

# Affin Hwang Aiiman Equity Fund

Annual Report  
31 March 2020

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
AmanahRaya Trustee Berhad (766894-T)

# AFFIN HWANG AIIMAN EQUITY FUND

## Annual Report and Audited Financial Statements For the Financial Year 31 March 2020

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman Equity Fund
Fund Type	Capital Growth
Fund Category	Islamic Equity
Investment Objective	The Fund aims to provide investors with stable returns by enabling investors to participate in the growth prospect of the Malaysian market which is in compliance with Shariah principles.
Benchmark	FTSE-Bursa Malaysia EMAS Shariah Index
Distribution Policy	Distribution (if any) will be subject to the availability of income

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	6,954	9,535
5,001 to 10,000	1,427	10,068
10,001 to 50,000	816	12,500
50,001 to 500,000	25	2,820
500,001 and above	2	74,356
<b>Total</b>	<b>9,224</b>	<b>109,279</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Mar 2020 (%)	As at 31 Mar 2019 (%)	As at 31 Mar 2018 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Construction	1.58	5.03	12.23
- Consumer products	11.42	10.28	5.31
- Energy	3.72	8.21	-
- Financial services	0.98	1.55	1.51
- Health care	7.75	2.52	-
- Industrial products & services	10.70	19.10	15.18
- Plantation	0.04	2.24	2.67
- Properties	2.00	8.29	2.98
- REITs	4.70	6.91	4.48
- Technology	5.28	20.47	5.78
- Telecommunications & media	4.75	1.85	-
- Transportation & logistics	-	3.00	-
- Utilities	3.10	-	-
- Trading / services	-	-	36.21
- Warrant	-	-	0.04
<b>Total quoted equities - local</b>	<b>56.02</b>	<b>89.45</b>	<b>86.39</b>
<b>Exchange-traded fund</b>	<b>2.49</b>	<b>1.36</b>	<b>1.07</b>
<b>Cash and cash equivalent</b>	<b>41.49</b>	<b>9.19</b>	<b>12.54</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	38.819	54.403	68.060
NAV per Unit (RM)	0.3552	0.4565	0.4933
Unit in Circulation (million)	109.281	119.184	137.964
Highest NAV	0.4861	0.5032	0.5513
Lowest NAV	0.3294	0.4324	0.4765
Return of the Fund (%) <sup>iii</sup>	-18.83	-5.48	3.57
- Capital Growth (%) <sup>i</sup>	-22.19	-7.46	2.51
- Income Distribution (%) <sup>ii</sup>	4.32	2.14	1.03
Gross Distribution per Unit (sen)	2.00	1.00	0.50
Net Distribution per Unit (sen)	2.00	1.00	0.50
Management Expense Ratio (%) <sup>1</sup>	1.66	1.64	1.74
Portfolio Turnover Ratio (times) <sup>2</sup>	1.25	1.00	0.82

### **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 MER of the Fund was higher than previous year due to lower average net asset value of the Fund during the financial year.

<sup>2</sup>The Fund recorded a higher PTR than previous year due to higher trading activities for the financial year.

## MANAGER'S REPORT

### Income Distribution / Unit Split

The NAV per Unit prior and subsequent to the distributions are as follow:

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16-Jul-19	17-Jul-19	0.4861	0.0200	0.4632

No unit splits were declared for the financial year ended 31 March 2020.

### Performance Review

For the period 1 April 2019 to 31 March 2020, the Fund registered a return of -18.83%. The Benchmark for the period registered a return of -13.54%. The Fund underperformed the Benchmark by 5.29 percentage points. The Net Asset Value (NAV) per unit of the Fund as at 31 March 2020 was RM 0.3552 while the NAV at 31 March 2019 was RM 0.4565. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since its inception to 31 March 2020, the Fund has registered a return of 9.05%. Compared to the benchmark of 7.39% for the same period, the Fund outperformed the Benchmark by 1.66 percentage points. The fund has declared a total gross income distribution of RM0.1629 per unit to-date. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (4/8/07 - 31/3/20)
<b>Fund</b>	<b>(18.83%)</b>	<b>(20.54%)</b>	<b>(15.10%)</b>	<b>9.05%</b>
<b>Benchmark</b>	<b>(13.54%)</b>	<b>(21.12%)</b>	<b>(22.99%)</b>	<b>7.39%</b>
<b>Outperformance / (Underperformance)</b>	<b>(5.29%)</b>	<b>0.58%</b>	<b>7.89%</b>	<b>1.66%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/4/19 - 31/3/20)	3 Years (1/4/17 - 31/3/20)	5 Years (1/4/15 - 31/3/20)	Since Commencement (4/8/07 - 31/3/20)
<b>Fund</b>	<b>(18.83%)</b>	<b>(7.37%)</b>	<b>(3.22%)</b>	<b>0.69%</b>
<b>Benchmark</b>	<b>(13.54%)</b>	<b>(7.60%)</b>	<b>(5.09%)</b>	<b>0.56%</b>
<b>Outperformance / (Underperformance)</b>	<b>(5.29%)</b>	<b>0.23%</b>	<b>1.87%</b>	<b>0.13%</b>

