

Affin Hwang Aiiman Select Income Fund

Annual Report
31 March 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
HSBC (Malaysia) Trustee Berhad
193701000084 (001281T)

AFFIN HWANG AIIMAN SELECT INCOME FUND

Annual Report and Audited Financial Statements For The Financial Year Ended 31 March 2020

Content	Page
FUND INFORMATION	III
FUND PERFORMANCE DATA.....	IV
MANAGER'S REPORT	V
TRUSTEE'S REPORT	IX
SHARIAH ADVISER'S REPORT	X
FINANCIAL STATEMENT	
DIRECTORY OF SALES OFFICE	

FUND INFORMATION

Fund Name	Affin Hwang Aiiman Select Income Fund
Fund Type	Income
Fund Category	Mixed Asset (Conservative)
Investment Objective	The Fund seeks to provide investors with regular income stream through Shariah-compliant investments.
Benchmark	The benchmark will be a combination of the current Maybank 12-month Maybank General Investment Account (GIA) weighing at 70% and FTSE Bursa Malaysia EMAS Shariah Index performance (FBMSHA) weighing at 30%.
Distribution Policy	The Fund will distribute income on a semi-annual basis (subject to income availability), after the end of its first financial year.

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	26	70
5,001 to 10,000	17	131
10,001 to 50,000	60	1,372
50,001 to 500,000	34	4,441
500,001 and above	12	77,156
Total	149	83,170

* 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			
Quoted equities – local			
- Construction	-	-	1.81
- Consumer goods & services	-	0.91	0.75
- Financial services	-	1.15	-
- Industrial product & services	-	3.17	4.75
- Properties	-	2.14	2.00
- REITs	1.11	1.44	-
- Preference shares	0.28	0.36	-
- Technology	-	-	0.22
- Trading / services	-	-	4.64
Total quoted equities – local	1.39	9.17	14.17
Quoted equities – foreign			
- Consumer goods	0.49	0.98	2.24
- Consumer services	2.11	-	-
- Financial services	5.01	1.08	-
- Industrials	2.99	4.66	0.90
- Oil & gas	-	0.99	4.99
- Technology	7.02	1.70	8.18
- Telecommunications	1.12	2.01	-
- Basic materials	-	0.96	-
- Utilities	-	1.05	-
Total quoted equities – foreign	18.74	13.43	16.31
Unquoted fixed income securities – local			
- Sukuk	70.17	64.62	65.40
Total unquoted fixed income securities – local	70.17	64.62	65.40
Cash and cash equivalent	9.70	12.78	4.12
Total	100.00	100.00	100.00
Total NAV (RM'million)	39.653	37.133	41.479
NAV per Unit (RM)	0.4768	0.5042	0.5249
Unit in Circulation (million)	83.173	73.648	79.015
Highest NAV	0.5247	0.5288	0.5487
Lowest NAV	0.4723	0.4925	0.5236
Return of the Fund (%) ⁱⁱⁱ	-0.73	0.92	4.39
- Capital Growth (%) ⁱ	-5.43	-3.94	-0.40
- Income Distribution (%) ⁱⁱ	4.98	5.06	4.81
Gross Distribution per Unit (sen)	2.50	2.50	2.50
Net Distribution per Unit (sen)	2.50	2.50	2.50
Management Expense Ratio (%) ¹	1.43	1.43	1.51
Portfolio Turnover Ratio (times) ²	1.26	0.85	0.89

¹The Fund's MER was unchanged for the financial year.

²The Fund recorded a higher PTR as the Manager had increased its trading activities during the financial year.

Basis of calculation and assumption made in calculating the returns:-

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distribution payable (if any) during the stipulated period.

An illustration of the above would be as follow:-

Capital return	= NAV per Unit end / NAV per Unit begin – 1
Income return	= Income distribution per Unit / NAV per Unit ex-date
Total return	= (1+Capital return) x (1+Income return) – 1

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

The 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)
18-Jun-19	19-Jun-19	0.5134	0.0050	0.5103
17-Dec-19	18-Dec-19	0.5247	0.0200	0.5049

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 has registered a -0.73% return as compared to the benchmark return of -1.79%. The Fund thus outperformed the benchmark by 1.06 percentage points. The Net Asset Value (NAV) per unit of the Fund as at 31 March 2020 was RM 0.4768 while the NAV per unit as at 31 March 2019 was RM 0.5042. During the same period under review, the Fund has declared a total income distribution of RM0.030 per unit by way of reinvestment in the form of additional units.

Since commencement, the Fund has outperformed the benchmark by 11.39 percentage points with returns of 27.16% compared to the benchmark return of 15.77%. The Fund has declared a total gross income distribution of RM0.1500 per unit to date. As such, the objective of the Fund which is to provide investors with a mixture of income and capital growth is being met.

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 (22/3/13 - 31/3/20)
Fund	(0.73%)	4.58%	13.08%	27.16%
Benchmark	(1.79%)	0.42%	5.29%	15.77%
Outperformance	1.06%	4.16%	7.79%	11.39%

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 (22/3/13 - 31/3/20)
Fund	(0.73%)	1.50%	2.49%	3.47%
Benchmark	(1.79%)	0.14%	1.03%	2.10%
Outperformance / (Underperformance)	1.06%	1.36%	1.46%	1.37%

