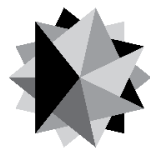


# Affin Hwang Aiiman

## PRS Shariah Growth Fund

Interim Report  
31 January 2021

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



AFFIN HWANG  
CAPITAL

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

TRUSTEE  
CIMB Commerce Trustee Berhad (313031-A)

# AFFIN HWANG AII MAN PRS SHARIAH GROWTH FUND

## Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 31 January 2021

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman PRS Shariah Growth Fund
Fund Type	Growth
Fund Category	Equity
Investment Objective	To facilitate the accumulation of Shariah-compliant retirement savings by Members for their retirement needs, the Fund aims to generate capital growth through a portfolio of Shariah-compliant investments
Benchmark	FTSE Bursa Malaysia EMAS Shariah Index
Distribution Policy	The Fund will endeavour to declare distribution on an annual basis after the end of its first financial year, subject to the availability of income.

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 JANUARY 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	3,402	7,341
5,001 to 10,000	1,511	10,189
10,001 to 50,000	1,979	43,270
50,001 to 500,000	117	10,874
500,001 and above	3	2,387
<b>Total</b>	<b>7,012</b>	<b>74,061</b>

\* Note: Excluding Provider's stock

## FUND PERFORMANCE DATA

Category	As at 31 Jan 2021 (%)	As at 31 Jan 2020 (%)	As at 31 Jan 2019 (%)
Portfolio composition			
<b>Collective investment scheme – local</b>			
- Affin Hwang Aiiman Asia (ex Japan) Growth Fund	49.97	44.50	46.27
- Affin Hwang Aiiman Money Market Fund	1.21	-	-
- Affin Hwang Aiiman Quantum Fund	14.49	13.78	13.54
- Affin Hwang Aiiman Global Sukuk Fund	2.29	2.95	-
- Affin Hwang Aiiman Growth Fund	22.89	28.05	29.05
- Affin Hwang Aiiman Income Plus Fund	8.20	10.62	9.86
<b>Total collective investment scheme – local</b>	<b>99.05</b>	<b>99.90</b>	<b>98.72</b>
<b>Cash &amp; cash equivalent</b>	<b>0.95</b>	<b>0.10</b>	<b>1.28</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (million)	58.855	39.273	34.799
NAV per Unit (in respective currencies)	0.7946	0.5897	0.5713
Unit in Circulation (million)	74.064	66.601	60.916
Highest NAV	0.8036	0.6126	0.6112
Lowest NAV	0.6696	0.5736	0.5509
Return of the Fund (%) <sup>iii</sup>	17.58	0.15	-4.63
- Capital Growth (%) <sup>i</sup>	16.75	-0.19	-6.25
- Income Distribution (%) <sup>ii</sup>	0.71	0.34	1.73
Gross Distribution per Unit (sen)	0.50	0.20	1.00
Net Distribution per Unit (sen)	0.50	0.20	1.00
Management Expense Ratio (%) <sup>1</sup>	0.97	0.97	0.98
Portfolio Turnover Ratio (times) <sup>2</sup>	0.04	0.04	0.14

**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

<sup>1</sup> The Fund's MER was unchanged compared with the previous financial period.

<sup>2</sup>The PTR of the Fund was unchanged compared with the previous financial period.

## PROVIDER'S REPORT

### Income Distribution / Unit Split

The NAV per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution	Distribution per Unit (RM)	Ex-distribution
20-Oct-20	21-Oct-20	0.7134	0.0050	0.7064

### Performance Review

For the period 1 August 2020 to 31 January 2021, the Fund has registered a return of 17.58% as compared to the benchmark return of -4.23%. The Fund thus outperformed the benchmark by 21.81%. The Net Asset Value (NAV) per unit of the Fund as at 31 January 2021 was RM0.7946 while the NAV per unit on 31 July 2020 was RM 0.6806. During the same period under review, the Fund has declared a gross income distribution of RM0.0050 per unit.

Since commencement, the Fund has outperformed the benchmark by 73.77% with return of 90.24% compared to the benchmark return of 16.47%. The Fund's investment objective has been met.

