

Affin Hwang Aiiman Select Income Fund

Interim Report

30 September 2020

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



AFFIN HWANG
CAPITAL

MANAGER

Affin Hwang Asset Management Berhad
199701014290 (429786-T)

TRUSTEE

HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

AFFIN HWANG AIIMAN SELECT INCOME FUND

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2020

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

FUND INFORMATION

Fund Name	Affin Hwang Aiman 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 end of its first financial year

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 SEPTEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	26	72
5,001 to 10,000	27	210
10,001 to 50,000	63	1,472
50,001 to 500,000	33	4,223
500,001 and above	11	90,749
Total	160	96,726

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Sep 2020 (%)	As at 30 Sep 2019 (%)	As at 30 Sep 2018 (%)
Portfolio composition			
Quoted equities – local			
- Consumer products & services	-	-	1.00
- Energy	-	2.72	2.14
- Financials	-	0.94	-
- Industrial products & services	-	1.47	5.28
- Preference share	0.21	0.33	0.41
- Properties	-	-	2.42
- REITs	1.05	1.40	1.01
- Technology	1.95	2.57	1.81
- Telecommunications & media	-	-	1.15
- Utilities	-	2.38	1.28
Total quoted equities – local	3.21	11.81	16.50
Quoted equities – foreign			
- Consumer goods	-	2.03	1.12
- Consumer services	11.84	2.08	-
- Financials	4.85	-	-
- Industrials	1.09	-	1.54
- Oil & gas	-	-	2.37
- Preference shares	3.61	-	-
- Technology	7.20	5.30	1.58
- Telecommunications	2.27	3.93	0.28
- Utilities	-	1.03	0.56
Total quoted equities – foreign	30.86	14.37	7.45
Unquoted sukuk - local	60.77	69.11	68.15
Cash & cash equivalent	5.16	4.71	7.90
Total	100.00	100.00	100.00
Total NAV (RM'million)	49.423	39.632	35.483
NAV per Unit (RM)	0.5109	0.5137	0.5163
Unit in Circulation (million)	96.729	77.143	68.731
Highest NAV	0.5268	0.5166	0.5288
Lowest NAV	0.4753	0.5054	0.5032
Return of the Fund (%) ⁱⁱⁱ	8.23	2.88	0.28
- Capital Growth (%) ⁱ	7.15	1.88	-1.64
- Income Distribution (%) ⁱⁱ	1.01	0.98	1.96
Gross Distribution per Unit (sen)	0.50	0.50	1.00
Net Distribution per Unit (sen)	0.50	0.50	1.00
Management Expense Ratio (%) ¹	0.75	0.79	0.75
Portfolio Turnover Ratio (times) ²	0.46	0.52	0.53

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.

¹The MER of the Fund was lower than previous period under review due to higher average net asset value of the Fund.

²The PTR of the Fund was lower than previous period under review due to higher average net asset value of the Fund.

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 Net Asset Value per unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
16 Jun 2020	17 Jun 2020	0.4997	0.0050	0.4960

No unit split were declared for the financial period ended 30 September 2020.

Performance Review

For the period 1 April 2020 to 30 September 2020, the Fund registered a return of 8.23%. The Net Asset Value (NAV) per unit of the Fund as at 30 September 2020 was RM 0.5109 while the NAV per unit on 31 March 2020 was RM 0.4768. The Benchmark for the period registered a return of 8.65%. The Fund underperformed the Benchmark by 0.42%. The fund declared a gross income distribution of RM0.005 per unit for the period. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since its inception to 30 September 2020, the Fund has registered a return of 37.62%. Compared to the benchmark of 25.79% for the same period, the Fund outperformed the Benchmark by 11.83%. The fund has declared a total gross income distribution of RM0.155 per unit to-date. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

	6 Months (1/4/20 - 30/9/20)	1 Year (1/10/19 - 30/9/20)	3 Years (1/10/17 - 30/9/20)	5 Years (1/10/15 - 30/9/20)	Since Commencement (22/3/13 - 30/9/20)
Fund	8.23%	4.44%	8.56%	24.58%	37.62%
Benchmark	8.65%	5.20%	7.88%	16.29%	25.79%
Outperformance	(0.42%)	(0.76%)	0.68%	8.29%	11.83%

Source of Benchmark: Bloomberg & www.maybank2u.com.my

Table 2: Average Total Return

	1 Year (1/10/19 - 30/9/20)	3 Years (1/10/17 - 30/9/20)	5 Years (1/10/15 - 30/9/20)	Since Commencement (22/3/13 - 30/9/20)
Fund	4.44%	2.77%	4.49%	4.33%
Benchmark	5.20%	2.56%	3.06%	3.09%
Outperformance	(0.76%)	0.21%	1.43%	1.24%