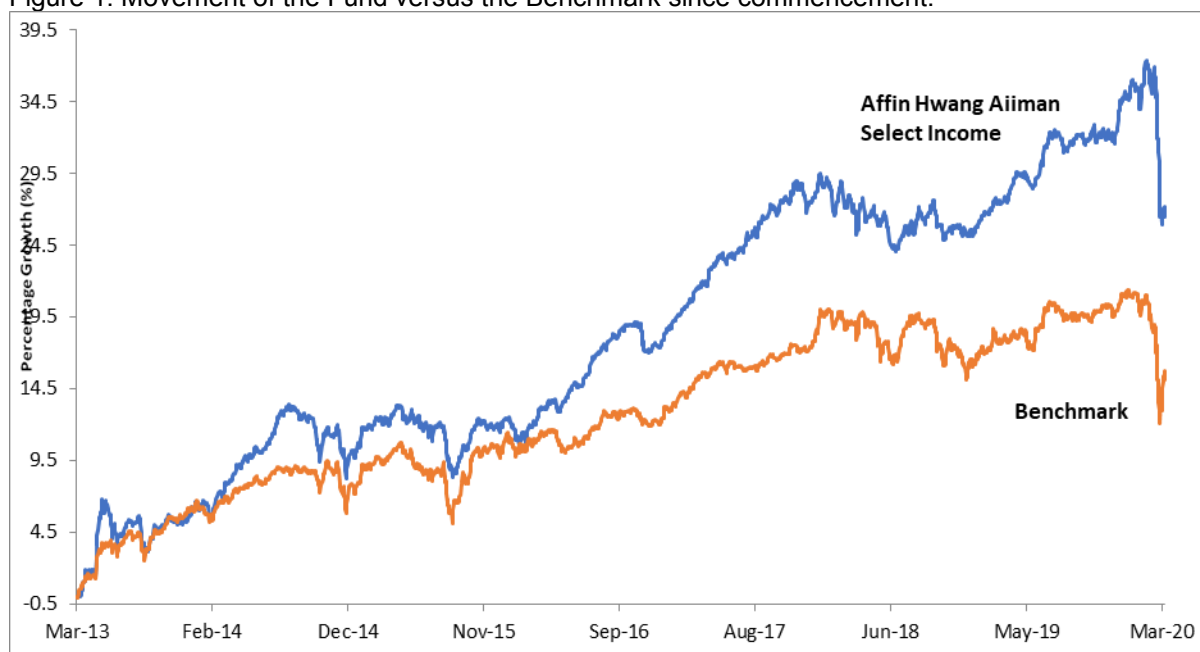
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (01/4/19 - 31/3/20)	FYE 2019 (01/4/18 - 31/3/19)	FYE 2018 (01/4/17 - 31/3/18)	FYE 2017 (01/4/16 - 31/3/17)	FYE 2016 (01/4/15 - 31/3/16)
Fund	(0.73%)	0.92%	4.39%	7.53%	0.56%
Benchmark	(1.79%)	(1.09%)	3.37%	3.51%	1.29%
Outperformance / (Underperformance)	1.06%	2.01%	1.02%	4.02%	(0.73%)

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: 70% FBMS Index + 30% MBB GIA 12M

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 year under review, please refer to Fund Performance Data.

As at 31 March 2020, the Shariah equities exposure of the Fund in the portfolio stood at 20.13%, Sukuk exposure stood at 70.17%, while the balance was held in cash and cash equivalent. During the year under review, the Manager had decreased its domestic equity exposure to 1.39% from 9.17% a year ago, where sectors like consumers, financials, industrials and properties were stripped off from the portfolio. Within the foreign equity space, the Manager had stripped off allocation into the oil & gas, utilities and basic materials space, while added consumer services into the Fund's exposure. On the other hand, the Fund's Sukuk exposure was higher at 70.17%, with cash level of the fund decreased to 9.70% from 12.78% a year ago.

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

Cross Trade

Cross trade transactions have been carried out during the reported period and the Investment Committee of the Fund has reviewed that such transactions are in the best interest of the Fund, transacted in the normal course of business at agreed terms and on a fair value basis.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN SELECT INCOME FUND

We have acted as Trustee of Affin Hwang Aiiman Select Income Fund ("the Fund") for the financial year ended 31 March 2020. To the best of our knowledge, Affin Hwang Asset Management Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

During this financial year, a total distribution of 2.50 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
18 May 2020

SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN SELECT INCOME FUND

We have acted as the Shariah Adviser of Affin Hwang Aiiman Select Income 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 24 April 2012, First Supplemental Deed dated 27 June 2014 and Second Supplemental Deed at 19 December 2016 are in accordance with Shariah principles.

In our opinion, Affin Hwang Asset Management Berhad, has managed and administered the 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 period 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 SELECT INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

AFFIN HWANG AIIMAN SELECT INCOME FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5 - 11
NOTES TO THE FINANCIAL STATEMENTS	12 - 46
STATEMENT BY THE MANAGER	47
INDEPENDENT AUDITORS' REPORT	48 - 51

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
INVESTMENT INCOME			
Dividend income		345,447	287,817
Profit income from financial assets at fair value through profit or loss		1,229,025	1,221,834
Profit income from financial assets at amortised cost		44,759	64,766
Net gain on foreign currency exchange		160,681	41,397
Net loss on financial assets at fair value through profit or loss	8	(1,404,160)	(633,484)
		<u>375,752</u>	<u>982,330</u>
EXPENSES			
Management fee	4	(466,895)	(430,021)
Trustee fee	5	(27,640)	(25,888)
Auditors' remuneration		(9,025)	(7,500)
Tax agent's fee		(8,847)	(16,340)
Transaction costs		(185,903)	(146,018)
Other expenses		(64,331)	(63,277)
		<u>(762,641)</u>	<u>(689,044)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(386,889)	293,286
Taxation	6	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		<u>(386,889)</u>	<u>293,286</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		933,462	559,464
Unrealised amount		(1,320,351)	(266,178)
		<u>(386,889)</u>	<u>293,286</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 SELECT INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Financial assets at fair value through profit or loss	8	35,808,674	32,387,754
Cash and cash equivalents	9	4,498,306	5,566,196
Dividends receivable		22,057	35,676
Amount due from Manager			
- creation of units		196,348	89,005
Amount due from brokers		-	176,849
TOTAL ASSETS		<u>40,525,385</u>	<u>38,255,480</u>
LIABILITIES			
Amount due to Manager			
- management fee		41,273	37,635
- cancellation of units		-	94,973
Amount due to Trustee		2,408	2,195
Amount due to brokers		780,690	934,535
Auditors' remuneration		9,025	9,000
Tax agent's fee		3,509	7,396
Other payables and accruals		35,036	36,825
TOTAL LIABILITIES		<u>871,941</u>	<u>1,122,559</u>
NET ASSET VALUE OF THE FUND		<u>39,653,444</u>	<u>37,132,921</u>
EQUITY			
Unitholders' capital		37,907,392	33,083,550
Retained earnings		1,746,052	4,049,371
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>39,653,444</u>	<u>37,132,921</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>83,173,000</u>	<u>73,648,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4768</u>	<u>0.5042</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 SELECT INCOME FUND