Table 1: Performance of the Fund

	6 Months (1/8/20 - 31/1/21)	1 Year (1/2/20 - 31/1/21)	3 Years (1/2/18 - 31/1/21)	5 Years (1/2/16 - 31/1/21)	Since Commencement (23/11/12 - 31/1/21)
<b>Fund</b>	<b>17.58%</b>	<b>35.70%</b>	<b>27.33%</b>	<b>54.64%</b>	<b>90.24%</b>
<b>Benchmark</b>	<b>(4.23%)</b>	<b>11.41%</b>	<b>(5.76%)</b>	<b>3.62%</b>	<b>16.47%</b>
<b>Outperformance</b>	<b>21.81%</b>	<b>24.29%</b>	<b>33.09%</b>	<b>51.02%</b>	<b>73.77%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/2/20 - 31/1/21)	3 Years (1/2/18 - 31/1/21)	5 Years (1/2/16 - 31/1/21)	Since Commencement (23/11/12 - 31/1/21)
<b>Fund</b>	<b>35.70%</b>	<b>8.38%</b>	<b>9.10%</b>	<b>8.16%</b>
<b>Benchmark</b>	<b>11.41%</b>	<b>(1.96%)</b>	<b>0.71%</b>	<b>1.88%</b>
<b>Outperformance</b>	<b>24.29%</b>	<b>10.34%</b>	<b>8.39%</b>	<b>6.28%</b>

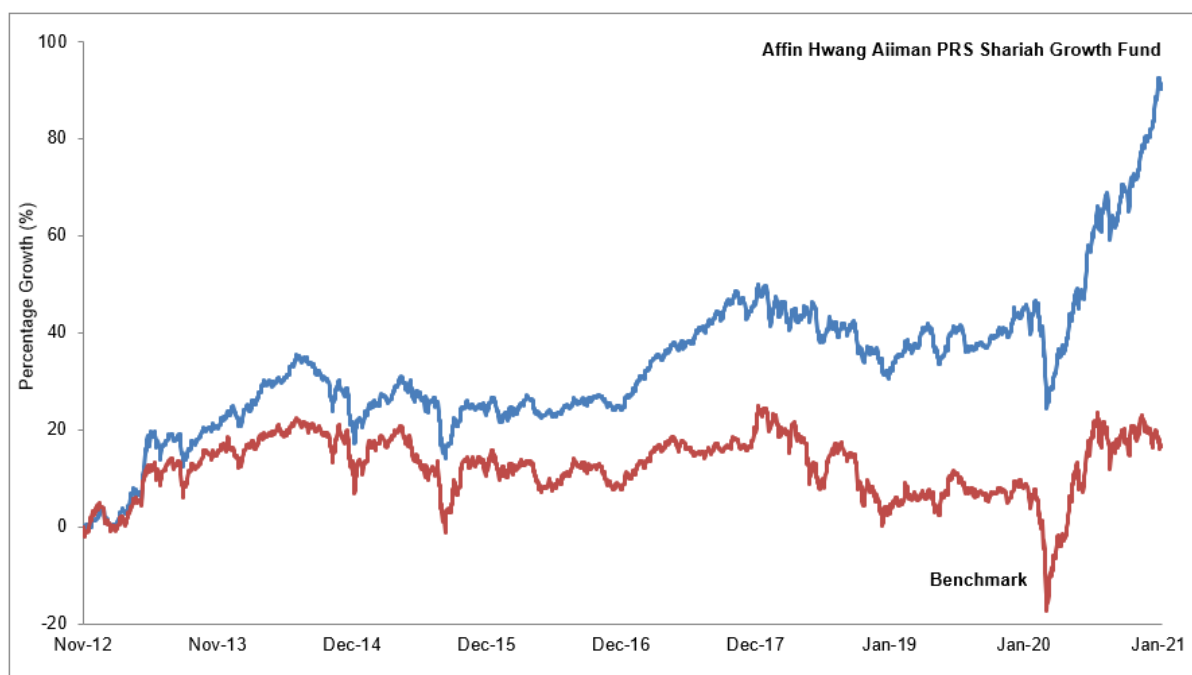
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (1/8/19 - 31/7/20)	FYE 2019 (1/8/18 - 31/7/19)	FYE 2018 (1/8/17 - 31/7/18)	FYE 2017 (1/8/16 - 31/7/17)	FYE 2016 (1/8/15 - 31/7/16)
<b>Fund</b>	<b>15.59%</b>	<b>(1.38%)</b>	<b>1.01%</b>	<b>12.80%</b>	<b>(0.62%)</b>
<b>Benchmark</b>	<b>11.97%</b>	<b>(6.31%)</b>	<b>0.73%</b>	<b>4.25%</b>	<b>(1.41%)</b>
<b>Outperformance</b>	<b>3.62%</b>	<b>4.93%</b>	<b>0.28%</b>	<b>8.55%</b>	<b>0.79%</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: FTSE Bursa Malaysia EMAS Shariah Index*

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

### **Asset Allocation**

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

As at 31 January 2021, the Fund's exposure to the Shariah-based collective investment schemes stood at 99.05% of the Fund's NAV, while the balance was held in cash and cash equivalent. During the period under review, the Manager had added allocation into Affin Hwang Aiiiman Money Market Fund.

### **Strategy Employed**

The Fund had remained into a portfolio of Collective Investment Schemes (CIS) managed by the Provider. The Provider believes that the portfolio of CIS provides the PRS members with sufficient diversification across asset-classes and geographical reach that is necessary to mitigate concentration risk. The portfolio of investments is reviewed on a quarterly basis. Nevertheless, the Provider holds the flexibility to rebalance the portfolio, depending on prevailing market conditions.