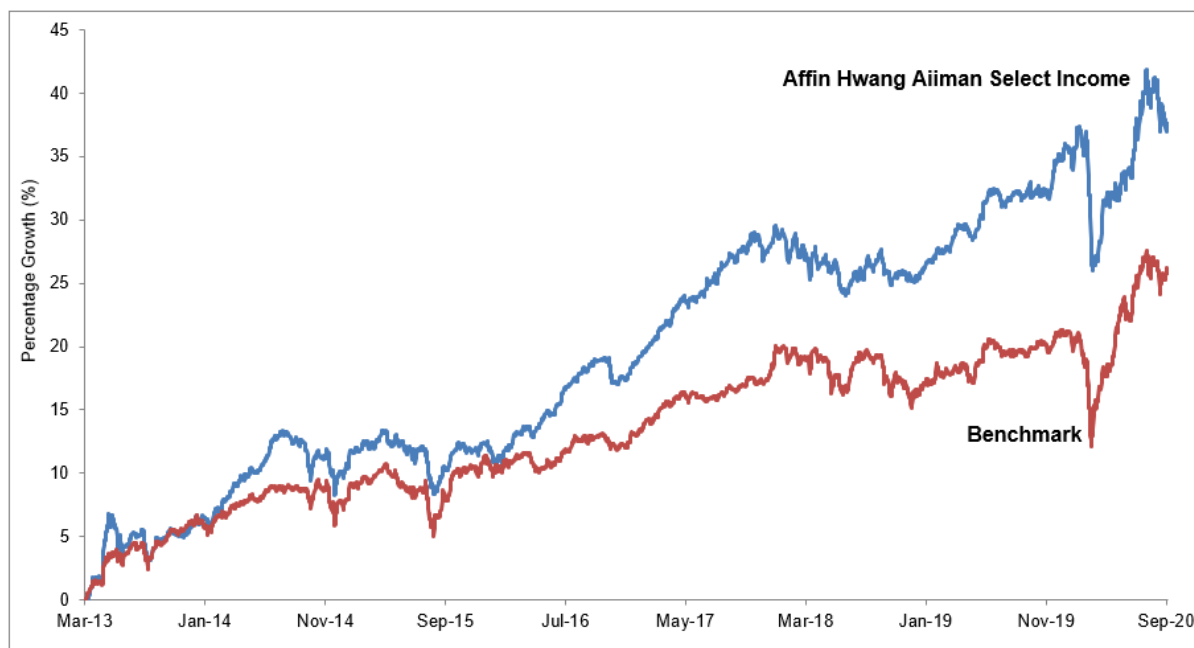
Source of Benchmark: Bloomberg & www.maybank2u.com.my

Table 3: Annual Total Return

	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)	FYE 2017 (1/4/16 - 31/3/17)	FYE 2016 (1/4/15 - 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	1.06%	2.01%	1.02%	4.02%	(0.73%)

Source of Benchmark: Bloomberg & www.maybank2u.com.my

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 & www.maybank2u.com.my."

Benchmark: 70% FTSE Bursa Malaysia EMAS Shariah Index + 30% Maybank 12-month General Investment Account rate

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

Asset Allocation

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

As at 30 September 2020, the asset allocation of the Fund stood at 34.07% in Shariah-compliant equities, 60.77% in Sukuk while the balance was held in cash and cash equivalent.

During the period under review, the Manager had decreased exposures within the domestic portfolio by removing exposures towards several sectors, mainly in industrials and energy sectors. Meanwhile, the Fund's foreign equity's exposure was doubled, due to increased exposure towards consumer services and technology names. Sukuk's exposure was slightly lower compared to previous period under review. Cash level on the other hand was relatively unchanged compared to previous period under review.

Strategies Employed

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tensions. 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. We also kept a moderate cash level as we seek for potential opportunities in the market to deploy.

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 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 lower 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.

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. In the US, the S&P 500 index closed 12.5% lower that month. 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.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouse rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

Technology companies have been leading gains in the US stock market despite the slowdown in the economy due to COVID-19. Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe heaven asset.

On commodities, crude oil prices slid by about 35% YTD as at end of September, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

On the domestic front, 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.

Coming into September, opposition leader Datuk Seri Anwar Ibrahim claimed that he has secured a “strong, formidable” majority from lawmakers in parliament to oust Prime Minister Tan Sri Muhyiddin Yassin. The news was greeted with scepticism as Anwar has made prior claims before. Though a statement from UMNO president Datuk Seri Dr Ahmad Zahid Hamidi that he has information that many members from UMNO and Barisan Nasional have stated their support for Anwar to form a new government has lent credibility to the claim.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

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 RM25 billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others. In April, Prime Minister had announced an additional RM10 billion package to help SMEs cope during the pandemic.

Recent placement exercises by Tenaga Nasional Bhd ("TNB") and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

Investment Outlook

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. The accelerated efforts to shorten the timeline for a successful vaccine inoculation also lessened market's response towards increasing infection rates. Economic restarts have since moved at different paces between countries, each depending on their own ways of dealing with Covid-19.

A Biden presidency may be positive for the Asian stock markets. Biden prides himself as one who respects international laws, supporting more coordinated foreign policies. Trade tensions might ease, with technology sector equities and high-yield credits benefitting provided the ongoing Huawei and TikTok issues can be solved amicably. Biden's clean energy revolution plan could also revitalise US' energy sector and create more well-paying jobs, further boosting US economy. Considering that the World Trade Organisation ("WTO") has recently ruled Trump's China tariff as illegal, Biden may also consider reducing or removing tariffs on China imports.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe's continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe's exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

On the other hand, recent alarming increase in Covid-19 cases caused targeted lockdowns in Malaysia, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. gloves, electromotive force and technology stocks. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries.

Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

Cross Trade

Cross trade transactions have been carried out during the reported period and that the Investment Committee of the fund has reviewed that such transactions are in the best interest of the fund and transacted on an arm's length and 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 period ended 30 September 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 period, a total distribution of 0.50 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

Vicknesan Balakrishnan
Chief Executive Officer

Kuala Lumpur
16 November 2020

SHARIAH ADVISER'S REPORT

To the Unit Holders of Affin Hwang Aiiman Select Income Fund ("Fund")

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

Datuk Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
16 November 2020

AFFIN HWANG AIIMAN SELECT INCOME FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020

AFFIN HWANG AIIMAN SELECT INCOME FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020

CONTENTS	PAGE(S)
UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME	1
UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION	2
UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED INTERIM STATEMENT OF CASH FLOWS	4
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5 - 10
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS	11 - 40
STATEMENT BY THE MANAGER	41

AFFIN HWANG AIIMAN SELECT INCOME FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020

		6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019
	Note RM		
INVESTMENT INCOME			
Dividend income		227,510	253,611
Profit income from financial assets at amortised cost		9,303	27,715
Profit income from financial asset through profit and loss		631,942	598,353
Net (loss)/gain on foreign currency exchange		(3,201)	25,177
Net gain on financial assets at fair value through profit or loss	8	2,881,355	527,703
		<u>3,746,909</u>	<u>1,432,559</u>
EXPENSES			
Management fee	4	(266,886)	(226,201)
Trustee fee	5	(15,707)	(13,419)
Auditors' remuneration		(4,513)	(4,512)
Tax agent's fee		(15,780)	(7,094)
Transaction cost		(80,193)	(65,647)
Other expenses		(46,851)	(35,408)
		<u>(429,930)</u>	<u>(352,281)</u>
NET PROFIT BEFORE TAXATION		3,316,979	1,080,278
Taxation	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>3,316,979</u>	<u>1,080,278</u>
Net profit after taxation is made up of the following:			
Realised amount		867,030	528,893
Unrealised amount		2,449,949	551,385
		<u>3,316,979</u>	<u>1,080,278</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

UNAUDITED INTERIM FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	9	3,376,025	2,155,340
Amount due from brokers		263,983	-
Amount due from Manager			
- creation of units		155,388	72,347
Dividend receivable		9,596	36,919
Financial assets at fair value through loss or profit	8	46,875,049	37,763,954
TOTAL ASSETS		<u>50,680,041</u>	<u>40,028,560</u>
LIABILITIES			
Amount due to brokers		322,322	311,748
Amount due to Manager			
- management fee		48,623	39,066
- cancellation of units		839,025	-
Amount due to Trustee		2,836	2,279
Auditors' remuneration		4,537	4,512
Tax agent's fee		1,755	1,757
Other payables and accruals		37,782	37,472
TOTAL LIABILITIES		<u>1,256,880</u>	<u>396,834</u>
NET ASSET VALUE OF THE FUND		<u>49,423,161</u>	<u>39,631,726</u>
EQUITY			
Unitholders' capital		44,792,545	34,874,547
Retained earnings		4,630,616	4,757,179
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>49,423,161</u>	<u>39,631,726</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>96,729,000</u>	<u>77,143,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5109</u>	<u>0.5137</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

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2020	37,907,392	1,746,052	39,653,444
Total comprehensive income for the financial period	-	3,316,979	3,316,979
Distribution (Note 7)	-	(432,415)	(432,415)
Movement in unitholders' capital:			
Creation of units arising from applications	11,333,511	-	11,333,511
Creation of units arising from distribution	431,048	-	431,048
Cancellation of units	(4,879,406)	-	(4,879,406)
Balance as at 30 September 2020	<u>44,792,545</u>	<u>4,630,616</u>	<u>49,423,161</u>
Balance as at 1 April 2019	33,083,550	4,049,371	37,132,921
Total comprehensive income for the financial period	-	1,080,278	1,080,278
Distribution (Note 7)	-	(372,470)	(372,470)
Movement in unitholders' capital:			
Creation of units arising from applications	5,931,231	-	5,931,231
Creation of units arising from distribution	371,547	-	371,547
Cancellation of units	(4,511,781)	-	(4,511,781)
Balance as at 30 September 2019	<u>34,874,547</u>	<u>4,757,179</u>	<u>39,631,726</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

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020

	<u>Note</u>	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		16,482,416	17,521,352
Purchase of Shariah-compliant investments		(25,397,787)	(22,853,558)
Dividends received		239,971	252,368
Profit from short term Shariah-based deposits		688,956	623,959
Management fee paid		(259,536)	(224,770)
Trustee fee paid		(15,279)	(13,335)
Payment for other fees and expenses		(150,833)	(122,141)
Net realised (loss)/ gain on foreign currency exchange		(59,365)	28,962
Net cash used in operating activities		<u>(8,471,457)</u>	<u>(4,787,163)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		11,374,471	5,947,889
Payments for cancellation of units		(4,040,381)	(4,606,754)
Payment for distribution		(1,367)	(923)
Net cash generated from financing activities		<u>7,332,723</u>	<u>1,340,212</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(1,138,734)</u>	<u>(3,446,951)</u>
EFFECTS OF FOREIGN CURRENCY EXCHANGE		16,453	36,095
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>4,498,306</u>	<u>5,566,196</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	<u><u>3,376,025</u></u>	<u><u>2,155,340</u></u>

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund's accounting policies. Although these estimates and judgment are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

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

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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

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

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 'Classification of liabilities as current or non-current (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

B INCOME RECOGNITION

Profit Income

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

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

AFFIN HWANG AIIMAN SELECT INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

B INCOME RECOGNITION (CONTINUED)

Dividend Income

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

Realised gains and losses on sale of investments

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

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

C TRANSACTION COSTS

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

D DIVIDEND DISTRIBUTION

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

E TAXATION

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

Withholding taxes on investment income from foreign investment 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, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

F FUNCTIONAL AND PRESENTATION CURRENCY

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

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 interest⁽¹⁾ ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

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

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

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

(ii) Recognition and measurement

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

Financial liabilities, within the scope 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.

AFFIN HWANG AIIMAN SELECT INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Gain 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 transaction 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 period which they arise.

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

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

Unquoted sukuk securities including money market instruments 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 SC as per the SC 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 including money market instruments denominated in foreign currencies are revalued at least twice a week by reference to the mid price quoted in Bloomberg. We use 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.