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

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2019	33,083,550	4,049,371	37,132,921
Total comprehensive loss for the financial year	-	(386,889)	(386,889)
Distributions (Note 7)	-	(1,916,430)	(1,916,430)
Movement in unitholders' capital:			
Creation of units arising from applications	10,954,253	-	10,954,253
Creation of units arising from distributions	1,911,396	-	1,911,396
Cancellation of units	(8,041,807)	-	(8,041,807)
Balance as at 31 March 2020	<u>37,907,392</u>	<u>1,746,052</u>	<u>39,653,444</u>
Balance as at 1 April 2018	35,947,585	5,531,010	41,478,595
Total comprehensive income for the financial year	-	293,286	293,286
Distributions (Note 7)	-	(1,774,925)	(1,774,925)
Movement in unitholders' capital:			
Creation of units arising from applications	7,293,608	-	7,293,608
Creation of units arising from distributions	1,769,999	-	1,769,999
Cancellation of units	(11,927,642)	-	(11,927,642)
Balance as at 31 March 2019	<u>33,083,550</u>	<u>4,049,371</u>	<u>37,132,921</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 SELECT INCOME FUND

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

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		47,253,936	35,001,225
Purchase of Shariah-compliant investments		(52,233,580)	(27,207,145)
Dividends received		359,066	288,979
Profit income received from Islamic deposits with financial institutions		44,759	64,766
Profit income received from sukuk		1,220,690	1,303,131
Management fee paid		(470,195)	(448,370)
Management fee rebate received		6,938	13,777
Trustee fee paid		(27,427)	(26,155)
Payments for other fees and expenses		(87,854)	(76,847)
Net gain/(loss) realised foreign currency exchange		(81,597)	(18,873)
Net cash (used in)/generated from operating activities		<u>(4,015,264)</u>	<u>8,894,488</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		10,846,910	7,285,823
Payments for cancellation of units		(8,136,780)	(12,009,195)
Payments for distributions		(5,034)	(4,926)
Net cash generated from/(used in) financing activities		<u>2,705,096</u>	<u>(4,728,298)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,310,168)	4,166,190
EFFECTS OF FOREIGN CURRENCY EXCHANGE		242,278	60,270
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,566,196	1,339,736
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u>4,498,306</u>	<u>5,566,196</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 SELECT INCOME 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 revenue 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 L.

- (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

Dividend income

Dividend income for 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 date, when the right to receive the dividend has been established.

Profit income

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

B INCOME RECOGNITION (CONTINUED)

Profit income (continued)

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

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

C 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.

D 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.

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

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.

G FOREIGN CURRENCY TRANSLATION

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

H 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 interest¹, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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.

¹ For the purposes of this Fund, interest refers to profits earned from Shariah-compliant investments.

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(i) Classification (continued)

The Fund classifies amount due to Manager, amount due to Trustee, amount due to brokers, auditors' remuneration, tax agent's 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. 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 including the effects of foreign currency exchange 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.

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

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Unquoted sukuk securities denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC's Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted Sukuk securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

Unquoted sukuk securities denominated in foreign currencies are revalued at least twice a week by reference to the mid-price quoted in Bloomberg. The Fund uses the Composite Bloomberg Bond Trader (CBBT) which is a weighted average bid and ask of price contributions submitted by Bloomberg Dealers. However, if such quotations are not available, the fair value shall be determined by reference to the bid and offer prices quoted by independent and reputable financial institutions.

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

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

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

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.

I 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.

J 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 H for accounting policy on recognition and measurement.

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

K 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.

L 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 required significant judgement 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 SC's Guidelines on Unit Trust Funds.

M 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 SELECT INCOME 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 Hwang AIIMAN Select Income Fund (the "Fund") pursuant to the execution of a Deed dated 24 April 2012 as modified by First Supplemental Deed dated 27 June 2014, Second Supplemental Deed dated 19 Dec 2016 and the Third Supplemental Deed dated 05 October 2018 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager") and HSBC (Malaysia) Trustee Berhad (the "Trustee"). The Fund has changed its name from Hwang AIIMAN Select Income Fund to Affin Hwang Aiiman Select Income Fund as amended by the Supplemental Deed dated 27 June 2014.

The Fund was launched on 12 December 2012 and will continue its operations until terminated by the Trustee as provided under Clause 12.1 of the Deed.

The Fund may invest in any of the followings investment:

- (a) Sukuk;
- (b) Shariah-compliant securities of companies listed on the recognised Malaysian stock exchange or any other market where the regulatory authority is a member of the International Organisation of Securities Commission (IOSCO);
- (c) Unlisted Shariah-compliant securities, including without limitation Shariah-compliant securities that have been approved by the relevant regulatory authorities for the listing of and quotation of such Shariah-compliant securities;
- (d) Islamic money market instruments;
- (e) Islamic deposits;
- (f) Unit or shares in Shariah-based collective investment schemes;
- (g) Shariah-compliant warrants;
- (h) Shariah-compliant derivatives and
- (i) Any other form of Shariah-compliant investment as may be permitted by the Shariah Advisory Council of the SC and/or the Shariah Adviser and as may be agreed between the Manager and the Trustee from time to time that is in line with the Fund's objective.

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

The main objective of the Fund is to seek to provide investors with regular income stream through Shariah-compliant investments.

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

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

AFFIN HWANG AIIMAN SELECT INCOME 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 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>				
Shariah-compliant quoted equities	8	-	7,982,131	7,982,131
Unquoted sukuk	8	-	27,826,543	27,826,543
Cash and cash equivalents	9	4,498,306	-	4,498,306
Dividends receivable		22,057	-	22,057
Amount due from Manager - creation of units		196,348	-	196,348
Total		<u>4,716,711</u>	<u>35,808,674</u>	<u>40,525,385</u>
<u>Financial liabilities</u>				
Amount due to Manager - management fee		41,273	-	41,273
Amount due to Trustee		2,408	-	2,408
Amount due to brokers		780,690	-	780,690
Auditors' remuneration		9,025	-	9,025
Tax agent's fee		3,509	-	3,509
Other payables and accruals		35,036	-	35,036
Total		<u>871,941</u>	<u>-</u>	<u>871,941</u>
<u>2019</u>				
<u>Financial assets</u>				
Shariah-compliant quoted equities	8	-	8,391,562	8,391,562
Unquoted sukuk	8	-	23,996,192	23,996,192
Cash and cash equivalents	9	5,566,196	-	5,566,196
Dividends receivable		35,676	-	35,676
Amount due from Manager - creation of units		89,005	-	89,005
Amount due from brokers		176,849	-	176,849
Total		<u>5,867,726</u>	<u>32,387,754</u>	<u>38,255,480</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

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

Financial instruments are as follows (continued):

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		37,635	-	37,635
- cancellation of units		94,973	-	94,973
Amount due to Trustee		2,195	-	2,195
Amount due to brokers		934,535	-	934,535
Auditors' remuneration		9,000	-	9,000
Tax agent's fee		7,396	-	7,396
Other payables and accruals		36,825	-	36,825
Total		<u>1,122,559</u>	<u>-</u>	<u>1,122,559</u>