### **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. By the end of January however, we saw a divergence in equity performance as emerging markets ended the month higher compared to US markets which declined towards the end of the month.

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. This led to market jitters resulting in the S&P 500 closing 0.63% lower. Asian markets fared better, as the MSCI Asia ex-Japan index was up 4.48% in the month, largely ignoring the US retail frenzy and focusing instead on the region's improving economic conditions and gradual recovery, stemming from better pandemic controls.

Tensions between China and the US remain icy as Biden settles into the White House to handle domestic affairs and China moved forward to impose sanctions on Mike Pompeo and 27 other former officials who worked for the Trump administration.

Commodities saw strong returns in the month, buoyed by vaccination programs and normalization of the economy. The commodity market saw four consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed and livestock markets. With rallying commodity prices, talks about a commodity super cycle in 2021 have surfaced, stemming from increased Chinese demand and supportive stimulus boosting inflation expectations.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. The KLCI ended 2020 with a 2.4% gain, buoyed by the liquidity-driven rally that was seen throughout the year.

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.

The PN government unveiled its fifth economic stimulus package, PERMAI, worth RM 15 billion. Market impact was neutral following the announcement, as the package was viewed largely as a safety net aimed at cushioning the downside impact of MCO 2.0's implementation, especially to more vulnerable sectors.

Malaysia's latest Consumer Price Index (CPI) came in at -1.4%. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y.

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. Market is of the expectation that central bank will cut rates in BNM's next meeting in March, but our in-house view views that the likelihood of a cut has decreased.

The primary market continues to see strong interest despite a strong supply outlook, with the auction of a 10-year MGS at a size of RM 4 billion that was 2.0x covered. Corporate issuances were slow in the month, up till the final week which saw Pengurusan Air SPB Berhad raise RM 8000 million across two Sukuk tranches of 7 and 15 years at 3.02% and 3.90% respectively. Both rated AAA. The corporate space is expected to pick up in the following months.

## **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. With most markets recovering the year's losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Recovery plays will be the most obvious theme for the year improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns.

January 2021's US employment report was less than stellar as nonfarm payrolls increased only by half of the market's initial consensus, which is worse when compared to the fact that it had already been revised down by 159,000 two months prior. The US labor market has some ways to go for recovery as Covid-19 cases continue to rise. Valuations in the American market are coming across as stretched as the S&P 500

surpasses far beyond its historical P/E average of 15x -17x. It would not be far fetched to assume that correction will take place very soon.

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.

Lack of communication between US and China will only prolong market instability. We expect dialogue to resume shortly but given Biden is taking a more assertive stance, markets will remain largely sensitive to any indication of deteriorating relations. Both countries will have to be pragmatic in their approach as cooler heads prevail.

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

Fund flows continue to pour in, following 2020's trend which began in the month of March. In the US, long-term mutual funds and exchange-traded funds picked up US\$95 billion in new assets. 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.

### **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.



## **SCHEME TRUSTEE'S REPORT TO THE MEMBERS OF AFFIN HWANG AIIAMAN PRS SHARIAH GROWTH FUND**

We, **CIMB Commerce Trustee Berhad** being the Scheme Trustee of **Affin Hwang Aiiaman PRS Shariah Growth Fund ('the Fund')** are of the opinion that **Affin Hwang Asset Management Berhad ('the PRS Provider')**, acting in the capacity as PRS Provider of the Fund, has fulfilled its duties in the following manner for the 6 months financial period ended 31 January 2021.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the PRS Provider under the Deeds, the Securities Commission Malaysia's Guidelines on Private Retirement Scheme, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and
- c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.
- d) The distribution of return by the Fund is relevant and reflects the investment objectives of the Fund.

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

**Lee Kooi Yoke**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
15 March 2021

## **SHARIAH ADVISER'S REPORT**

**To the Unit Holders of Affin Hwang Aiiman PRS Shariah Growth Fund ("Fund")**

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

**Datuk Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur

15 March 2021

**AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021**

# **AFFIN HWANG AII MAN PRS SHARIAH GROWTH FUND**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

### **FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021**

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UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED INTERIM STATEMENT OF CASH FLOWS	4
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## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