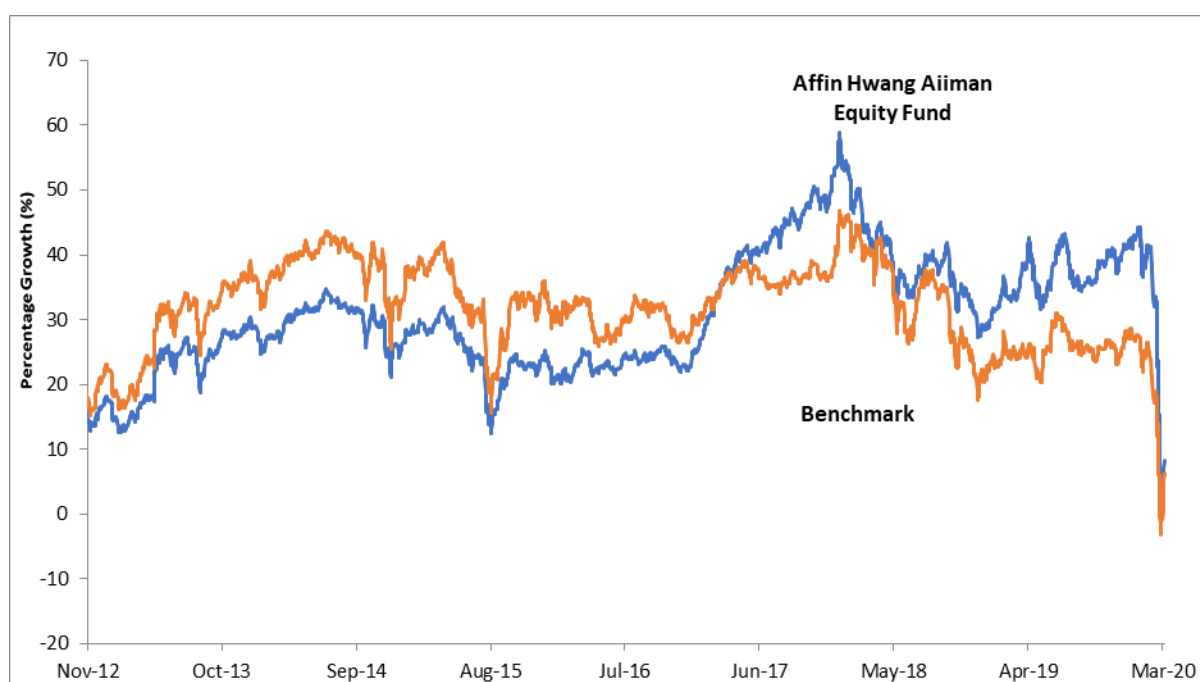
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020</b> <b>(01/4/19 - 31/3/20)</b>	<b>FYE 2019</b> <b>(01/4/18 - 31/3/19)</b>	<b>FYE 2018</b> <b>(01/4/17 - 31/3/18)</b>	<b>FYE 2017</b> <b>(01/4/16 - 31/3/17)</b>	<b>FYE 2016</b> <b>(01/7/15 - 31/3/16)</b>
<b>Fund</b>	<b>(18.83%)</b>	<b>(5.48%)</b>	<b>3.57%</b>	<b>10.75%</b>	<b>0.23%</b>
<b>Benchmark</b>	<b>(13.54%)</b>	<b>(11.66%)</b>	<b>3.27%</b>	<b>2.50%</b>	<b>2.37%</b>
<b>Outperformance / (Underperformance)</b>	<b>(5.29%)</b>	<b>6.18%</b>	<b>0.30%</b>	<b>8.25%</b>	<b>(2.14%)</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: FBMS 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 March 2020, the asset allocation of the Fund stood at 56.02% in equities, significantly lower than previous year and the balanced was held in cash and cash equivalent. During the period under review, the Manager raised significant cash due to extreme volatility in the market. Technology and industrial sector was reduced significantly, while most other sectors exposures were also reduced compared to a year ago. Cash level stood at around 40% level as the Manager go into defensive stance to protect investor's capital.

## **Strategies Employed**

With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse.

## **Market Review**

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

On monetary policy, the US Federal Reserve ("Fed") kept its benchmark rates unchanged in its policy meeting in January, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed's balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed's target of 2.0%.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

The local market suffered losses with the benchmark KLCI closing 8.9% lower in March as pandemic fears gripped the country with cases continuing to rise. Malaysia has the highest number of known infections in Southeast Asia with more than 3,000 confirmed cases in the country at the time of writing.

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

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country's coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. The rate cut is expected to boost economic growth amid price stability.

### **Investment Outlook**

Whilst we see unprecedented steps taken by governments and global central banks to stimulate the economy and provide liquidity, such measures are unlikely to fuel a full recovery as we are dealing with a global pandemic that has caused economies to come to a virtual standstill. Cutting interest rates, injecting liquidity or even putting money directly in the hands of consumers is unlikely to lead to its desired effects if people's health are at stake.

Any signs of a peak in the pandemic can fuel a gradual recovery in markets. However, it is crucial to monitor any risk of a second wave or reacceleration in infection rates especially countries that have passed its peak like South Korea and China.

In Asia, we continue to see a resumption of activities in China where the coronavirus was first detected. Almost all factories have reopened as lockdowns are gradually lifted in the country. However, the utilisation rates have yet to return to full scale, perhaps due to a lack of demand and strict social distancing measures in place that prevent factories from operating at full capacity. Recent reports also point to most hotels and tourist sites reopening in China. There has also been a marked recovery in automobile sales.

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

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

### **Soft Commissions received from Brokers**

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

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

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

### **Cross Trade**

Cross trade transactions have not been carried out during the reported period.