The valuation of money market instruments are based on the amortisation cost. The valuation of Ringgit denominated money market instruments will be done using the price quoted by a BPA registered with the SC. For foreign money market instruments, valuation will be done using the average indicative yield quoted by 3 independent and reputable institutions.

Shariah-based deposits with licensed financial institutions are stated at cost plus accrued profit calculated on the effective profit method over the period from the date of placement to the date of maturity of the deposits.

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

H FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Fund considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in bad debt recoveries. There are no write-offs/recoveries during the financial period.

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.

AFFIN HWANG AIIMAN SELECT INCOME FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

J AMOUNT DUE FROM/(TO) BROKERS

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

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

K UNITHOLDERS' CAPITAL

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

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

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

L CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

In undertaking any of the Fund's Shariah-compliant investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission ("SC") 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 UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 16 November 2020.

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Shariah-compliant quoted equities	9	-	16,841,891	16,841,891
Unquoted sukuk	9	-	30,033,158	30,033,158
Cash and cash equivalents	10	3,376,025	-	3,376,025
Dividend receivable		9,596	-	9,596
Amount due from Manager				
- creation of units		155,388	-	155,388
Amount due from brokers		263,983	-	263,983
Total		<u>3,804,992</u>	<u>46,875,049</u>	<u>50,680,041</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		48,623	-	48,623
- cancellation of units		839,025	-	839,025
Amount due to Trustee		2,836	-	2,836
Amount due to brokers		322,322	-	322,322
Auditors' remuneration		4,537	-	4,537
Tax agent's fee		1,755	-	1,755
Other payables and accruals		37,782	-	37,782
Total		<u>1,256,880</u>	<u>-</u>	<u>1,256,880</u>
<u>2019</u>				
<u>Financial assets</u>				
Shariah-compliant quoted equities	9	-	10,374,568	10,374,568
Unquoted sukuk	9	-	27,389,386	27,389,386
Cash and cash equivalents	10	2,155,340	-	2,155,340
Dividend receivable		36,919	-	36,919
Amount due from Manager				
- creation of units		72,347	-	72,347
Total		<u>2,264,606</u>	<u>37,763,954</u>	<u>40,028,560</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		39,066	-	39,066
Amount due to Trustee		2,279	-	2,279
Amount due to brokers		311,748	-	311,748
Auditors' remuneration		4,512	-	4,512
Tax agent's fee		1,757	-	1,757
Other payables and accruals		37,472	-	37,472
Total		<u>396,834</u>	<u>-</u>	<u>396,834</u>

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

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	<u>16,841,891</u>	<u>10,374,568</u>
Shariah-compliant unquoted investments		
Unquoted sukuk*	<u>30,033,158</u>	<u>27,389,386</u>

*Include profit receivable RM381,518 (2019: RM332,066)

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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 securities, having regard to the historical volatility of the prices.

<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%	43,006,516	(3,487,015)
0%	46,493,531	-
+7.5%	<u>49,980,546</u>	<u>3,487,015</u>
<u>2019</u>		
-5%	35,540,377	(1,870,546)
0%	37,410,923	-
+5%	<u>39,281,469</u>	<u>1,870,546</u>

(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 rate 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 depend 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 yield 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 of default by an issuer.

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

Market risk (continued)

(b) Interest rate risk (continued)

The table below summarises the sensitivity of the Fund's net asset value 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> RM	<u>2019</u> RM
+ 2% (2019:+ 1%)	(162,160)	(78,927)
+ 2% (2019:+ 1%)	163,715	79,273

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

(c) Currency risk

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

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

	<u>Shariah compliant quoted equities</u> RM	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Hong Kong Dollar	8,163,327	780,282	263,983	9,207,592
Indonesia Rupiah	442,829	1	-	442,830
Korean Won	1,782,780	-	-	1,782,780
Singapore Dollar	2,822,405	337,395	-	3,159,800
Taiwan Dollar	2,042,184	-	4,798	2,046,982
United States Dollar	-	181,802	-	181,802
	<u>15,253,525</u>	<u>1,299,480</u>	<u>268,781</u>	<u>16,821,786</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

			Amount due to broker RM	Total RM
<u>2020</u>				
<u>Financial liabilities</u>				
Singapore Dollar			322,322	322,322
	Shariah compliant quoted equities RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2019</u>				
<u>Financial assets</u>				
Hong Kong Dollar	1,486,709	734,844	-	2,221,553
Indonesia Rupiah	1,244,254	-	-	1,244,254
Korean Won	801,323	-	-	801,323
Singapore Dollar	1,137,485	534,699	-	1,672,184
Taiwan Dollar	1,023,770	-	3,624	1,027,394
United States Dollar	-	60,099	-	60,099
	<u>5,693,541</u>	<u>1,329,642</u>	<u>3,624</u>	<u>7,026,807</u>
			Amount due to broker RM	Total RM
<u>Financial liabilities</u>				
Hong Kong Dollar			105,568	105,568
Korean Won			206,180	206,180
			<u>311,748</u>	<u>311,748</u>

* Other assets consist of amount due from broker and dividend receivable.

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

Market risk (continued)

(c) Currency risk (continued)

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 by 10% (2019: 5%), with all other variables remain constants. 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 approximately 10% (2019: 5%). 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	+/- 10	+/- 920,759
Indonesia Rupiah	+/- 10	+/- 44,283
Korean Won	+/- 10	+/- 178,278
Singapore Dollar	+/- 10	+/- 283,748
Taiwan Dollar	+/- 10	+/- 204,698
United States Dollar	+/- 10	+/- 18,180
<u>2019</u>		
Hong Kong Dollar	+/-5	+/- 105,799
Indonesia Rupiah	+/-5	+/- 62,213
Korean Won	+/-5	+/- 29,757
Singapore Dollar	+/-5	+/- 83,609
Taiwan Dollar	+/-5	+/- 51,370
United States Dollar	+/-5	+/- 3,005

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of unit by unitholders, liquid assets comprise cash, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 days.