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

AFFIN HWANG AIIMAN SELECT INCOME 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
Shariah-compliant quoted investments		
Quoted equities	7,982,131	8,391,562
	<u>7,982,131</u>	<u>8,391,562</u>
Shariah-compliant unquoted investments		
Unquoted sukuk*	27,826,543	23,996,192
	<u>27,826,543</u>	<u>23,996,192</u>

* Includes profit receivable of RM386,513 (2019: RM329,270)

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 7.5% (2019: 5%) and decreased by 7.5% (2019: 5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted and unquoted securities.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2020</u>		
-7.5%	32,765,499	(2,656,662)
0%	35,422,161	-
+7.5%	38,078,823	2,656,662
	<u>35,422,161</u>	<u>2,656,662</u>
<u>2019</u>		
-5%	30,455,560	(1,602,924)
0%	32,058,484	-
+5%	33,661,408	1,602,924
	<u>32,058,484</u>	<u>1,602,924</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

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

Market risk (continued)

(b) Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when profit rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted sukuk till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate profit rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted sukuk fund since unquoted sukuk portfolio management depends on forecasting profit rate movements. Prices of unquoted sukuk move inversely to profit rate movements, therefore as profit rates rise, the prices of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower profit coupon rates are more susceptible to profit rate movements.

Investors should note that unquoted sukuk and money market instruments are subject to profit rate fluctuations. Such investments may be subject to unanticipated rise in profit rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in profit rates may therefore increase the potential for default by an issuer.

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

<u>% Change in profit rate</u>	<u>Impact on profit after tax/ NAV</u>	
	<u>2020</u>	<u>2019</u>
	RM	RM
+ 2%	(200,220)	(66,070)
- 2%	202,996	66,366

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.

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

	Shariah- compliant quoted equities RM	Cash and cash equivalents RM	Dividends receivable RM	Total RM
<u>2020</u>				
<u>Financial assets</u>				
Hong Kong Dollar	2,687,458	1,686,057	-	4,373,515
Korean Won	467,008	-	16,062	483,070
Singapore Dollar	2,798,523	41,061	-	2,839,584
Taiwan Dollar	1,477,716	-	1,127	1,478,843
United States Dollar	-	1,914,735	-	1,914,735
	<u>7,430,705</u>	<u>3,641,853</u>	<u>17,189</u>	<u>11,089,747</u>

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Currency risk (continued)

	Amount due to brokers RM	Total RM
<u>2020</u>		
<u>Financial liabilities</u>		
Hong Kong Dollar	195,952	195,952
Korean Won	40,996	40,996
	<u>236,948</u>	<u>236,948</u>

	Shariah- compliant quoted equities RM	Cash and cash equivalents RM	Dividends receivable RM	Total RM
<u>2019</u>				
<u>Financial assets</u>				
Hong Kong Dollar	1,937,009	1,103,375	-	3,040,384
Indonesian Rupiah	560,867	1	-	560,868
Singapore Dollar	960,040	105,844	-	1,065,884
Taiwan Dollar	421,694	-	-	421,694
Thailand Baht	1,106,275	-	16,028	1,122,303
United States Dollar	-	604,758	-	604,758
	<u>4,985,885</u>	<u>1,813,978</u>	<u>16,028</u>	<u>6,815,891</u>

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Currency risk (continued)

	Amount due to brokers RM	Total RM
<u>2019</u>		
<u>Financial liabilities</u>		
Hong Kong Dollar	565,813	565,813
Singapore Dollar	97,045	97,045
	<u>662,858</u>	<u>662,858</u>

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

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in price %	Impact on profit after tax/ NAV RM
<u>2020</u>		
Hong Kong Dollar	+/-5.44	227,259
Korean Won	+/-9.22	40,759
Singapore Dollar	+/-4.03	114,435
Taiwan Dollar	+/-5.03	74,386
United States Dollar	+/-5.46	104,545

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Currency risk (continued)

	Change in rate %	Impact on profit after tax/ NAV RM
<u>2019</u>		
Hong Kong Dollar	+/-5	123,729
Indonesian Rupiah	+/-5	28,043
Singapore Dollar	+/-5	48,442
Taiwan Dollar	+/-5	21,085
Thailand Baht	+/-5	56,115
United States Dollar	+/-5	30,238

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 one month RM	Between one month to one year RM	Total RM
<u>2020</u>			
Amount due to Manager			
- management fee	41,273	-	41,273
Amount due to Trustee	2,408	-	2,408
Amount due to brokers	780,690	-	780,690
Auditors' remuneration	-	9,025	9,025
Tax agent's fee	-	3,509	3,509
Other payables and accruals	-	35,036	35,036
	<u>824,371</u>	<u>47,570</u>	<u>871,941</u>

AFFIN HWANG AIIMAN SELECT INCOME 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)

	Within <u>one month</u> RM	Between one month to <u>one year</u> RM	<u>Total</u> RM
<u>2019</u>			
Amount due to Manager			
- management fee	37,635	-	37,635
- cancellation of units	94,973	-	94,973
Amount due to Trustee	2,195	-	2,195
Amount due to brokers	934,535	-	934,535
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	7,396	7,396
Other payables and accruals	-	36,825	36,825
	<u>1,069,338</u>	<u>53,221</u>	<u>1,122,559</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 investment. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

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.

For unquoted sukuk, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and Securities Commission's Guidelines on Unit Trust Funds.

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

AFFIN HWANG AIIMAN SELECT INCOME 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 concentration of the Fund:

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u>				
Consumer goods				
- A1	848,008	-	-	848,008
- NR	-	-	6,130	6,130
Financial services				
- AAA	1,734,116	4,498,306	-	6,232,422
- AA3	2,031,716	-	-	2,031,716
- AA	525,616	-	-	525,616
- AA-	1,061,482	-	-	1,061,482
- NR	1,075,991	-	196,348	1,272,339
Government				
- SOV	1,101,409	-	-	1,101,409
Industrials				
- AAA	1,054,353	-	-	1,054,353
- AA3	498,879	-	-	498,879
- AA+	1,578,225	-	-	1,578,225
- AA-	3,730,849	-	-	3,730,849
- A	3,943,519	-	-	3,943,519
- NR	557,151	-	-	557,151
Oil & Gas				
- AA-	543,170	-	-	543,170
Properties				
- NR	-	-	4,868	4,868
Technology				
- NR	-	-	11,059	11,059
Telecommunications				
- AAA	1,061,664	-	-	1,061,664
- AA+	548,905	-	-	548,905
Utilities				
- AA1	2,121,412	-	-	2,121,412
- AA3	1,060,731	-	-	1,060,731
- AA-	2,749,347	-	-	2,749,347
	<u>27,826,543</u>	<u>4,498,306</u>	<u>218,405</u>	<u>32,543,254</u>