	<u>Note</u>	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
<b>INVESTMENT INCOME</b>			
Dividend income		244,853	628,412
Profit income from financial assets at amortised costs		917	477
Net gain/(loss) on financial assets at fair value through profit or loss	9	8,678,487	(225,727)
		<u>8,924,257</u>	<u>403,162</u>
<b>EXPENSES</b>			
Management fee	4	(458,269)	(342,247)
Scheme Trustee fee	5	(10,184)	(7,631)
Private Pension Administrator (PPA) administration fee	6	(10,184)	(7,631)
Auditors' remuneration		(4,275)	(4,283)
Tax agent's fee		(1,509)	(1,764)
Other expenses		(5,780)	(3,723)
		<u>(490,201)</u>	<u>(367,279)</u>
<b>NET PROFIT BEFORE TAXATION</b>		8,434,056	35,883
Taxation	7	-	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u><u>8,434,056</u></u>	<u><u>35,883</u></u>
Net profit after taxation is made up of the following:			
Realised amount		166,945	549,015
Unrealised amount		8,267,111	(513,132)
		<u><u>8,434,056</u></u>	<u><u>35,883</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 AIIAN PRS SHARIAH GROWTH FUND

### UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2021

	Note	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalent		133,657	23,755
Amount due from Provider			
- creation of units		509,409	43,541
- management fee rebate receivable		76,793	53,213
Dividend receivable		397	-
Financial assets at fair value through profit or loss	9	58,297,482	39,235,321
<b>TOTAL ASSETS</b>		<u>59,017,738</u>	<u>39,355,830</u>
<b>LIABILITIES</b>			
Amount due to Provider			
- management fee		87,729	61,066
- cancellation of units		59,961	7,222
Amount due to Scheme Trustee		1,950	1,357
Amount due to PPA		1,950	1,357
Auditors' remuneration		4,275	4,283
Tax agent's fee		4,509	4,764
Other payables and accruals		2,514	3,266
<b>TOTAL LIABILITIES</b>		<u>162,888</u>	<u>83,315</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>58,854,850</u>	<u>39,272,515</u>
<b>EQUITY</b>			
Members' capital		43,831,810	38,534,916
Retained earnings		15,023,040	737,599
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>58,854,850</u>	<u>39,272,515</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>74,064,000</u>	<u>66,601,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.7946</u>	<u>0.5897</u>

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

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

	Members' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 August 2020	39,152,993	6,934,034	46,087,027
Total comprehensive income for the financial period	-	8,434,056	8,434,056
Distribution (Note 8)	-	(345,050)	(345,050)
Movement in members' capital:			
Creation of units arising from applications	4,784,187	-	4,784,187
Creation of units arising from distribution	345,050	-	345,050
Cancellation of units	(450,420)	-	(450,420)
Balance as at 31 January 2021	<u>43,831,810</u>	<u>15,023,040</u>	<u>58,854,850</u>
Balance as at 1 August 2019	36,279,941	829,328	37,109,269
Total comprehensive income for the financial period	-	35,883	35,883
Distribution (Note 8)	-	(127,612)	(127,612)
Movement in members' capital:			
Creation of units arising from applications	2,728,016	-	2,728,016
Creation of units arising from distribution	127,612	-	127,612
Cancellation of units	(600,653)	-	(600,653)
Balance as at 31 January 2020	<u>38,534,916</u>	<u>737,599</u>	<u>39,272,515</u>

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

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Proceed from sale of investments	62,000	170,000
Purchase of Shariah-compliant investment	(4,135,657)	(2,833,991)
Dividend income	244,456	628,412
Profit income received	917	477
Management fee rebate received	382,259	245,129
Management fee paid	(438,608)	(288,627)
Scheme Trustee 's fee paid	(9,747)	(7,538)
PPA fee paid	(9,747)	(7,538)
Payment for other fees and expenses	(15,887)	(16,675)
	<hr/>	<hr/>
Net cash used in operating activities	(3,920,014)	(2,110,351)
	<hr/>	<hr/>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	4,338,290	2,716,088
Payments for cancellation of units	(390,459)	(611,823)
	<hr/>	<hr/>
Net cash generated from financing activities	3,947,831	2,104,265
	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	27,817	(6,086)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	105,840	29,841
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>133,657</u>	<u>23,755</u>

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



## **AFFIN HWANG AII MAN PRS SHARIAH GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 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 revenues and expenses during the reported financial period. It also requires the Provider to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Provider’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 AII MAN PRS SHARIAH GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)**

#### **B INCOME RECOGNITION**

##### Dividend income

Dividend income from Shariah compliant investments is recognised on ex-dividend date when the right to receive the dividend has been established.

##### Profit income

Profit income from short-term Shariah-based deposits with licensed financial institutions is recognised based on effective profit rate method on an accruals 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 Shariah-compliant collective investment schemes ("CIS"), realised gains and losses on sale of Shariah-compliant investments are accounted for as the difference between the net disposal proceeds and the carrying amount of the Shariah-compliant investments, determined on a weighted average cost basis.