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

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

	Within <u>one month</u> RM	Between one month to <u>one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	48,623	-	48,623
- cancellation of units	839,025	-	839,025
Amount due to Trustee	2,836	-	2,836
Amount due to broker	322,322	-	322,322
Auditors' remuneration	-	4,537	4,537
Tax agent's fee	-	1,755	1,755
Other payables and accruals	-	37,782	37,782
	<u>1,212,806</u>	<u>44,074</u>	<u>1,256,880</u>
<u>2019</u>			
Amount due to Manager			
- management fee	39,066	-	39,066
Amount due to Trustee	2,279	-	2,279
Amount due to broker	311,748	-	311,748
Auditors' remuneration	-	4,512	4,512
Tax agent's fee	-	1,757	1,757
Other payables and accruals	-	37,472	37,472
	<u>353,093</u>	<u>43,741</u>	<u>396,834</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

Credit risk

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

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

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

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

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 SC's Guidelines on Unit Trust Funds.

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 Products & Services				
- AA1	517,757	-	-	517,757
- A1	874,952	-	-	874,952
Financials				
- AAA	1,293,428	3,376,025	-	4,669,453
- AA1	1,173,989	-	-	1,173,989
- AA3	2,090,131	-	-	2,090,131
- AA-	4,424,806	-	-	4,424,806
- NR	1,153,136	-	268,781	1,421,917
Government				
- SOV	558,759	-	-	558,759
Industrials				
- AAA	1,088,720	-	-	1,088,720
- AA3	1,084,288	-	-	1,084,288
- A	4,024,084	-	-	4,024,084
- AA-	1,069,145	-	-	1,069,145
- AA+	1,672,113	-	-	1,672,113
- NR	1,111,621	-	-	1,111,621
Oil & Gas				
- AA-	1,744,452	-	-	1,744,452
Telecommunications				
- AA+	574,397	-	-	574,397

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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: (continued)

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u> (continued)				
Technology				
- NR	-	-	4,798	4,798
Utilities				
- AA1	2,188,736	-	-	2,188,736
- AA3	1,104,351	-	-	1,104,351
- AA-	2,284,293	-	-	2,284,293
Others				
- NR	-	-	155,388	155,388
	<u>30,033,158</u>	<u>3,376,025</u>	<u>428,967</u>	<u>33,838,150</u>
<u>2019</u>				
Consumer Products & Services				
- A1	862,248	-	-	862,248
- NR				
Financials				
- AA	532,238	-	-	532,238
- AA-	3,928,574	-	-	3,928,574
- AA3	1,054,314	-	-	1,054,314
- AAA	207,634	2,155,340	-	2,362,974
- NR				
Industrials Products & Services				
- A1	2,032,154	-	-	2,032,154
- AA+	1,590,753	-	-	1,590,753
- AA-	3,874,905	-	-	3,874,905
- AA3	1,068,468	-	-	1,068,468
- AAA	1,060,227	-	-	1,060,227
- A	2,001,251	-	-	2,001,251
- NR	-	-	6,803	6,803
Oil & Gas				
- AA-	554,680	-	-	554,680
Telecommunications				
- AA+	558,915	-	-	558,915
- AAA	1,068,440	-	-	1,068,440

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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: (continued)

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2019</u> (continued)				
Technology				
- NR	-	-	3,624	3,624
Utilities				
- AA-	2,757,423	-	-	2,757,423
- AA1	2,658,483	-	-	2,658,483
- AA3	1,578,679	-	-	1,578,679
- NR	-	-	20,850	20,850
REITs				
- NR	-	-	5,642	5,642
Others				
- NR	-	-	72,347	72,347
	<u>27,389,386</u>	<u>2,155,340</u>	<u>109,266</u>	<u>29,653,992</u>

* Other assets consist of dividend receivables and amount due from Manager.

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah compliant investment activities of the Fund.

Reclassification of Shariah status risk

The risk refers to 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.

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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 at inception				
- quoted equities	16,841,891	-	-	16,841,891
- unquoted sukuk	-	30,033,158	-	30,033,158
	<u>16,841,891</u>	<u>30,033,158</u>	<u>-</u>	<u>46,875,049</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss at inception				
- quoted equities	10,374,568	-	-	10,374,568
- unquoted sukuk	-	27,389,386	-	27,389,386
	<u>10,374,568</u>	<u>27,389,386</u>	<u>-</u>	<u>37,763,954</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.

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

4 MANAGEMENT FEE

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

For the 6 months financial period ended 30 September 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 daily basis as stated in the Prospectus.

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

5 TRUSTEE FEE

In accordance with the Deed, 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.

For the 6 months financial period ended 30 September 2020, the Trustee's fee is recognised at a rate of 0.07% (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 daily basis as stated in the Prospectus.

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

6 TAXATION

	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
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Current taxation

-

-

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

	6 months financial period ended 30.9.2020 RM	6 months financial period ended 30.9.2019 RM
Net profit before taxation	3,316,979	1,080,278
Tax at Malaysian statutory rate of 24% (2019: 24%)	796,075	259,267
Tax effects of:		
Investment loss exempt from tax	(899,258)	(343,813)
Expenses not deductible for tax purposes	37,327	27,371
Restriction on tax deductible expenses for Unit Trust Funds	65,856	57,175
Tax expense	-	-

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

7 DISTRIBUTION

	6 months financial period ended <u>30.9.2020</u> RM	6 months financial period ended <u>30.9.2019</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	432,415	372,470
Gross/net distribution amount	<u>432,415</u>	<u>372,470</u>

During the financial period 30 September 2020, distribution were made as follows:

	Gross/Net distribution per unit (sen) RM
<u>2020</u>	
17.06.2020	0.50

During the financial period 30 September 2019, distribution were made as follows:

	Gross/Net distribution per unit (sen) RM
<u>2019</u>	
19.06.2019	0.50

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.