AFFIN HWANG AIIMAN SELECT INCOME 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)

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2019</u>				
Consumer goods				
- A1	816,179	-	-	816,179
Basic materials				
- NR	-	-	11,862	11,862
Financial services				
- AAA	1,024,972	5,566,196	-	6,591,168
- AA3	1,021,464	-	-	1,021,464
- AA	514,134	-	-	514,134
- AA-	1,042,082	-	-	1,042,082
- A1	1,015,099	-	176,849	1,191,948
Industrials				
- AAA	1,031,839	-	-	1,031,839
- AA3	1,036,413	-	-	1,036,413
- AA+	1,540,977	-	-	1,540,977
- AA-	5,524,568	-	-	5,524,568
- A1	1,008,556	-	-	1,008,556
Industrial Product & Services				
- NR	-	-	5,560	5,560
Oil & Gas				
- NR	-	-	4,166	4,166
Properties				
- NR	-	-	6,000	6,000
Telecommunications				
- AAA	1,039,775	-	-	1,039,775
- AA+	539,198	-	-	539,198
Utilities				
- AA3	1,552,534	-	-	1,552,534
- AA1	2,064,229	-	-	2,064,229
- AA-	3,224,174	-	-	3,224,174
- NR	-	-	3,220	3,220
Others				
- NR	-	-	93,873	93,873
	<u>23,996,192</u>	<u>5,566,196</u>	<u>301,530</u>	<u>29,863,918</u>

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

AFFIN HWANG AIIMAN SELECT INCOME 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 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 SC performed twice yearly. If this occurs, the value of the fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's advice.

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the 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 SELECT INCOME 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	7,982,131	-	-	7,982,131
- unquoted sukuk	-	27,826,543	-	27,826,543
	<u>7,982,131</u>	<u>27,826,543</u>	<u>-</u>	<u>35,808,674</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	8,391,562	-	-	8,391,562
- unquoted sukuk	-	23,996,192	-	23,996,192
	<u>8,391,562</u>	<u>23,996,192</u>	<u>-</u>	<u>32,387,754</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

AFFIN HWANG AIIMAN SELECT INCOME 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 carrying amount 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.

4 MANAGEMENT FEE

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

For the financial year ended 31 March 2020, the management fee is recognised at a rate of 1.20% (2019: 1.20%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

The profit income earned by the Manager from the Fund's trust collection account maintained by the Manager is netted off against the gross management fee charged by the manager.

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

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee, inclusive of custodian fee, at a rate not exceeding 0.20% per annum on 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 0.07% per annum (2019: 0.07%) per annum on the NAV of the Fund, inclusive of local custodian fee but exclusive of foreign sub-custodian fee, calculated on a daily basis as stated in the Fund's Prospectus.

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

AFFIN HWANG AIIMAN SELECT INCOME 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
Taxation	-	-

The numerical reconciliation between net (loss)/profit 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)/profit before taxation	(386,889)	293,286
Tax at Malaysian statutory rate of 24% (2019: 24%)	(92,853)	70,389
Tax effects of:		
Investment income not subject to tax	(90,180)	(235,760)
Expenses not deductible for tax purposes	68,093	56,766
Restriction on tax deductible expenses for Unit Trust Funds	114,940	108,605
Tax expense	-	-

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

7 DISTRIBUTIONS

	<u>2020</u> RM	<u>2019</u> RM
Distributions to unitholders are from the following sources:		
Previous years' realised income	1,916,430	1,774,925
Gross/net distribution amount	<u>1,916,430</u>	<u>1,774,925</u>

During the financial year 31 March 2020, distributions were made as follows:

<u>2020</u>	Gross/net distribution per unit (sen) RM
19.06.2019	0.50
18.12.2019	2.00
	<u>2.50</u>

During the financial year 31 March 2019, distributions were made as follows:

<u>2019</u>	Gross/net distribution per unit (sen) RM
13.06.2018	1.00
10.12.2018	1.50
	<u>2.50</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.

Distributions for the financial year of RM1,916,430 (2019: RM1,774,925) is made from previous financial years' realised income.

There are unrealised losses of RM1,320,351 during the financial year (2019: RM266,178).

AFFIN HWANG AIIMAN SELECT INCOME 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
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted equities – local	551,426	3,405,677
- Shariah-compliant quoted equities – foreign	7,430,705	4,985,885
- Unquoted sukuk – local	27,826,543	23,996,192
	<u>35,808,674</u>	<u>32,387,754</u>
Net loss on financial assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	109,560	(302,041)
- unrealised loss on changes in fair value	(1,513,720)	(331,443)
	<u>(1,404,160)</u>	<u>(633,484)</u>

(a) Shariah-compliant quoted equities – local

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

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Preference Shares</u>				
SP Setia Bhd Group - PA	150,000	150,000	111,750	0.28
<u>REITs</u>				
Axis Real Estate Investment Trust	241,580	432,239	439,676	1.11
Total Shariah-compliant quoted equities – local	<u>391,580</u>	<u>582,239</u>	<u>551,426</u>	<u>1.39</u>
Accumulated unrealised loss on Shariah-compliant quoted equities – local		(30,813)		
Total Shariah-compliant quoted equities – local		<u>551,426</u>		

AFFIN HWANG AIIMAN SELECT INCOME 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:

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Product & Services</u>				
Petronas Dagangan Bhd	13,500	362,423	337,500	0.91
<u>Financial Services</u>				
Syarikat Takaful Malaysia	86,000	372,378	428,280	1.15
<u>Industrial Product & Services</u>				
ATA IMS Bhd	161,300	250,015	275,823	0.74
Scientex Bhd	51,900	217,380	441,150	1.19
Sunway Bhd	278,000	464,179	459,534	1.24
	491,200	931,574	1,176,507	3.17
<u>Property</u>				
Matrix Concepts Holdings Bhd	200,000	408,876	378,000	1.02
UOA Development Bhd	193,000	479,187	414,950	1.12
	393,000	888,063	792,950	2.14
<u>REITs</u>				
KLCC Property & KLCC REITs – Stapled Securities	69,000	530,609	535,440	1.44
<u>Preference Shares</u>				
SP Setia Bhd Group -PA	150,000	150,000	135,000	0.36
Total Shariah-compliant quoted equities – local	1,202,700	3,235,047	3,405,677	9.17
Accumulated unrealised gain on Shariah-compliant quoted equities – local		170,630		
Total Shariah-compliant quoted equities – local		3,405,677		