#### **C DISTRIBUTION**

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

#### **D TAXATION**

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

#### **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

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

##### (i) Classification (continued)

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

The Fund classifies cash and cash equivalents and amount due from Provider as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund has not taken the option to irrevocably designate any CIS as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and profit, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss

The Fund classifies amount due to Provider, amount due to Scheme Trustee, amount due to PPA, auditors' remuneration, tax agent fee and other payables and accruals as financial liabilities measured at amortised cost.

##### (ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Shariah-compliant investments are initially recognised at fair value.

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

Financial assets are derecognised when the rights to receive cash flows from the Shariah-compliant 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 and loss' in the period in which they arise.

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 Scheme Trustee, then the securities are valued as determined in good faith by the Provider, based on the methods or basis approved by the Scheme Trustee after appropriate technical consultation.

## AFFIN HWANG AII MAN PRS SHARIAH GROWTH FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(ii) Recognition and measurement (continued)

Investment in Shariah-compliant CIS are valued at the last published net asset value (“NAV”) per unit at the date of the statement of financial position.

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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 write 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.

## **AFFIN HWANG AII MAN PRS SHARIAH GROWTH FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)**

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

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

#### **H MEMBERS' CAPITAL**

The members' 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 member to a proportionate share of the Fund's net assets 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 period if member 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 members with the total number of outstanding units. In accordance with the Securities Commission's ("SC") Guidelines on Private Retirement Schemes, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

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

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

Estimates and judgements are continually evaluated by the Provider 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 Provider is of the opinion that there are no accounting policies which require significant judgment to be exercised.

In undertaking any of the Fund's Shariah-compliant investment, the Provider will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Private Retirement Schemes.

#### **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 Private Retirement Schemes.

# AFFIN HWANG AIIMAN PRS SHARIAH GROWTH FUND

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021

### 1 INFORMATION ON THE FUND

The Private Retirement Scheme (“PRS”) was constituted under the name Hwang Aiiman PRS Shariah Growth Fund (the “Fund”) pursuant to the execution of a Deed dated 25 October 2012 as modified by a Supplemental Deed dated 17 June 2013, a Second Supplemental Deed dated 24 July 2014, a Third Supplemental Deed dated 17 October 2014, a Fourth Supplemental Deed dated 13 June 2016 and a Restated Deed dated 18 December 2017 and First Supplemental Restated Deed dated 11 December 2020 (“the Deeds”). The Fund has changed its name from Hwang Aiiman PRS Shariah Growth Fund to Affin Hwang Aiiman PRS Shariah Growth Fund as amended by the Second Supplemental Deed dated 24 July 2014 entered into between Affin Hwang Asset Management Berhad (the “Provider”) and CIMB Commerce Trustee Berhad (the “Scheme Trustee”).

The Fund commenced operations on 2 November 2012 and will continue its operations until terminated by the Scheme Trustee as provided under Clause 14.4 of the Deed.

The Fund may invest in any of the following:

- a) Listed Shariah-compliant securities;
- b) Shariah-compliant unlisted securities of companies, including without limitation, securities that have been approved by the relevant regulatory authorities for the listing of and quotation of such securities;
- c) Islamic money market instruments and sukuk that are traded in or under the rules of an eligible Islamic market;
- d) Government investment issues, Islamic accepted bills, Bank Negara Malaysia negotiable notes, negotiable Islamic debt securities, Islamic negotiable instruments of deposits;
- e) Sukuk which are issued or guaranteed by the Malaysian government, Bank Negara Malaysia, Malaysian state government or Malaysian government-related agencies;
- f) Other Islamic money market instruments and sukuk which are not issued or guaranteed by the Malaysian government, Bank Negara Malaysia, Malaysian state government or Malaysian government-related agencies;
- g) Shariah-compliant fixed deposits with financial institutions;
- h) Units or shares in Shariah-compliant collective investment schemes, both local and foreign;
- i) Shariah-compliant derivatives; and
- j) Any other Shariah-compliant investments permitted by the Shariah Advisory Council of the SC and/or the Shariah Adviser from time to time.

All investments will be subjected to the SC’s Guidelines on Private Retirement Schemes, the Deeds and the objective of the Fund.

The main objective of the Fund is to facilitate the accumulation of Shariah-compliant retirement savings by members for their retirement needs, the Fund aims to generate capital growth through a portfolio of Shariah-compliant investments.

The Provider is a company incorporated in Malaysia. The principal activities of the Provider 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 Provider on 15 March 2021.