Included in distributions for the financial period is an amount of RM432,415 (2019: RM372,470) made from previous year's realised income

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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	1,588,366	4,681,027
- Shariah-compliant quoted equities – foreign	15,253,525	5,693,541
- unquoted sukuk – local	30,033,158	27,389,386
	<u>46,875,049</u>	<u>37,763,954</u>
Net gain on assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	405,143	(9,239)
- unrealised gain on changes in fair value	2,476,212	536,942
	<u>2,881,355</u>	<u>527,703</u>

(a) Shariah-compliant quoted equities - local

(i) Shariah-compliant quoted equities - local as at 30 September 2020 are as follows:

	<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	102,000	0.21
<u>REITs</u>				
Axis Real Estate Investment Trust	241,580	432,239	521,813	1.05
<u>Technology</u>				
GHL Systems Bhd	484,700	934,663	964,553	1.95
Total Shariah-compliant quoted equities - local	<u>876,280</u>	1,516,902	<u>1,588,366</u>	<u>3.21</u>
Unrealised gain on Shariah - compliant quoted equities - local		71,464		
Total Shariah-compliant quoted equities - local		<u>1,588,366</u>		

AFFIN HWANG AIIAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 30 September 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u>				
Dialog Group Bhd	160,000	527,796	544,000	1.37
Velesto Energy Bhd	1,650,000	521,250	536,250	1.35
	<u>1,810,000</u>	<u>1,049,046</u>	<u>1,080,250</u>	<u>2.72</u>
<u>Financial Services</u>				
Syarikat Takaful Malaysia	64,000	398,989	371,200	0.94
<u>Industrial Products & Services</u>				
Scientex Bhd	22,400	93,821	200,256	0.51
Sunway Bhd	226,780	374,907	381,671	0.96
	<u>249,180</u>	<u>468,728</u>	<u>581,927</u>	<u>1.47</u>
<u>REITs</u>				
KLCCP Stapled Group Stapled Security	69,000	530,609	555,450	1.40
<u>Technology</u>				
Globetronics Technology Bhd	220,000	395,670	451,000	1.14
My EG Services Bhd	405,000	589,541	567,000	1.43
	<u>625,000</u>	<u>985,211</u>	<u>1,018,000</u>	<u>2.57</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	69,500	958,374	945,200	2.38
<u>Preference shares</u>				
SP Setia Bhd Group -PA	150,000	150,000	129,000	0.33

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 30 September 2019 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Total Shariah-compliant quoted equities - local	3,036,680	4,540,957	4,681,027	11.81
Unrealised gain on Shariah - compliant quoted equities - local		140,070		
Total Shariah-compliant quoted equities - local		4,681,027		

(b) Shariah-compliant quoted equities - foreign

(i) Shariah-compliant quoted equities - foreign as at 30 September 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Hong Kong</u>				
<u>Consumer Services</u>				
Alibaba Group Holding Ltd	17,600	2,037,081	2,598,983	5.26
China Yuhua Education Corp Ltd	198,000	772,186	702,829	1.42
Luk Fook Holdings Int Ltd	47,000	509,904	470,762	0.95
MTR Corp Ltd	12,000	258,762	245,794	0.50
Topsports International Holding	124,000	679,599	711,430	1.44
	398,600	4,257,532	4,729,798	9.57
<u>Financials</u>				
Longfor Group Holdings Ltd	34,000	719,019	792,128	1.60
Link REIT	17,300	674,642	584,404	1.18
	51,300	1,393,661	1,376,532	2.78
<u>Technology</u>				
Tencent Holdings Ltd	7,500	1,832,348	2,056,997	4.16

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 30 September 2020 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Indonesia</u>				
<u>Telecommunication</u>				
Telekomunikasi Indonesia Tbk	620,000	568,774	442,829	0.90
<u>Korea</u>				
<u>Preference shares</u>				
LG Chem Ltd - Pref Shares	480	589,356	545,434	1.11
Samsung Electronics Co Ltd - Pref Shares	6,900	1,145,371	1,237,346	2.50
	7,380	1,734,727	1,782,780	3.61
<u>Singapore</u>				
<u>Consumer Services</u>				
ComfortDelGro Corporation Ltd	161,000	766,170	688,476	1.39
Sheng Siong Group Ltd	89,000	321,307	434,570	0.88
	250,000	1,087,477	1,123,046	2.27
<u>Financial</u>				
Frasers Centrepoint Trust	141,900	993,496	1,024,243	2.07
<u>Telecommunications</u>				
Singapore Telecom Ltd	105,500	934,971	675,116	1.37
<u>Taiwan</u>				
<u>Industrials</u>				
Delta Electronics Inc	20,000	409,040	540,162	1.09

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 30 September 2020 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Taiwan</u> (continued)				
<u>Technology</u>				
Parade Technologies Ltd	3,000	478,540	450,135	0.91
Taiwan Semiconductor Manufacture	17,000	814,835	1,051,887	2.13
	<u>20,000</u>	<u>1,293,375</u>	<u>1,502,022</u>	<u>3.04</u>
Total Shariah-compliant quoted equities - foreign	<u>1,622,180</u>	<u>14,505,401</u>	<u>15,253,525</u>	<u>30.86</u>
Accumulated unrealised gain - on Shariah compliant quoted equities- foreign		<u>748,124</u>		
Total Shariah-compliant quoted equities - foreign		<u>15,253,525</u>		