AFFIN HWANG AIIMAN SELECT INCOME 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) Shariah-compliant quoted equities – foreign

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

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
China Mengniu Dairy Co Ltd	13,000	195,678	195,145	0.49
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	4,000	420,076	408,615	1.03
Chow Tai Fook Jewellery Group Ltd	68,000	211,086	206,424	0.52
	72,000	631,162	615,039	1.55
<u>Financial Services</u>				
Longfor Group Holdings Ltd	11,000	224,432	230,988	0.58
Link REIT	10,900	455,258	398,884	1.00
	21,900	679,690	629,872	1.58
<u>Technology</u>				
Tencent Holdings Ltd	3,800	754,743	804,308	2.03
<u>Industrials</u>				
China Resources Cement Holding Ltd	86,000	406,305	443,094	1.11

AFFIN HWANG AIIMAN SELECT INCOME 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) Shariah-compliant quoted equities – foreign (continued)

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

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Consumer Services</u>				
Sheng Siong Group Ltd	62,000	218,225	221,170	0.56
<u>Financial Services</u>				
CapitaLand Mall Trust	99,500	725,690	535,421	1.35
Fraser's Centrepoint Trust	122,900	950,242	824,817	2.08
	222,400	1,675,932	1,360,238	3.43
<u>Industrials</u>				
Venture Corp Ltd	9,000	450,229	369,211	0.93
<u>Technology</u>				
NetLink NBN Trust	150,000	411,922	408,119	1.03
<u>Telecommunications</u>				
Singapore Telecom Ltd	57,500	537,607	439,785	1.12
<u>South Korea</u>				
<u>Technology</u>				
Samsung Electronics Co Ltd - Pref Shares	3,288	476,693	467,008	1.19

AFFIN HWANG AIIMAN SELECT INCOME 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) Shariah-compliant quoted equities – foreign (continued)

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

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Taiwan</u>				
<u>Industrials</u>				
Delta Electronics Inc	22,000	418,581	376,728	0.95
<u>Technology</u>				
Nanya Technology Corporation	42,000	396,730	321,846	0.81
Taiwan Semiconductor Manufacturing Co. Ltd	20,000	789,673	779,142	1.96
	62,000	1,186,403	1,100,988	2.77
Total Shariah-compliant quoted equities – foreign	784,888	8,043,170	7,430,705	18.74
Accumulated unrealised loss on Shariah-compliant quoted equities – foreign		(612,465)		
Total Shariah-compliant quoted equities – foreign		7,430,705		

AFFIN HWANG AIIMAN SELECT INCOME 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) Shariah-compliant quoted equities – foreign (continued)

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

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Goods</u>				
Xinyi Glass Holdings Co Ltd	78,000	378,898	364,564	0.98
<u>Financial Services</u>				
China Overseas Land & Invest	26,000	386,919	402,143	1.08
<u>Industrials</u>				
China Resources Cement Holding	92,000	385,457	387,429	1.04
<u>Technology</u>				
Tencent Holdings Ltd	1,100	182,502	206,338	0.56
<u>Telecommunications</u>				
China Mobile Ltd	4,500	198,616	187,047	0.50
<u>Utilities</u>				
CK Infrastructure Holdings Ltd	6,000	192,075	200,577	0.54
Guangdong Investment Ltd	24,000	176,445	188,911	0.51
	30,000	368,520	389,488	1.05
<u>Indonesia</u>				
<u>Telecommunications</u>				
Telekomunikasi Indonesia	496,000	551,953	560,867	1.51

AFFIN HWANG AIIMAN SELECT INCOME 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) Shariah-compliant quoted equities – foreign (continued)

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

<u>Name of issuer</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Singapore</u>				
<u>Industrials</u>				
Singapore Airport Terminal	31,500	456,038	484,810	1.31
Venture Corp Ltd	8,800	447,604	475,230	1.28
	<u>40,300</u>	<u>903,642</u>	<u>960,040</u>	<u>2.59</u>
<u>Taiwan</u>				
<u>Technology</u>				
Taiwan Semiconductor Manufacturing	13,000	384,197	421,694	1.14
<u>Thailand</u>				
<u>Basic Materials</u>				
PTT Global Chemical PCL	41,000	388,060	354,549	0.96
<u>Industrials</u>				
Airports of Thailand PCL	44,000	368,354	383,321	1.03
<u>Oil & Gas</u>				
PTT PCL	60,000	381,244	368,405	0.99
Total Shariah-compliant quoted equities – foreign	<u>925,900</u>	<u>4,878,362</u>	<u>4,985,885</u>	<u>13.43</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – foreign		<u>107,523</u>		
Total Shariah-compliant quoted equities – foreign		<u>4,985,885</u>		

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Unquoted sukuk – local

(i) Unquoted sukuk – local as at 31 March 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
3.8% Aeon Credit Service Malaysia Bhd 10.02.2027 (AA3)	1,000,000	1,005,292	984,970	2.48
4.50% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	500,000	544,905	526,925	1.33
4.95% Bank Pembangunan Malaysia Bhd 02.11.2035 (AAA)	500,000	584,719	542,558	1.37
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	500,000	515,883	548,905	1.38
3.42% Danum Capital Bhd 21.02.2035 (AAA)	500,000	501,962	455,849	1.15
5.05% Fortune Premiere Sdn Bhd 05.09.2025 (AA)	500,000	501,589	525,616	1.32
4.263% Gamuda Bhd 16.11.2029 (AA3)	500,000	508,348	498,879	1.26
4.369% GII 31.10.2028 (SOV)	500,000	543,742	543,992	1.37
4.638% GII 15.11.2049 (SOV)	500,000	591,143	557,417	1.41
5.10% GULF Investment Corp 20.06.2022 (AAA)	200,000	205,199	208,784	0.53
5.42% Jimah East Power Sdn Bhd 04.06.2025 (AA-)	500,000	524,995	540,035	1.36
5.82% Jimah East Power Sdn Bhd 04.12.2030 (AA-)	500,000	545,674	565,942	1.43
6.24% Jimah East Power Sdn Bhd 04.06.2032 (AA-)	500,000	614,518	602,775	1.52
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	2,000,000	2,050,825	2,145,243	5.41
6.04% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2035 (AA-)	500,000	573,679	541,091	1.36
4.9% Lembaga Pembiayaan Perumah SA 21.09.2046 (NR)	500,000	605,273	537,909	1.36