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents		133,657	-	133,657
Amount due from Provider				
- creation of units		509,409	-	509,409
- management fee rebate receivable		76,793	-	76,793
Dividend receivable		397	-	397
Shariah-compliant collective investment schemes	9	-	58,297,482	58,297,482
Total		<u>720,256</u>	<u>58,297,482</u>	<u>59,017,738</u>
<u>Financial liabilities</u>				
Amount due to Provider				
- management fee		87,729	-	87,729
- cancellation of units		59,961	-	59,961
Amount due to Scheme Trustee		1,950	-	1,950
Amount due to PPA		1,950	-	1,950
Auditor's remuneration		4,275	-	4,275
Tax agent's fee		4,509	-	4,509
Other payables and accruals		2,514	-	2,514
Total		<u>162,888</u>	<u>-</u>	<u>162,888</u>

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

Financial instruments are as follows: (continued)

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents		23,755	-	23,755
Amount due from Provider				
- creation of units		43,541	-	43,541
- management fee rebate receivable		53,213	-	53,213
Shariah-compliant collective investment schemes	9	-	39,235,321	39,235,321
Total		<u>120,509</u>	<u>39,235,321</u>	<u>39,355,830</u>
<u>Financial liabilities</u>				
Amount due to Provider				
- management fee		61,066	-	61,066
- cancellation of units		7,222	-	7,222
Amount due to Scheme Trustee		1,357	-	1,357
Amount due to PPA		1,357	-	1,357
Auditor's remuneration		4,283	-	4,283
Tax agent's fee		4,764	-	4,764
Other payables and accruals		3,266	-	3,266
Total		<u>83,315</u>	<u>-</u>	<u>83,315</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, collective investment scheme risk and reclassification of Shariah status risk.

Financial risk management is carried out through internal control processes adopted by the Provider and adherence to the investment restrictions as stipulated by the SC's Guidelines on Private Retirement Schemes.



## AFFIN HWANG AIIMAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 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 Shariah-compliant investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Provider 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 follow:

	<u>2021</u> RM	<u>2020</u> RM
<b>Shariah-compliant quoted investments</b>		
Shariah-compliant collective investment schemes	58,297,482	39,235,321

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% (2020: 5%) and decreased by 10% (2020: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Shariah-compliant CIS, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2021</u>		
-10%	52,467,734	(5,829,748)
0%	58,297,482	-
+10%	64,127,230	5,829,748
	<u>                    </u>	<u>                    </u>
<u>2020</u>		
-5%	37,273,555	(1,961,766)
0%	39,235,321	-
+5%	41,197,087	1,961,766
	<u>                    </u>	<u>                    </u>

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 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 deposit placement with a financial institution. The Provider overcomes this exposure by way of maintaining deposits on short term basis.

The Fund's exposure to profit rate risk associated with deposit 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 investments. The Provider manages the credit risk by undertaking credit evaluation to minimise risk.

The settlement terms of the proceeds from the creation of units receivable from the Provider are governed by the SC's Guidelines on Private Retirement Schemes.

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

	<u>Cash and cash equivalents</u> RM	<u>Amount due from Provider</u> RM	<u>Collective investment schemes</u> RM	<u>Total</u> RM
<u>2021</u>				
Finance				
- AAA	133,657	-	-	133,657
Collective Investment Schemes				
- NR	-	-	58,297,482	58,297,482
Others				
- NR	-	586,599	-	586,599
	<u>133,657</u>	<u>586,599</u>	<u>58,297,482</u>	<u>59,017,738</u>
<u>2020</u>				
Finance				
- AAA	23,755	-	-	23,755
Collective Investment Scheme				
- NR	-	-	39,235,321	39,235,321
Others				
- NR	-	96,754	-	96,754
	<u>23,755</u>	<u>96,754</u>	<u>39,235,321</u>	<u>39,355,830</u>

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

##### Liquidity risk

Liquidity risk is the risk that the Fund encounters difficulty in meeting its financial obligations. The Provider manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by members. Liquid assets comprise cash and bank balances and other Shariah-compliant instruments, which are capable of being converted into cash within 7 days.

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

	Within one month RM	Between one month to one year RM	Total RM
<u>2021</u>			
Amount due to Provider			
- management fee	87,729	-	87,729
- cancellation of units	59,961	-	59,961
Amount due to Scheme Trustee	1,950	-	1,950
Amount due to PPA	1,950	-	1,950
Auditors' remuneration	-	4,275	4,275
Tax agent's fee	-	4,509	4,509
Other payables and accruals	-	2,514	2,514
	<u>151,590</u>	<u>11,298</u>	<u>162,888</u>
<u>2020</u>			
Amount due to Provider			
- management fee	61,066	-	61,066
- cancellation of units	7,222	-	7,222
Amount due to Scheme Trustee	1,357	-	1,357
Amount due to PPA	1,357	-	1,357
Auditors' remuneration	-	4,283	4,283
Tax agent's fee	-	4,764	4,764
Other payables and accruals	-	3,266	3,266
	<u>71,002</u>	<u>12,313</u>	<u>83,315</u>

##### Capital risk

The capital of the Fund is represented by equity consisting of members' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of members. 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 members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

##### Collective investment scheme risk

This risk is associated with the Fund's Shariah-compliant investment in CIS exposing the Fund to the inherent investment risks faced by the Shariah-compliant CIS. The fund may also be exposed to liquidity risk which may arise from the inability of the Shariah-compliant CIS to meet redemption amounts, as well as the risk of not being aligned with the Fund's mandate in the event the Shariah-compliant CIS that the Fund is invested into breaches its asset allocation limits. Therefore, should any of the risks faced by the Shariah-compliant CIS materialised, the performance of the Fund will be affected.

