 June 2022.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents		626,145	-	626,145
Amount due from Manager				
- creation of units		717,873	-	717,873
- management fee rebate receivable		2,288	-	2,288
Exchange-traded fund	9	-	9,556,188	9,556,188
Total		<u>1,346,306</u>	<u>9,556,188</u>	<u>10,902,494</u>
<u>Financial liabilities</u>				
Amount due to brokers		108,944	-	108,944
Amount due to Manager				
- management fee		2,490	-	2,490
- cancellation of units		2,568	-	2,568
Amount due to Trustee		249	-	249
Total		<u>114,251</u>	<u>-</u>	<u>114,251</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		519,189	-	519,189
Amount due from Manager				
- management fee rebate receivable		7,913	-	7,913
Exchange-traded fund	9	-	6,769,399	6,769,399
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>

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

The Fund is exposed to a variety of risks which include market risk (including price risk, profit risk and currency 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.

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>2022</u> RM	<u>2021</u> RM
Quoted investment		
Exchange-traded fund	9,556,188	6,769,399

The following table summarises the sensitivity of the Fund's profit/(loss) after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 4% (2021: 10%) and decreased by 4% (2021: 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.

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

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit/(loss) after tax/ NAV RM
<u>2022</u>		
-4%	9,173,940	(382,248)
0%	9,556,188	-
+4%	9,938,436	382,248

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit/(loss) after tax/ NAV</u> RM
<u>2021</u>		
-10%	6,092,459	(676,940)
0%	6,769,399	-
+10%	7,446,339	676,940
	<u> </u>	<u> </u>

(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.

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, 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 Ringgit Malaysia based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations.

The Fund is not exposed to any currency risk as at 30 April 2021.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (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:

	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2022</u>		
<u>Financial assets</u>		
United States Dollar	1,451	1,451

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

	<u>Change in rate</u> %	<u>Impact on profit after tax/NAV</u> RM
<u>2022</u>		
United States Dollar	+/- 3.35%	+/- 49

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 cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

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.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Credit risk (continued)

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

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>2022</u>			
Financial Services			
- AAA	626,145	-	626,145
Other			
- NR	-	720,161	720,161
	<u>626,145</u>	<u>720,161</u>	<u>1,346,306</u>
<u>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>

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.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Total</u> RM
<u>2022</u>		
Amount due to brokers	108,944	108,944
Amount due to Manager		
- management fee	2,490	2,490
- cancellation of units	2,568	2,568
Amount due to Trustee	249	249
	<u>114,251</u>	<u>114,251</u>
<u>2021</u>		
Amount due to Manager		
- management fee	1,838	1,838
Amount due to Trustee	184	184
	<u>2,022</u>	<u>2,022</u>

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion 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 twice yearly. 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 YEAR ENDED 30 APRIL 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION

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

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

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 YEAR ENDED 30 APRIL 2022 (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>2022</u>				
Financial asset at fair value through profit or loss - exchanged-traded fund	9,556,188	-	-	9,556,188
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2021</u>				
Financial asset at fair value through profit or loss - exchanged-traded fund	6,769,399	-	-	6,769,399
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include exchanged-traded fund. 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 year ended 30 April 2022, management fee is recognised at a rate of 0.30% (2021: 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.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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 year ended 30 April 2022, the Trustee fee is recognised at a rate of 0.03% (2021: 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.

6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

Auditors' remuneration and tax agent's fee are borne by the Manager:

	Financial year ended <u>30.4.2022</u> RM	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
Auditors' remuneration	7,500	7,500
Tax agent's fee	3,500	3,500

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 and for the financial year ended 30 April 2022 are borne by the Manager.

8 OTHER INCOME

Other income relates to the reimbursement of Shariah advisory fee which are borne by the Manager.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

9 TAXATION

	Financial year ended <u>30.4.2022</u> RM	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
Current taxation	-	-

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

	Financial year ended <u>30.4.2022</u> RM	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
Net profit/(loss) before taxation	1,007,437	(331,619)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	241,785	(79,589)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss not brought to tax	(253,354)	74,141
Expenses not deductible for tax purposes	4,513	5,261
Restriction on tax deductible expenses for Unit Trust Funds	7,056	187
	-	-

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- exchange-traded fund - local	9,556,188	6,769,399
	<u>9,556,188</u>	<u>6,769,399</u>
	Financial year ended <u>30.4.2022</u> RM	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> RM
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of investment	117,503	(52,749)
- unrealised gain/(loss) on changes in fair value	896,346	(260,928)
- management fee rebate on exchange-traded fund#	29,990	7,913
	<u>1,043,839</u>	<u>(305,764)</u>

In arriving at the fair value of exchange-traded fund, the management fee initially paid to the Manager of exchange-traded fund 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 exchange-traded fund have been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of exchange-traded fund is reflected as an increase in the net asset value of the exchange-traded fund.