## **TRUSTEE'S REPORT**

For the Financial Year Ended 31 March 2020

To The Unit Holders Of

### **AFFIN HWANG AIIMAN EQUITY FUND**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG AIIMAN EQUITY FUND for the financial year ended 31 March 2020. In our opinion AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG AIIMAN EQUITY FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement; and
- (b) Creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement.
- (c) The distribution of income made by AFFIN HWANG AIIMAN EQUITY FUND as declared by the Manager is appropriate and reflects the investment objective of AFFIN HWANG AIIMAN EQUITY FUND.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Deputy Chief Executive Officer

Kuala Lumpur, Malaysia

18 May 2020

## **SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN EQUITY FUND**

We have acted as the Shariah Adviser of Affin Hwang Aiiman Equity Fund. Our responsibility is to ensure that the procedures and processes employed by Affin Hwang Asset Management Berhad and the provisions of the Master Deed dated 27 June 2007, First Supplemental Deed dated 25 October 2007, Second Supplemental Deed dated 8 September 2008, Third Supplemental Deed dated 13 October 2008, Fourth Supplemental Deed dated 22 July 2014 and Fifth Supplemental Deed dated 6 August 2015 are in accordance with Shariah principles.

In our opinion, Affin Hwang Asset Management Berhad has managed and administered Affin Hwang Aiiman Equity Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 March 2020.

In addition, we also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC") or SAC of Bank Negara Malaysia ("BNM"). As for the securities which are not certified by the SACSC or BNM, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For **Amanie Advisors Sdn. Bhd**

**DATUK DR MOHD DAUD BAKAR**  
Executive Chairman

Kuala Lumpur  
18 May 2020

**AFFIN HWANG AIIMAN EQUITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

# **AFFIN HWANG AIIMAN EQUITY FUND**

## **FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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## AFFIN HWANG AIIMAN EQUITY FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>INVESTMENT LOSS</b>			
Dividend income		1,246,780	1,244,259
Profit income from financial assets at amortised cost		148,696	411,361
Net loss on financial assets at fair value through profit or loss	8	(8,962,215)	(3,971,644)
Management fee rebate		12,916	7,850
		<u>(7,553,823)</u>	<u>(2,308,174)</u>
<b>EXPENSES</b>			
Management fee	4	(777,649)	(908,581)
Trustee fee	5	(41,475)	(48,458)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(6,280)	(6,280)
Transaction costs		(378,938)	(383,437)
Other expenses		(53,051)	(26,294)
		<u>(1,264,893)</u>	<u>(1,380,550)</u>
<b>NET LOSS BEFORE TAXATION</b>		(8,818,716)	(3,688,724)
Taxation	6	-	(6,680)
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR</b>		<u>(8,818,716)</u>	<u>(3,695,404)</u>
Net loss after taxation is made up of the following:			
Realised amount		68,799	(3,977,459)
Unrealised amount		(8,887,515)	282,055
		<u>(8,818,716)</u>	<u>(3,695,404)</u>

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

## AFFIN HWANG AIIMAN EQUITY FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	16,976,958	2,981,315
Financial assets at fair value through profit or loss	8	22,708,220	49,399,436
Dividends receivable		173,843	114,157
Amount due from Manager			
- management fee rebate		242	189
- creation of units		36,112	-
Amount due from brokers		-	2,246,554
<b>TOTAL ASSETS</b>		<u>39,895,375</u>	<u>54,741,651</u>
<b>LIABILITIES</b>			
Amount due to brokers		982,199	200,036
Amount due to Manager			
- management fee		52,010	69,246
- cancellation of units		-	26,880
Amount due to Trustee		2,774	3,693
Auditors' remuneration		14,610	14,610
Tax agent's fee		10,800	8,900
Other payables and accruals		13,834	15,380
<b>TOTAL LIABILITIES</b>		<u>1,076,227</u>	<u>338,745</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>38,819,148</u>	<u>54,402,906</u>
<b>EQUITY</b>			
Unitholders' capital		49,566,008	54,024,290
(Accumulated losses)/Retained earnings		(10,746,860)	378,616
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>38,819,148</u>	<u>54,402,906</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>109,281,000</u>	<u>119,184,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.3552</u>	<u>0.4565</u>

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

## AFFIN HWANG AIIMAN EQUITY FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Unitholders' capital RM	(Accumulated losses)/ Retained earnings RM	Total RM
Balance as at 1 April 2020	54,024,290	378,616	54,402,906
Total comprehensive loss for the financial year	-	(8,818,716)	(8,818,716)
Distribution (Note 7)	-	(2,306,760)	(2,306,760)
Movement in unitholders' capital:			
Creation of units arising from applications	525,689	-	525,689
Creation of units arising from distribution	2,306,760	-	2,306,760
Cancellation of units	(7,290,731)	-	(7,290,731)
Balance as at 31 March 2020	<u>49,566,008</u>	<u>(10,746,860)</u>	<u>38,819,148</u>
Balance as at 1 April 2018	62,672,722	5,387,740	68,060,462
Total comprehensive loss for the financial year	-	(3,695,404)	(3,695,404)
Distribution (Note 7)	-	(1,313,720)	(1,313,720)
Movement in unitholders' capital:			
Creation of units arising from applications	1,557,077	-	1,557,077
Creation of units arising from distribution	1,313,720	-	1,313,720
Cancellation of units	(11,519,229)	-	(11,519,229)
Balance as at 31 March 2019	<u>54,024,290</u>	<u>378,616</u>	<u>54,402,906</u>