##### Reclassification of Shariah status risk

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

#### 3 FAIR VALUE ESTIMATION

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

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

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

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

##### (i) Fair value hierarchy

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

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

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

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant collective investment schemes	<u>58,297,482</u>	<u>-</u>	<u>-</u>	<u>58,297,482</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant collective investment schemes	<u>39,235,321</u>	<u>-</u>	<u>-</u>	<u>39,235,321</u>

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

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

## **AFFIN HWANG AIIAMAN PRS SHARIAH GROWTH FUND**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)**

#### **4 MANAGEMENT FEE**

In accordance with the Deeds, the Provider is entitled to a management fee at a rate not exceeding 3.00% per annum on the NAV of the Fund calculated on a daily basis.

For the 6 months financial period ended 31 January 2021, the management fee is recognised at a rate of 1.80% (2020: 1.80%) per annum on the NAV of the Fund, calculated on a daily basis as stated in Disclosure Document.

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

#### **5 SCHEME TRUSTEE FEE**

In accordance with the Deeds, the Scheme Trustee is entitled to an annual fee at a rate not exceeding 1.00% per annum on the NAV of the Fund.

For the 6 months financial period ended 31 January 2021, the Scheme Trustee fee is recognised at a rate of 0.04% (2020: 0.04%) per annum on the NAV of the Fund calculated on a daily basis as stated in Disclosure Document.

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

#### **6 PRIVATE PENSION ADMINISTRATOR (“PPA”) ADMINISTRATION FEE**

For the 6 months financial period ended 31 January 2021, the PPA administration fee is recognised at a rate of 0.04% (2020: 0.04%) per annum on the NAV of the Fund calculated on a daily basis.

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

## AFFIN HWANG AIIMAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

#### 7 TAXATION

	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
Current taxation - local	-	-

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

	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
Net profit before taxation	<u>8,434,056</u>	<u>35,883</u>
Tax at Malaysian statutory rate of 24% (2020: 24%)	2,024,173	8,611
Tax effects of:		
Investment income not subject to tax	(2,045,856)	(25,156)
Expenses not deductible for tax purposes	20,179	15,389
Restriction on tax deductible for expenses for PRS Funds	<u>1,504</u>	<u>1,156</u>
Tax expense	<u>-</u>	<u>-</u>

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

#### 8 DISTRIBUTION

	6 months financial period ended <u>31.1.2021</u> RM	6 months financial period ended <u>31.1.2020</u> RM
Distribution to members are from the following sources:		
Previous year's realised income	345,050	127,612
Net distribution amount	<u>345,050</u>	<u>127,612</u>
Gross/Net distribution per unit (sen)	<u>0.50</u>	<u>0.20</u>
Ex date	<u>21.10.2020</u>	<u>16.10.2019</u>

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

Included in distribution for the financial period is an amount of RM345,050 (2020: RM127,612) made from previous year's realised income.

There are unrealised losses of RM513,132 for the financial period ended 31 January 2020.

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

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- shariah-compliant collective investment scheme – local	<u>58,297,482</u>	<u>39,235,321</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- realised gain/(loss) on sale of investments	11,516	(10,937)
- unrealised gain/(loss) on changes in fair value	8,267,111	(513,132)
- management fee rebate on collective investment schemes #	399,860	298,342
	<u>8,678,487</u>	<u>(225,727)</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 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 AIIMAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Shariah-compliant collective investment scheme – local

(i) Shariah-compliant collective investment scheme – local as at 31 January 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang Aiiman Asia (Ex Japan) Growth Fund	33,136,813	20,753,846	29,412,236	49.97
Affin Hwang Aiiman Global Sukuk Fund	2,503,562	1,302,597	1,348,669	2.29
Affin Hwang Aiiman Growth Fund	9,564,836	10,074,558	13,469,202	22.89
Affin Hwang Aiiman Income Plus Fund	7,889,969	4,579,746	4,827,872	8.20
Affin Hwang Aiiman Money Market Fund	1,334,902	714,512	714,840	1.21
Affin Hwang Aiiman Quantum Fund (formerly know as Affin hwang Aiiman Equity Fund)	13,422,553	6,904,324	8,524,663	14.49
Total collective investment scheme – local	<u>67,852,635</u>	<u>44,329,583</u>	<u>58,297,482</u>	<u>99.05</u>
Accumulated unrealised gain on collective investment scheme – local		<u>13,967,899</u>		
Total collective investment scheme – local		<u>58,297,482</u>		