(a) Exchange-traded fund - local

(i) Exchange-traded fund - local as at 30 April 2022 are as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
TradePlus Shariah Gold Tracker*	3,647,400	8,920,770	9,556,188	88.58
Total exchange-traded fund - local	<u>3,647,400</u>	<u>8,920,770</u>	<u>9,556,188</u>	<u>88.58</u>
Accumulated unrealised gain on exchange-traded fund - local		<u>635,418</u>		
Total exchange-traded fund - local		<u>9,556,188</u>		

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

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

(a) Exchange-traded fund – local (continued)

(ii) Exchange-traded fund – 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 exchange-traded fund - local	<u>2,899,100</u>	<u>7,030,327</u>	<u>6,769,399</u>	<u>92.80</u>
Accumulated unrealised loss on exchange-traded fund - local		<u>(260,928)</u>		
Total exchange-traded fund - local		<u>6,769,399</u>		

*Managed by the Manager of the Fund.

(b) Target fund top holdings

(i) The Target fund's top holdings as at 30 April 2022 is as follows:

	<u>Market value RM</u>	<u>Percentage of target fund NAV %</u>
Gold bullion	56,009,275	99.59
Total	<u>56,009,275</u>	<u>99.59</u>

(ii) The Target fund's top holdings as at 30 April 2021 is as follows:

	<u>Market value RM</u>	<u>Percentage of target fund NAV %</u>
Gold bullion	58,085,945	99.03
Total	<u>58,085,945</u>	<u>99.03</u>

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

11 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	124,641	48,971
Shariah-based deposits with licensed financial institutions	501,504	470,218
	<u>626,145</u>	<u>519,189</u>

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

	<u>2022</u> %	<u>2021</u> %
Shariah-based deposits with licensed financial institutions	<u>1.65</u>	<u>1.70</u>

Shariah-based deposits with licensed financial institutions has an average maturity of 5 days (2021: 3 days).

12 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial year/date of launch	15,724,000	-
Creation of units arising from applications	18,190,000	17,648,000
Cancellation of units	(12,901,000)	(1,924,000)
At the end of the financial year/period	<u>21,013,000</u>	<u>15,724,000</u>

13 SHARIAH INFORMATION OF THE FUND

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

- (a) Exchange-traded 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.

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

14 TRANSACTIONS WITH BROKERS

(i) Detail of transactions with brokers for the financial year ended 30 April 2022 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> %
Affin Hwang Investment Bank Bhd#	4,602,053	43.40	3,801	39.23
CIMB Investment Bank Bhd	2,370,655	22.35	1,897	19.58
Maybank Investment Bank Bhd	1,563,985	14.75	1,251	12.91
CIMB Bank Bhd	1,297,265	12.23	1,038	10.71
RHB Investment Bank Bhd	770,844	7.27	1,703	17.57
	<u>10,604,802</u>	<u>100.00</u>	<u>9,690</u>	<u>100.00</u>

(ii) 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 with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM4,602,053 (2021: 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 YEAR ENDED 30 APRIL 2022 (CONTINUED)

15 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
AIIAMAN 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
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

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

	<u>2022</u>		<u>2021</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Bhd (The units are held legally for booking purposes)	<u>3,059</u>	<u>1,570</u>	<u>2,592</u>	<u>1,202</u>
<u>Subsidiary of the Manager:</u>				
AIIAMAN Asset Management Sdn Bhd (The units are held beneficially)	<u>4,000,000</u>	<u>2,053,600</u>	<u>4,000,000</u>	<u>1,855,600</u>

AFFIN HWANG SHARIAH GOLD TRACKER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

16 TOTAL EXPENSE RATIO (“TER”)

	Financial year ended <u>30.4.2022</u> %	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u> %
TER	<u>0.36</u>	<u>0.23</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year/period calculated on a daily basis is RM10,595,654 (2021: RM5,810,221).

17 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial year ended <u>30.4.2022</u>	Financial period from 27.10.2020 (date of launch) to <u>30.4.2021</u>
PTR (times)	<u>0.49</u>	<u>0.76</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year/period = RM6,188,871 (2021: RM7,937,520)
and total disposal for the financial year/period = RM4,298,428 (2021: RM907,193)

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 28 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 2022 and of its financial performance, changes in equity and cash flows for the financial year ended 30 April 2022 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
17 June 2022

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 2022, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 28.

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)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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
17 June 2022

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