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

## AFFIN HWANG AIIMAN EQUITY FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		75,910,789	62,005,545
Purchase of Shariah-compliant investments		(55,534,557)	(58,296,140)
Profit received from short-term Shariah based deposits with licensed financial institutions		148,696	411,361
Dividend received		1,187,094	1,243,751
Rebate of management fee received		2,495	3,122
Management fee paid		(781,969)	(919,774)
Trustee fee paid		(42,394)	(49,464)
Payment for other fees and expenses		(66,477)	(435,566)
Net cash generated from operating activities		<u>20,823,677</u>	<u>3,962,835</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		489,577	1,586,356
Payments for cancellation of units		(7,317,611)	(11,492,349)
Net cash used in financing activities		<u>(6,828,034)</u>	<u>(9,905,993)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		13,995,643	(5,943,158)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>2,981,315</u>	<u>8,924,473</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u><u>16,976,958</u></u>	<u><u>2,981,315</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 AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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

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

The financial statements have been prepared under the historical cost convention, except as disclosed in 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 year. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

(a) Standards and amendments to existing standards effective 1 April 2019:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2019 that have a material effect on the financial statements of the Fund.

(b) New standards, amendments and interpretations effective after 1 April 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

#### **B INCOME RECOGNITION**

##### 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).

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)**

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

##### Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend rate, when the right to receive the dividend has been established.

##### Realised gains and losses

For Shariah-compliant quoted investments and exchange-traded fund (“ETF”), 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 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 and brokers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

#### **D DISTRIBUTION**

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

#### **E TAXATION**

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

Withholding taxes on investment income from investment which are not “income tax” in nature are recognised and measured based on the requirements of MFRS 137. They are presented within the other expenses line in the statement of comprehensive income.

#### **F 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, which is the Fund’s functional and presentation currency.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)**

#### **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\*, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss

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

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

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

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)**

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

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

Investment in exchange-traded funds is valued based on quoted market prices at the close of trading on the reporting date.

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 AIIMAN EQUITY FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

##### (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 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.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)**

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

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

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

#### **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 the unitholder exercises the right to put the units back to the Fund.

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

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)**

#### **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 content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

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") 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 AIIMAN EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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

The Unit Trust Fund was constituted under the name Affin Islamic Equity Fund (the “Fund”) pursuant to the execution of a Master Deed dated 27 June 2007, First Supplemental Deed dated 25 October 2007, Second Supplemental Deed dated 8 September 2008, Third Supplemental Deed dated 13 October 2008, Fifth Supplemental Deed dated 6 August 2015 and Sixth Supplemental Deed dated 5 October 2018. The Fund has changed its name from Affin Islamic Equity Fund to Affin Hwang Aiiman Equity Fund as amended by the Fourth Supplemental Deed dated 22 July 2014. (the “Deeds”) has been entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”) and the registered unitholders of the Fund.

The Fund was launched on 1 August 2007 and will continue its operations until terminated by the Trustee as provided under Clause 22.1 of the Deed.

The Fund may invest in the following assets, subject to the Deeds, the Fund’s objective, the Guidelines, the requirements of the SC and any other regulatory body and all relevant laws:

- (i) Shariah-compliant securities of companies listed on the recognised Malaysian stock exchange or any other exchanges where the regulatory authority is a member of the International Organisation of Securities Commission (IOSCO);
- (ii) Unlisted Shariah-compliant securities;
- (iii) Shariah-compliant right issues;
- (iv) Shariah-compliant warrants;
- (v) Government Investment Issues (GII), Islamic Accepted Bills, Bank Negara Malaysia negotiable notes, negotiable Islamic debt certificate (NIDC), Islamic negotiable instrument of deposits (INID), Cagamas mudharabah bonds and any other Government Islamic papers;
- (vi) Other Shariah-compliant obligations issued or guaranteed by the Malaysian government, Bank Negara, state governments and government-related agencies;
- (vii) Sukuk;
- (viii) Islamic fixed deposits with financial institutions and placements of money market with investment banks;
- (ix) Islamic money market instruments and Sukuk traded in the Islamic capital market;
- (x) Units/Shares in Shariah-compliant collective investment schemes which are in line with the objective of the Trust; and;
- (xi) Any other form of Shariah-compliant investments as may be permitted by the SC’s and/or the Shariah Adviser from time to time that is in line with the Trust’s objectives.

The objective of the Fund is to provide investors with stable returns by enabling investors to participate in the growth prospect of the Malaysian market, which is in compliance with Shariah principles.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds and private retirement schemes as well as providing fund management services to private clients.

Due to the adverse market environment during the financial year, the Manager has taken a temporary defensive position by increasing the Fund’s asset allocation in cash and cash equivalents.

The financial statements were authorised for issue by the Manager on 18 May 2020.



## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Financial instruments of the Fund are as follows:

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	16,976,958	-	16,976,958
Shariah-compliant quoted equities	8	-	21,742,745	21,742,745
Exchange-traded fund	8	-	965,475	965,475
Dividends receivable		173,843	-	173,843
Amount due from Manager				
- management fee rebate		242	-	242
- creation of units		36,112	-	36,112
Total		<u>17,187,155</u>	<u>22,708,220</u>	<u>39,895,375</u>
<u>Financial liabilities</u>				
Amount due to brokers		982,199	-	982,199
Amount due to Manager				
- management fee		52,010	-	52,010
Amount due to Trustee		2,774	-	2,774
Auditors' remuneration		14,610	-	14,610
Tax agent's fee		10,800	-	10,800
Other payables and accruals		13,834	-	13,834
Total		<u>1,076,227</u>	<u>-</u>	<u>1,076,227</u>
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	2,981,315	-	2,981,315
Shariah-compliant quoted equities	8	-	48,661,384	48,661,384
Exchange-traded fund	8	-	738,052	738,052
Dividends receivable		114,157	-	114,157
Amount due from Manager				
- management fee rebate		189	-	189
Amount due from brokers		2,246,554	-	2,246,554
Total		<u>5,342,215</u>	<u>49,399,436</u>	<u>54,741,651</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Financial instruments of the Fund are as follows: (continued)