## AFFIN HWANG AIIMAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

(a) Shariah-compliant collective investment scheme – local (continued)

(ii) Shariah-compliant collective investment scheme – local as at 31 January 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Affin Hwang Aiiman Asia (Ex Japan) Growth Fund	28,156,259	17,283,987	17,476,590	44.50
Affin Hwang Aiiman Global Sukuk Fund	2,214,596	1,146,509	1,158,012	2.95
Affin Hwang Aiiman Growth Fund	10,864,903	11,378,772	11,017,012	28.05
Affin Hwang Aiiman Income Plus Fund	6,807,627	3,917,379	4,172,395	10.62
Affin Hwang Aiiman Quantum Fund (formerly know as Affin hwang Aiiman Equity Fund)	12,130,267	6,225,726	5,411,312	13.78
	<u>60,173,652</u>	<u>39,952,373</u>	<u>39,235,321</u>	<u>99.90</u>
Total collective investment scheme – local				
Accumulated unrealised loss on collective investment scheme – local		(717,052)		
Total collective investment scheme – local		<u>39,235,321</u>		

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

#### 10 SHARIAH INFORMATION OF THE FUND

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

- (a) Collective investment schemes 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.

#### 11 NUMBER OF UNIT IN CIRCULATION

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
At the beginning of the financial period	67,719,000	62,813,000
Creation of units from applications	6,495,000	4,593,897
Creation of units from distribution	488,670	218,103
Cancellation of units	<u>(638,670)</u>	<u>(1,024,000)</u>
At the end of the financial period	<u><u>74,064,000</u></u>	<u><u>66,601,000</u></u>

#### 12 TRANSACTIONS WITH PROVIDER

- (i) Details of transaction with the Provider for the 6 months financial period ended 31 January 2021 are as follows:

<u>Name of Provider</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Affin Hwang Asset Management Bhd #*	<u>3,953,202</u>	<u>100.00</u>

- (ii) Details of transaction with the Provider for the 6 months financial period ended 31 January 2020 are as follows:

<u>Name of Provider</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
Affin Hwang Asset Management Bhd #*	<u>2,375,580</u>	<u>100.00</u>

## AFFIN HWANG AIIMAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

#### 12 TRANSACTIONS WITH PROVIDER (CONTINUED)

# Included in the transactions with the Provider are trades conducted with Affin Hwang Asset Management Berhad, the Provider, amounting to RM3,953,202 (2020: RM2,375,580). The Provider is of the opinion that all transactions have been entered into in the normal course of business at agreed terms between the related parties.

\* Affin Hwang Asset Management Bhd, the Provider of the Fund, is the Manager of Affin Hwang Aiiman Asia (ex Japan) Growth Fund, Affin Hwang Aiiman Growth Fund, Affin Hwang Aiiman Global Sukuk Fund, Affin Hwang Aiiman Income Plus Fund, Affin Hwang Aiiman Money Market Fund, Affin Hwang Aiiman Quantum Fund (formerly know as Affin Hwang Aiiman Equity Fund), the Shariah-compliant CIS that the Fund invests in during the financial period.

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

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Provider
Affin Hwang Investment Bank Berhad	Holding company of the Provider
Affin Bank Berhad ("ABB")	Ultimate holding company of the Provider

The units held by the Provider as at the end of the financial period are as follows:

	<u>2021</u>		<u>2020</u>	
<u>The Provider:</u>	<u>No. of Units</u>	<u>RM</u>	<u>No. of. Unit</u>	<u>RM</u>
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	4,174	3,317	3,383	1,995

## AFFIN HWANG AIIAN PRS SHARIAH GROWTH FUND

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 JANUARY 2021 (CONTINUED)

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

	6 months financial period ended <u>31.1.2021</u> %	6 months financial period ended <u>31.1.2020</u> %
MER	<u>0.97</u>	<u>0.97</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is RM50,603,164 (2020: RM37,860,270).

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

	6 months financial period ended <u>31.1.2021</u>	6 months financial period ended <u>31.1.2020</u>
PTR (times)	<u>0.04</u>	<u>0.04</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM4,135,657 (2020: RM2,833,991)  
total disposal for the financial period = RM50,484 (2020: RM180,937)

#### 16 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 Provider is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

## **AFFIN HWANG AIIMAN PRS SHARIAH GROWTH FUND**

### **STATEMENT BY THE PROVIDER**

I, Teng Chee Wai, for and on behalf of the board of directors of the Provider, Affin Hwang Asset Management Berhad, do hereby state that in the opinion of the Provider, the financial statements set out on pages 1 to 25 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 January 2021 and of its financial performance, changes in equity and cash flows for the financial period ended 31 January 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

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

Kuala Lumpur  
15 March 2021

## **DIRECTORY OF SALES OFFICE**

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