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Unquoted sukuk – local (continued)

(i) Unquoted sukuk – local as at 31 March 2020 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u> (continued)				
5.90% MEX II Sdn Bhd 27.04.2029 (A)	2,000,000	2,096,988	1,945,530	4.91
5.29% MMC Corp Bhd 26.04.2023 (AA-)	500,000	512,809	521,997	1.32
5.7% MMC Corp Bhd 24.03.2028 (AA-)	500,000	500,467	518,598	1.31
5.15% Perbadanan Kemajuan N Selangor 10.08.2023 (AA3)	1,000,000	1,007,169	1,046,746	2.64
4.64% Plus Bhd 10.01.2025 (AAA)	1,000,000	1,034,968	1,054,353	2.66
5.23% Prasarana Malaysia Bhd 13.09.2047 (NR)	500,000	635,360	557,151	1.40
4.85% PTPTN 26.07.2041 (NR)	500,000	598,210	538,082	1.36
5.8% Tadau Energy Sdn Bhd 27.07.2029 (AA3)	500,000	562,341	536,514	1.35
5.30% Tanjung Bin Energy Issuer Bhd 16.03.2023 (AA3)	500,000	510,133	524,217	1.32
4.63% Teknologi Tenaga Perlis Consor 30.07.2021 (AA1)	500,000	506,986	512,324	1.29
4.55% Telekom Malaysia Bhd 07.10.2024 (AAA)	1,000,000	1,038,851	1,061,664	2.68
5.06% UEM Sunrise Bhd 09.12.2022 (AA-)	500,000	509,662	524,618	1.32
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	511,968	536,864	1.35
6% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,464	543,170	1.37
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	750,000	785,225	848,008	2.14

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Unquoted sukuk – local (continued)

(i) Unquoted sukuk – local as at 31 March 2020 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk (continued)</u>				
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	1,000,000	1,046,108	1,044,515	2.63
5.8% WCT Holdings Bhd Call: 27.09.2024 (A)	2,000,000	2,001,586	1,997,989	5.04
4.53% Westports Malaysia Sdn Bhd 01.04.2027 (AA+)	1,500,000	1,535,309	1,578,225	3.98
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,500,000	1,578,258	1,609,088	4.06
Total unquoted sukuk – local	<u>26,450,000</u>	<u>27,906,608</u>	<u>27,826,543</u>	<u>70.17</u>
Accumulated unrealised loss on unquoted sukuk – local		<u>(80,065)</u>		
Total unquoted sukuk – local		<u>27,826,543</u>		

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Unquoted sukuk – local (continued)

(ii) Unquoted sukuk – local as at 31 March 2019 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
4.53% Westports Malaysia Sdn Bhd 01.04.2027 (AA+)	1,500,000	1,535,375	1,540,977	4.15
4.55% Telekom Malaysia Bhd 07.10.2024 (AAA)	1,000,000	1,041,921	1,039,775	2.80
4.63% Teknologi Tenaga Perlis Conсор 30.07.2021 (AA1)	1,000,000	1,018,354	1,017,551	2.74
4.64% Plus Bhd 10.01.2025 (AAA)	1,000,000	1,039,371	1,031,839	2.78
4.80% Lafarge Cement Sdn Bhd 13.01.2020 (A1)	1,000,000	1,006,421	1,008,556	2.72
5.05% Fortune Premiere Sdn Bhd 05.09.2025 (AA)	500,000	501,729	514,134	1.38
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,030,080	1,046,678	2.82
5.06% UEM Sunrise Bhd 09.12.2022 (AA-)	500,000	510,252	516,744	1.39
5.10% GULF Investment Corp 20.06.2022 (AAA)	1,000,000	1,030,645	1,024,972	2.76
5.15% Perbadanan Kemajuan Negeri Selangor 10.08.2023 (AA3)	1,000,000	1,006,914	1,021,464	2.75
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	512,078	525,338	1.42
5.25% Konsortium Lebu Raya UT KL SB 02.12.2032 (AA-)	500,000	511,460	532,938	1.44
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	500,000	516,401	539,198	1.45
5.28% Besraya Malaysia Sdn Bhd 28.07.2027 (AA3)	1,000,000	1,019,613	1,036,413	2.79
5.29% MMC Corp Berhad 26.04.2023 (AA-)	500,000	513,423	514,172	1.38
5.30% Tanjung Bin Energy Issuer Bhd 16.03.2023 (AA3)	1,500,000	1,538,310	1,552,534	4.18
5.42% Jimah East Power Sdn Bhd 04.06.2025 (AA-)	500,000	527,628	534,311	1.44
5.70% MMC Corp Berhad 24.03.2028 (AA-)	500,000	500,469	508,144	1.37
5.82% Jimah East Power Sdn Bhd 04.12.2030 (AA-)	500,000	548,121	564,293	1.52

AFFIN HWANG AIIMAN SELECT INCOME 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)

(c) Unquoted sukuk – local (continued)

(ii) Unquoted sukuk – local as at 31 March 2019 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk (continued)</u>				
5.85% Jimah East Power Sdn Bhd 04.06.2031 (AA-)	500,000	547,867	565,516	1.52
5.90% MEX II Sdn Bhd 27.04.2029 (AA-)	2,000,000	2,100,580	2,226,966	6.00
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	2,000,000	2,051,897	2,202,591	5.93
6.00% TF Varlik Kiralama AS 28.06.2019 (A1)	1,000,000	1,015,494	1,015,099	2.73
6.00% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,649	537,738	1.45
6.23% Lebuhraya DUKE Fasa 3 Sdn Bhd 21.08.2037 (AA-)	500,000	557,234	562,072	1.51
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	750,000	785,682	816,179	2.20
Total unquoted sukuk – local	<u>22,750,000</u>	<u>23,483,968</u>	<u>23,996,192</u>	<u>64.62</u>
Accumulated unrealised gain on unquoted sukuk – local		<u>512,224</u>		
Total unquoted sukuk – local		<u>23,996,192</u>		

AFFIN HWANG AIIMAN SELECT INCOME 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	3,735,885	1,900,919
Shariah-based deposits with licensed financial institutions	762,421	3,665,277
	<u>4,498,306</u>	<u>5,566,196</u>

The 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>3.20</u>

Shariah-based deposits with licensed financial institutions have 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	73,648,000	79,015,000
Creation of units arising from applications during the financial year	21,449,605	14,329,583
Creation of units arising from distributions during the financial year	3,777,621	3,540,407
Cancellation of units during the financial year	<u>(15,702,226)</u>	<u>(23,236,990)</u>
At the end of the financial year	<u>83,173,000</u>	<u>73,648,000</u>

AFFIN HWANG AIIMAN SELECT INCOME 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 as at 31 March 2020, which comprises:

- a) Equity securities listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the SC;
- b) Sukuk as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- c) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investment and/or instruments.