	Note	At amortised cost RM	At fair value through profit or loss RM	Total RM
<u>2019 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to brokers		200,036	-	200,036
Amount due to Manager				
- management fee		69,246	-	69,246
- cancellation of units		26,880	-	26,880
Amount due to Trustee		3,693	-	3,693
Auditors' remuneration		14,610	-	14,610
Tax agent's fee		8,900	-	8,900
Other payables and accruals		15,380	-	15,380
Total		<u>338,745</u>	<u>-</u>	<u>338,745</u>

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

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

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

##### Market risk

##### (a) Price risk

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

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

	<u>2020</u> RM	<u>2019</u> RM
<b>Shariah-compliant quoted investments</b>		
Quoted equities	21,742,745	48,661,384
Exchange-traded fund	965,475	738,052
	<u>22,708,220</u>	<u>49,399,436</u>

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movement. The analysis is based on the assumptions that the market price increased by 10% (2019: 5%) and decreased by 10% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities.

% Change in price	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2020</u>		
-10%	20,437,398	(2,270,822)
0%	22,708,220	-
+10%	24,979,042	2,270,822
	<u>22,708,220</u>	<u>2,270,822</u>
<u>2019</u>		
-5%	46,929,464	(2,469,972)
0%	49,399,436	-
+5%	51,869,408	2,469,972
	<u>49,399,436</u>	<u>2,469,972</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

##### Market risk (continued)

##### (b) Profit rate risk

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

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

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

##### 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 payments and cancellation of units by unitholders. Shariah-based liquid assets comprise cash at bank, Shariah-based deposits with licensed financial institutions and other Shariah-based instruments, which are capable of being converted into cash within 7 days.

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

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

	Within <u>one month</u> RM	Between one month to <u>one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to brokers	982,199	-	982,199
Amount due to Manager			
- management fee	52,010	-	52,010
Amount due to Trustee	2,774	-	2,774
Auditors' remuneration	-	14,610	14,610
Tax agent's fee	-	10,800	10,800
Other payables and accruals	-	13,834	13,834
	<u>1,036,983</u>	<u>39,244</u>	<u>1,076,227</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (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: (continued)

	Within one month RM	Between one month to one year RM	Total RM
<u>2019</u>			
Amount due to brokers	200,036	-	200,036
Amount due to Manager			
- management fee	69,246	-	69,246
- cancelled of units	26,880	-	26,880
Amount due to Trustee	3,693	-	3,693
Auditors' remuneration	-	14,610	14,610
Tax agent's fee	-	8,900	8,900
Other payables and accruals	-	15,380	15,380
	<u>299,855</u>	<u>38,890</u>	<u>338,745</u>

##### Credit risk

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

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

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

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

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

##### Credit risk (continued)

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

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>			
Industrial Products & Services			
- NR	-	37,865	37,865
Consumer Products & Services			
- NR	-	42,862	42,862
Energy			
- NR	-	15,162	15,162
Finance			
- AAA	16,866,343	-	16,866,343
- AA3	110,615	-	110,615
Health care			
- NR	-	7,488	7,488
Technology			
- NR	-	10,756	10,756
Utilities			
- NR	-	59,710	59,710
Others			
- NR	-	36,354	36,354
	<u>16,976,958</u>	<u>210,197</u>	<u>17,187,155</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

##### Credit risk (continued)

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

	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2019</u>			
Industrial Products & Services			
- NR	-	21,007	21,007
Consumer Products & Services			
- NR	-	31,250	31,250
Finance			
- AAA	2,934,441	-	2,934,441
- AA3	46,874	-	46,874
- A1	-	2,246,554	2,246,554
Properties			
- NR	-	38,875	38,875
Technology			
- NR	-	23,025	23,025
Others			
- NR	-	189	189
	<u>2,981,315</u>	<u>2,360,900</u>	<u>5,342,215</u>

\* Other assets consist of dividends receivable, amount due from Manager and amount due from brokers.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)**

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

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant 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 value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's advice. As at 31 March 2020, all investments held are Shariah Compliant counters as approved by the Shariah Advisory Council.

#### **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 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.

##### 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)



## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### Fair value hierarchy (continued)

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.

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>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	21,742,745	-	-	21,742,745
- exchange-traded fund	965,475	-	-	965,475
	<u>22,708,220</u>	<u>-</u>	<u>-</u>	<u>22,708,220</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	48,661,384	-	-	48,661,384
- exchange-traded fund	738,052	-	-	738,052
	<u>49,399,436</u>	<u>-</u>	<u>-</u>	<u>49,399,436</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and exchange-traded fund. The Fund does not adjust the quoted prices for these instruments.

The carrying values of cash and cash equivalents, dividends receivable, amount due from Manager, amount due from brokers and all current liabilities are a reasonable approximation of the fair values due to their short term nature.

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTINUED)**

#### **4 MANAGEMENT FEE**

In accordance with the Deed, the Manager 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 financial year ended 31 March 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) 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 amounts recognised above.