(ii) Shariah-compliant quoted equities - foreign as at 30 September 2019 are as follows:

	<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	26,000	424,760	407,495	1.03
<u>Technology</u>				
Tencent Holdings Ltd	3,800	708,657	669,636	1.69
<u>Utilities</u>				
Guangdong Investment Ltd	50,000	387,315	409,578	1.03

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 30 September 2019 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Indonesia</u>				
<u>Consumer Services</u>				
ACE Hardware Indonesia Tbk PT	800,000	408,453	416,540	1.05
<u>Telecommunication</u>				
Telekomunikasi Indonesia Tbk	651,000	753,816	827,714	2.09
<u>Korea</u>				
<u>Technology</u>				
SK Hynix Inc	1,420	408,993	407,423	1.03
<u>Consumer Goods</u>				
Samsung Electronics Co Ltd - Pref Shares	2,850	407,945	393,900	1.00
<u>Singapore</u>				
<u>Consumer Services</u>				
ComfortDelGro Corporation Ltd	56,000	414,396	407,219	1.03
<u>Telecommunications</u>				
Singapore Telecom Ltd	78,000	772,161	730,266	1.84
<u>Taiwan</u>				
<u>Technology</u>				
ASE Technology Holding Co Ltd	42,000	408,500	401,139	1.01
Taiwan Semiconductor Manufacture	17,000	537,787	622,631	1.57
	59,000	946,287	1,023,770	2.58

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 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 30 September 2019 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Total Shariah-compliant quoted equities - foreign	<u>1,728,070</u>	5,632,783	<u>5,693,541</u>	<u>14.37</u>
Accumulated unrealised gain - on Shariah compliant quoted equities- foreign		<u>60,758</u>		
Total Shariah-compliant quoted equities - foreign		<u>5,693,541</u>		

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

(c) Unquoted sukuk - local

(i) Unquoted sukuk - local as at 30 September 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
3.8% Aeon Credit Service M Bhd 10.02.2027 (AA3)	1,000,000	1,005,397	1,032,174	2.09
4.95% Bank Pembangunan Malaysia Bhd 02.11.2035 (AAA)	500,000	582,999	583,106	1.18
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	500,000	515,648	574,397	1.16
3.42% Danum Capital Bhd 21.02.2035 (AAA)	500,000	502,007	499,546	1.01
4.263% Gamuda Bhd 16.11.2029 (AA3)	500,000	508,385	533,707	1.08
4.638% GII 15.11.2049 (SOV)	500,000	590,338	558,759	1.13
5.10% GULF Investment Corp 20.06.2022 (AAA)	200,000	204,706	210,776	0.43
4.76% IJM Corporation Bhd 10.04.2029 (AA3)	500,000	550,585	550,581	1.11
5.42% Jimah East Power Sdn Bhd 04.06.2025 (AA-)	500,000	523,595	559,155	1.13
6.24% Jimah East Power Sdn Bhd 04.06.2032 (AA-)	500,000	596,072	631,752	1.28
3.95% Kuala Lumpur Kepong Bhd 27.09.2034 (AA1)	500,000	526,383	517,757	1.05
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	2,000,000	2,050,260	2,267,629	4.59
6.04% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2035 (AA-)	500,000	572,172	570,094	1.15
4.9% Lembaga Pembiayaan Perumahan SA 21.09.2046 (NR)	500,000	604,157	571,366	1.16
4.11% Malaysia Rail Link Sdn Bhd 06.07.2045 (NR)	500,000	504,872	514,178	1.04
5.90% MEX II Sdn Bhd 27.04.2029 (A)	2,000,000	2,094,963	1,995,070	4.04
5.29% MMC Corp Bhd 26.04.2023 (AA-)	500,000	512,710	534,422	1.08
5.7% MMC Corp Bhd 24.03.2028 (AA-)	500,000	500,234	558,964	1.13
5.15% Perbadanan Kemajuan Negeri Selangor 10.08.2023 (AA3)	1,000,000	1,007,321	1,057,957	2.14
4.64% Plus Bhd 10.01.2025 (AAA)	1,000,000	1,032,696	1,088,720	2.20
5.23% Prasarana Malaysia Bhd 13.09.2047 (NR)	500,000	634,001	597,443	1.22
4.85% PTPTN 26.07.2041 (NR)	500,000	596,853	581,770	1.18
5.8% Tadau Energy Sdn Bhd 27.07.2029 (AA3)	500,000	559,889	572,419	1.16

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

(c) Unquoted sukuk - local (continued)

(i) Unquoted sukuk - local as at 30 September 2020 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u> (continued)				
5.30% Tanjung Bin Energy Issuer Bhd 16.03.2023 (AA3)	500,000	508,559	531,932	1.08
4.63% Teknologi Tenaga Perlis Consor 30.07.2021 (AA1)	500,000	505,949	512,976	1.04
4.75% UEM Sunrise Bhd 22.03.2024 (AA-)	500,000	517,653	519,111	1.05
5.06% UEM Sunrise Bhd 09.12.2022 (AA1-)	500,000	509,322	524,243	1.06
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	511,944	543,729	1.10
6% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,489	579,054	1.17
6.1% UiTM Solar Power Sdn Bhd 25.04.2031 (AA-)	1,000,000	1,155,220	1,165,398	2.36
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	750,000	785,272	874,952	1.77
5.82% UniTapah Sdn Bhd 11.06.2027 (AA1)	1,000,000	1,158,302	1,173,989	2.37
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	1,000,000	1,043,048	1,069,145	2.16
5.8% WCT Holdings Bhd Call: 27.09.2024 (A)	2,000,000	2,000,956	2,029,014	4.10
4.53% Westports Malaysia Sdn Bhd 01.04.2027 (AA+)	1,500,000	1,535,320	1,672,113	3.38
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,500,000	1,575,600	1,675,760	3.39
Total unquoted sukuk - local	<u>27,450,000</u>	<u>29,099,877</u>	<u>30,033,158</u>	<u>60.77</u>
Accumulated unrealised gain on unquoted sukuk - local		<u>933,281</u>		
Total unquoted sukuk - local		<u><u>30,033,158</u></u>		