12 TRANSACTIONS WITH BROKERS AND DEALERS

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

<u>Name of broker/dealers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
CLSA Ltd	15,206,039	15.65	10,415	9.08
Affin Hwang Investment Bank Bhd#	15,038,242	15.47	20,469	17.85
Macquarie Bank Ltd	12,004,413	12.35	7,866	6.86
Standard Chartered Bank (M) Bhd	6,242,750	6.42	-	-
RHB Investment Bank Bhd	4,267,331	4.39	2,843	2.48
Macquarie Securities Ltd	3,948,897	4.06	5,914	5.16
Masterlink Securities Co Ltd	3,768,038	3.88	9,420	8.21
Instinet Pacific Ltd	3,719,715	3.83	3,455	3.01
Credit Lyonnais Securities	2,753,243	2.83	2,072	1.81
Merrill Lynch International	2,410,866	2.48	7,233	6.31
Others	27,823,896	28.64	44,997	39.23
	<u>97,183,430</u>	<u>100.00</u>	<u>114,682</u>	<u>100.00</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

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

12 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

- (ii) Details of transactions with the top 10 brokers and dealers for the financial year ended 31 March 2019 are as follows:

<u>Name of broker/dealers</u>	<u>Value of trade</u> RM	Percentage of <u>total trade</u> %	Brokerage <u>fees</u> RM	Percentage of total <u>brokerage</u> %
CLSA Limited	10,477,261	17.13	8,911	9.38
Affin Hwang Investment Bank Bhd#	7,839,494	12.82	13,481	14.19
Bank Muamalat Malaysia Bhd#	4,019,300	6.57	-	-
Macquarie Bank Ltd Hong Kong	3,567,078	5.83	4,902	5.16
RHB Investment Bank Bhd#	2,466,331	4.03	1,733	1.82
CCB International Securities Ltd	2,465,446	4.03	6,164	6.49
Instinet Pacific Ltd	2,224,828	3.64	5,281	5.56
HLG Securities Sdn Bhd	1,735,467	2.84	3,906	4.11
Masterlink Securities Co Ltd Taipei	1,666,282	2.72	4,166	4.39
Morgan Stanley and Co International Plc	1,569,651	2.57	3,139	3.31
Other	23,134,483	37.82	43,304	45.59
	<u>61,165,621</u>	<u>100.00</u>	<u>94,987</u>	<u>100.00</u>

Included in transactions with brokers and dealers are trades conducted with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM15,038,242 (2019:RM7,839,494). 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 SELECT INCOME FUND

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

12 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

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

	<u>2020</u> RM	<u>2019</u> RM
<u>Name of broker/dealers</u>		
Affin Hwang Investment Bank Bhd	5,768,950	-
Bank Muamalat Malaysia Bhd	-	4,019,300
RHB Investment Bank Bhd	1,130,300	264,675
	<u>6,899,250</u>	<u>4,283,975</u>

The cross trades are conducted between the Funds and other funds, and private mandates managed by the Manager as follows:

	<u>2020</u> RM	<u>2019</u> RM
Affin Hwang Aiiman Income Plus Fund	4,440,450	3,516,250
Private mandates managed by the Manager	2,458,800	767,725
	<u>6,899,250</u>	<u>4,283,975</u>

AFFIN HWANG AIIMAN SELECT INCOME 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 Holdings 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:

	<u>2020</u>		<u>2019</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	<u>2,452</u>	<u>1,169</u>	<u>320,757</u>	<u>161,726</u>

AFFIN HWANG AIIMAN SELECT INCOME 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>1.43</u>	<u>1.43</u>

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebate
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses, excluding goods and services tax on transaction costs
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is RM39,370,161 (2019: RM36,986,283).

15 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2020</u>	<u>2019</u>
PTR (times)	<u>1.26</u>	<u>0.85</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM52,001,407 (2019: RM28,004,664)
total disposal for the financial year = RM47,075,102 (2019: RM34,720,811)

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as 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 46 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 SELECT INCOME FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Select Income 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 46.

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 SELECT INCOME 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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN SELECT INCOME FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 SELECT INCOME 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

DIRECTORY OF SALES OFFICE

HEAD OFFICE

Affin Hwang Asset Management Berhad
Ground Floor
Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Tel : 03 – 2116 6000
Fax : 03 – 2116 6100
Toll free no : 1-800-88-7080
Email: customercare@affinhwangam.com

PENANG

Affin Hwang Asset Management Berhad
No. 10-C-24 Precinct 10
Jalan Tanjung Tokong
10470 Penang

Tel : 04 – 899 8022
Fax : 04 – 899 1916

PERAK

Affin Hwang Asset Management Berhad
13A Persiaran Greentown 7
Greentown Business Centre
30450 Ipoh Perak

Tel : 05 – 241 0668
Fax : 05 – 255 9696

MELAKA

Affin Hwang Asset Management Berhad
Ground Floor, No. 584, Jalan Merdeka
Taman Melaka Raya
75000 Melaka

Tel : 06 – 281 2890 / 3269
Fax : 06 – 281 2937

JOHOR

Affin Hwang Asset Management Berhad
Unit 22-05, Level 22
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

Tel : 07 – 227 8999
Fax : 07 – 223 8998

SABAH

Affin Hwang Asset Management Berhad
Lot No. B-2-09, 2nd Floor
Block B, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu
Sabah

Tel : 088 – 252 881
Fax : 088 – 288 803

DIRECTORY OF SALES OFFICE (CONTINUED)

SARAWAK

Affin Hwang Asset Management Berhad
Ground Floor, No. 69
Block 10, Jalan Laksamana Cheng Ho
93200 Kuching
Sarawak

Tel : 082 – 233 320
Fax : 082 – 233 663

Affin Hwang Asset Management Berhad
1st Floor, Lot 1291
Jalan Melayu, MCLD
98000 Miri
Sarawak

Tel : 085 – 418 403
Fax : 085 – 418 372

www.affinhwangam.com

Affin Hwang Asset Management Berhad
199701014290 (429786-T)