#### **5 TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to a fee at a rate not exceeding 0.08% per annum of the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 March 2020, the Trustee fee is recognised at a rate of 0.08% (2019: 0.08%) 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 amounts recognised above.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 6 TAXATION

	<u>2020</u> RM	<u>2019</u> RM
Current taxation - local	-	10,595
Over provision of tax in prior years	-	(3,915)
	<hr/>	<hr/>
Tax expense	-	6,680
	<hr/> <hr/>	<hr/> <hr/>

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

	<u>2020</u> RM	<u>2019</u> RM
Net loss before taxation	(8,818,716)	(3,688,724)
	<hr/> <hr/>	<hr/> <hr/>
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(2,116,492)	(885,294)
Tax effects of:		
Investment loss not brought to tax	1,816,017	556,595
Expenses not deductible for tax purposes	112,019	109,793
Restrictions on tax deductible expenses for Unit Trust Funds	188,456	218,906
Income subject to different tax rate	-	10,595
Over provision of tax in prior years	-	(3,915)
	<hr/>	<hr/>
Tax expense	-	6,680
	<hr/> <hr/>	<hr/> <hr/>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 7 DISTRIBUTION

	<u>2020</u> RM	<u>2019</u> RM
Distribution to unitholders are from the following sources:		
Prior years' realised income	2,306,760	1,313,720
Gross realised income	2,306,760	1,313,720
Less: expenses	-	-
Gross distribution amount	<u>2,306,760</u>	<u>1,313,720</u>
Gross distribution per unit (sen)	<u>2.00</u>	<u>1.00</u>
Ex-date	<u>17.07.2019</u>	<u>24.07.2018</u>

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

The distribution made for the financial year ended includes an amount of RM 2,306,760 (2019: RM1,313,720) from previous years' realised income.

As at 31 March 2020, the Fund has incurred an unrealised losses of RM8,887,515.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

	<u>2020</u> RM	<u>2019</u> RM
At fair value through profit or loss:		
- Shariah-compliant quoted equities – local	21,742,745	48,661,384
- exchange-traded fund – local	965,475	738,052
	<u>22,708,220</u>	<u>49,399,436</u>
Net loss on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(77,248)	(4,256,821)
- unrealised (loss)/gain on changes in fair value	(8,887,515)	282,055
- management fee rebate on collective investment scheme #	2,548	3,122
	<u>(8,962,215)</u>	<u>(3,971,644)</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 EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local

(i) Shariah-compliant quoted equities – local as at 31 March 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Kerjaya Prospek Group Bhd	699,900	795,833	612,413	1.58
<u>Consumer Products &amp; Services</u>				
Kim Hin Joo Bhd	2,000,000	860,129	380,000	0.98
Guan Chong Bhd	332,800	967,261	665,600	1.71
MBM Resources Bhd	251,100	1,061,706	698,058	1.80
Power Root Bhd	653,200	1,496,518	1,241,080	3.20
Lee Swee Kiat Group Bhd	1,250,000	1,125,000	537,500	1.38
Formosa Prosonic Industries Bhd	646,400	1,161,864	911,424	2.35
	5,133,500	6,672,478	4,433,662	11.42
<u>Energy</u>				
Deleum Bhd	484,900	493,814	227,903	0.59
Wah Seong Corporation Bhd	1,134,745	1,349,475	595,741	1.53
Malaysia Marine & Heavy Eng. Bhd	724,400	559,258	300,626	0.77
Yinson Holdings Berhad	67,300	399,117	321,021	0.83
	2,411,345	2,801,664	1,445,291	3.72
<u>Financial Services</u>				
Syarikat Takaful Malaysia	116,900	486,450	378,756	0.98
<u>Health Care</u>				
IHH Healthcare Bhd	187,200	1,043,640	965,952	2.49
Supermax Corp Bhd	564,000	951,727	953,160	2.46
Duopharma Biotech Bhd	787,425	815,398	1,086,647	2.80
	1,538,625	2,810,765	3,005,759	7.75

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(i) Shariah-compliant quoted equities – local as at 31 March 2020 are as follows:  
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products &amp; Services</u>				
Scientex Bhd	110,700	748,767	824,715	2.12
Hextar Global Berhad	1,368,800	1,067,664	684,400	1.76
Sunway Berhad	841,444	1,302,542	1,304,238	3.36
Favelle Favco Bhd	282,200	787,130	524,892	1.35
ATA IMS Bhd	1,016,000	1,672,572	817,880	2.11
	<u>3,619,144</u>	<u>5,578,675</u>	<u>4,156,125</u>	<u>10.70</u>
<u>Plantation</u>				
Kuala Lumpur Kepong Bhd	664	15,040	13,758	0.04
<u>Property</u>				
UOA Development Bhd	500,400	1,246,132	775,620	2.00
<u>Technology</u>				
GHL Systems Bhd	507,900	777,146	853,272	2.20
Inari Amertron Bhd	173,600	207,573	215,264	0.55
I-Stone Group Bhd	4,745,000	1,037,791	593,125	1.53
Malaysian Pac Industries Bhd	43,600	513,158	388,476	1.00
	<u>5,470,100</u>	<u>2,535,668</u>	<u>2,050,137</u>	<u>5.28</u>
<u>REITs</u>				
Axis Real Estate Invst Trust	463,204	720,733	843,031	2.17
KLCCP Stapled Group Stapled Security	126,300	1,006,611	983,877	2.53
	<u>589,504</u>	<u>1,727,344</u>	<u>1,826,908</u>	<u>4.70</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(i) Shariah-compliant quoted equities – local as at 31 March 2020 are as follows:  
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunications &amp; Media</u>				
TIME dotCom Bhd	117,800	1,060,843	1,077,870	2.78
Axiata Group Bhd	117,400	392,058	383,898	0.99
Digi.Com Berhad	87,400	381,686	380,190	0.98
	<u>322,600</u>	<u>1,834,587</u>	<u>1,841,958</u>	<u>4.75</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	100,700	1,283,717	1,202,358	3.10
Total Shariah-compliant quoted equities – local	<u>20,503,382</u>	<u>27,788,353</u>	<u>21,742,745</u>	<u>56.02</u>
Accumulated unrealised loss on Shariah-compliant quoted equities – local		<u>(6,045,608)</u>		
Total Shariah-compliant quoted equities – local		<u>21,742,745</u>		



## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(ii) Shariah-compliant quoted equities – local as at 31 March 2019 are as follows:

	Quantity	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Construction</u>				
IJM Corporation Bhd	585,000	1,148,823	1,292,850	2.38
Kerjaya Prospek Group Bhd	699,900	795,833	853,878	1.57
WCT Holdings Bhd	715,200	561,476	590,040	1.08
	<u>2,000,100</u>	<u>2,506,132</u>	<u>2,736,768</u>	<u>5.03</u>
<u>Consumer Products &amp; Services</u>				
Aeon Company (M) Bhd	723,200	1,197,369	1,063,104	1.95
Formosa Prosonic Industries Bhd	954,600	1,715,835	1,708,734	3.14
Fraser & Neave Holdings Bhd	49,800	1,429,201	1,732,044	3.18
Lee Swee Kiat Group Bhd	1,250,000	1,125,000	1,093,750	2.01
	<u>2,977,600</u>	<u>5,467,405</u>	<u>5,597,632</u>	<u>10.28</u>
<u>Energy</u>				
Dialog Group Bhd	274,700	459,405	870,799	1.60
Hibiscus Petroleum Bhd	1,100,000	1,155,000	1,177,000	2.16
Malaysia Marine & Heavy Eng. Bhd	1,368,300	997,534	1,108,323	2.04
Velesco Energy Bhd	4,600,000	1,214,464	1,311,000	2.41
	<u>7,343,000</u>	<u>3,826,403</u>	<u>4,467,122</u>	<u>8.21</u>
<u>Plantation</u>				
Genting Plantations Bhd	116,000	1,147,620	1,218,000	2.24
<u>Financial Services</u>				
BIMB Holdings Bhd	196,000	832,196	840,840	1.55
<u>Health Care</u>				
Duopharma Biotech Bhd	1,088,412	1,059,603	1,371,399	2.52

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(ii) Shariah-compliant quoted equities – local as at 31 March 2019 are as follows:  
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products &amp; Services</u>				
ATA IMS Bhd	1,016,000	1,672,572	1,737,360	3.19
Fitters Diversified Bhd	1,046,900	437,652	507,747	0.93
Kelington Group Bhd	1,339,300	1,559,168	1,674,125	3.08
Scientex Bhd	321,100	1,734,956	2,729,350	5.02
SKP Resources Bhd	878,700	1,144,283	1,177,458	2.16
Sunway Berhad	1,050,333	1,658,578	1,754,056	3.22
V.S. Industry Bhd	760,000	774,297	813,200	1.50
	<u>6,412,333</u>	<u>8,981,506</u>	<u>10,393,296</u>	<u>19.10</u>
<u>Property</u>				
Matrix Concepts Holdings Bhd	626,250	1,262,639	1,183,612	2.18
Paramount Corporation Bhd	561,500	1,187,291	1,134,230	2.09
SP Setia Bhd Group	441,500	1,035,492	975,715	1.79
UOA Development Bhd	565,000	1,426,864	1,214,750	2.23
	<u>2,194,250</u>	<u>4,912,286</u>	<u>4,508,307</u>	<u>8.29</u>
<u>Technology</u>				
Frontken Corp Bhd	1,400,000	1,193,920	1,386,000	2.55
GHL Systems Bhd	1,070,000	1,637,224	1,819,000	3.34
Inari Amertron Bhd	735,000	1,562,728	1,146,600	2.11
Malaysian Pac Industries Bhd	82,600	966,795	810,306	1.49
MMS Ventures Bhd	1,200,000	1,164,078	1,110,000	2.04
My EG Services Bhd	816,500	957,951	1,151,265	2.12
Pentamaster Corporation Bhd	597,500	1,664,644	2,085,275	3.84
Revenue Group Bhd	1,350,000	1,700,721	1,620,000	2.98
	<u>7,251,600</u>	<u>10,848,061</u>	<u>11,128,446</u>	<u>20.47</u>
<u>REITs</u>				
Axis Real Estate Invst Trust	1,550,000	2,410,593	2,774,500	5.10
KLCCP Stapled Group Stapled Security	127,000	936,012	985,520	1.81
	<u>1,677,000</u>	<u>3,346,605</u>	<u>3,760,020</u>	<u>6.91</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(a) Shariah-compliant quoted equities – local (continued)

(iii) Shariah-compliant quoted equities – local as at 31 March 2019 are as follows:  
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunications &amp; Media</u>				
Media Chinese Intl Ltd	<u>4,585,200</u>	<u>1,115,237</u>	<u>1,008,744</u>	<u>1.85</u>
<u>Transportation &amp; Logistics</u>				
Straits Inter Logistics Bhd	<u>6,154,000</u>	<u>1,549,000</u>	<u>1,630,810</u>	<u>3.00</u>
Total Shariah-compliant quoted equities – local	<u>41,995,495</u>	<u>45,592,054</u>	<u>48,661,384</u>	<u>89.45</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>3,069,330</u>		
Total Shariah-compliant quoted equities – local		<u>48,661,384</u>		

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

(b) Exchange-traded fund – local

(i) Exchange-traded fund – local as at 31 March 2020 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	429,100	757,590	965,475	2.49
Total exchange-traded fund – local	429,100	757,590	965,475	2.49
Accumulated unrealised gain on exchange-traded fund – local		207,885		
Total exchange-traded fund – local		965,475		

(ii) Exchange-traded fund – local as at 31 March 2019 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	429,100	757,590	738,052	1.36
Total exchange-traded fund – local	429,100	757,590	738,052	1.36
Accumulated unrealised loss on exchange-traded fund – local		(19,538)		
Total exchange-traded fund – local		738,052		

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	110,615	46,874
Shariah-based deposits with licensed financial institutions	16,866,343	2,934,441
	<u>16,976,958</u>	<u>2,981,315</u>

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

	<u>2020</u> %	<u>2019</u> %
Shariah-based deposits with licensed financial institutions	<u>2.50</u>	<u>3.22</u>

Shariah-based deposits with licensed financial institutions has an average maturity of 1 day (2019: 1 day).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	119,184,000	137,964,000
Creation of units arising from applications during the financial year	1,172,318	3,395,000
Creation of units arising from distribution during the financial year	4,974,682	2,808,895
Cancellation of units during the financial year	(16,050,000)	(24,983,895)
At the end of the financial year	<u>109,281,000</u>	<u>119,184,000</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 11 SHARIAH INFORMATION OF THE FUND

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

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

#### 12 TRANSACTIONS WITH BROKERS

- (i) Details of transactions with the top 10 brokers for the financial year ended 31 March 2020 are as follows:

Name of brokers	<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	44,962,802	34.58	108,919	34.87
RHB Investment Bank Bhd	11,622,993	8.94	29,058	9.30
Clsa Securities Malaysia Sdn. Bhd	11,429,158	8.79	18,325	5.87
Hong Leong Investment Bank Bhd	8,565,438	6.59	21,437	6.86
UOB Kay Hian Securities (M) Sdn Bhd	8,263,277	6.36	20,668	6.62
Public Investment Bank Bhd	5,826,081	4.48	14,565	4.66
Kenanga Investment Bank Bhd	5,733,895	4.41	14,335	4.59
Kaf Seagroatt & Campbell Securities Sdn Bhd	5,724,486	4.40	14,311	4.58
Alliance Investment Bank Bhd	5,666,812	4.36	14,173	4.54
Macquarie Capital Securities (Malaysia) Sdn. Bhd.	4,455,298	3.43	11,138	3.57
Others	17,758,275	13.66	45,451	14.54
	<u>130,008,515</u>	<u>100.00</u>	<u>312,380</u>	<u>100.00</u>

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 12 TRANSACTIONS WITH BROKERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers for financial year ended 31 March 2019 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	44,602,010	36.88	107,379	36.51
UOB Kay Hian Securities (M) Sdn Bhd	8,985,135	7.43	22,463	7.64
Hong Leong Investment Bank Bhd	8,312,022	6.87	19,350	6.58
Macquarie Capital Securities (Malaysia) Sdn. Bhd.	7,824,579	6.47	19,566	6.65
RHB Investment Bank Bhd	7,361,540	6.09	18,404	6.26
Malayan Banking Bhd	6,284,991	5.20	15,713	5.34
Alliance Investment Bank Bhd	5,621,999	4.65	14,055	4.78
Public Investment Bank Bhd	5,471,701	4.52	13,679	4.65
CIMB Investment Bank Bhd	4,855,632	4.02	12,175	4.14
Nomura Securities Malaysia Sdn Bhd	4,631,428	3.83	11,585	3.94
Others	16,980,267	14.04	39,775	13.51
	<u>120,931,304</u>	<u>100.00</u>	<u>294,144</u>	<u>100.00</u>

Included in transaction with brokers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM44,962,802 (2019: RM44,602,010). The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

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

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

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

		2020		2019
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purpose)	2,120	753	35,847	16,364



## AFFIN HWANG AIIMAN EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

	<u>2020</u> %	<u>2019</u> %
MER	<u>1.66</u>	<u>1.64</u>

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding sales and services tax on transaction costs and withholding tax
F	=	Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM 51,838,898 (2019: RM60,566,643 ).

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

	<u>2020</u>	<u>2019</u>
PTR (times)	<u>1.25</u>	<u>1.00</u>

PTR is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2}{\text{Average net asset value of the Fund for the financial year calculated on daily basis}}$$

where: total acquisition for the financial year = RM 56,154,771 (2019: RM57,393,670)  
total disposal for the financial year = RM 73,958,472 (2019: RM63,537,634)

#### 16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

## **AFFIN HWANG AIIMAN EQUITY FUND**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, the Director of Affin Hwang Asset Management Berhad, do hereby state that in my opinion as the Manager, the financial statements set out on pages 1 to 37 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 March 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 2020 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

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

Kuala Lumpur  
18 May 2020

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN EQUITY FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Equity Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 37.

### Basis for opinion

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

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

### Independence and other ethical responsibilities

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

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN EQUITY 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 AIIMAN EQUITY 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 AIIMAN EQUITY FUND (CONTINUED)**

**OTHER MATTERS**

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

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
18 May 2020

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