AFFIN HWANG AIIAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

(c) Unquoted sukuk - local (continued)

(ii) Unquoted sukuk - local as at 30 September 2019 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
5.28% Besraya Malaysia Sdn Bhd 28.07.2027 (AA3)	1,000,000	1,019,237	1,068,468	2.70
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	500,000	516,181	558,915	1.41
5.05% Fortune Premiere Sdn Bhd 05.09.2025 (AA)	500,000	501,453	532,238	1.34
5.10% GULF Investment Corp 20.06.2022 (AAA)	200,000	205,682	207,634	0.52
5.42% Jimah East Power Sdn Bhd 04.06.2025 (AA-)	500,000	526,363	545,525	1.38
5.82% Jimah East Power Sdn Bhd 04.12.2030 (AA-)	500,000	546,951	579,902	1.46
5.85% Jimah East Power Sdn Bhd 04.06.2031 (AA-)	500,000	546,779	582,381	1.47
5.25% Konsortium Lebuhraya UT KL SB 02.12.2032 (AA-)	500,000	511,456	551,520	1.39
4.8% Lafarge Cement Sdn Bhd 13.01.2020 (A1)	1,000,000	1,008,850	1,011,868	2.55
5.06% Lafarge Cement Sdn Bhd (08.07.2022) (A1)	1,000,000	1,012,915	1,020,286	2.57
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	2,000,000	2,052,334	2,280,755	5.75
6.04% Lebuhraya DUKE Fasa 3 Sdn Bhd (23.08.2035) (AA-)	500,000	575,388	575,257	1.45
5.90% MEX II Sdn Bhd 27.04.2029 (AA-)	2,000,000	2,098,959	2,273,210	5.74
5.29% MMC Corp Bhd (26.04.2023) (AA-)	500,000	513,264	523,905	1.32
5.7% MMC Corp Bhd 24.03.2028 (AA-)	500,000	500,390	525,710	1.33
5.15% Perbadanan Kemajuan Negeri Selangor 10.08.2023 (AA3)	1,000,000	1,006,914	1,054,314	2.66
4.64% Plus Bhd 10.01.2025 (AAA)	1,000,000	1,037,569	1,060,227	2.68
5.30% Tanjung Bin Energy Issuer Bhd 16.03.2023 (AA3)	1,500,000	1,534,188	1,578,679	3.98
4.63% Teknologi Tenaga Perlis Consor 30.07.2021 (AA1)	1,000,000	1,016,371	1,027,335	2.59
4.55% Telekom Malaysia Bhd 07.10.2024 (AAA)	1,000,000	1,040,403	1,068,440	2.70

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

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

(c) Unquoted sukuk - local (continued)

(i) Unquoted sukuk - local as at 30 September 2019 are as follows: (continued)

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u> (continued)				
5.06% UEM Sunrise Bhd 09.12.2022 (AA-)	500,000	509,995	528,908	1.34
5.15% UEM Sunrise Bhd (31.10.2025) (AA-)	500,000	512,129	543,654	1.37
6% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,599	554,680	1.40
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	750,000	785,176	862,248	2.18
5.17% WCT Holdings Bhd (23.10.2023) (AA-)	1,000,000	1,049,102	1,050,175	2.65
5.8% WCT Holdings Bhd (Call: 27.09.2024) (AA-)	2,000,000	2,001,271	2,001,251	5.05
4.53% Westports Malaysia Sdn Bhd 01.04.2027 (AA+)	1,500,000	1,535,482	1,590,753	4.01
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,500,000	1,581,491	1,631,148	4.12
Total unquoted sukuk - local	<u>25,450,000</u>	<u>26,262,892</u>	<u>27,389,386</u>	<u>69.11</u>
Accumulated unrealised gain on unquoted sukuk - local		<u>1,126,494</u>		
Total unquoted sukuk - local		<u>27,389,386</u>		

9 CASH AND CASH EQUIVALENTS

	<u>2020 RM</u>	<u>2019 RM</u>
Cash and bank balances	1,323,552	1,355,491
Short term Shariah-based deposits with licensed financial institution	2,052,473	799,849
	<u>3,376,025</u>	<u>2,155,340</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

9 CASH AND CASH EQUIVALENTS (CONTINUED)

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 institution	1.65	2.90

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

10 NUMBER OF UNIT IN CIRCULATIONS

	<u>2020</u> No. of units	<u>2019</u> No. of units
As at the beginning of the financial period	83,173,000	73,648,000
Creation of units arising from applications	22,236,351	11,575,605
Creation of units arising from distribution	867,649	725,395
Cancellation of units during the financial period	(9,548,000)	(8,806,000)
As at the end of the financial period	<u>96,729,000</u>	<u>77,143,000</u>

11 TRANSACTIONS WITH BROKERS AND DEALERS

(i) Details of transactions with the top 10 brokers and dealers for the financial period ended 30 September 2020 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	8,236,371	19.78	-	-
Macquarie Bank Ltd Hong Kong	4,585,033	11.01	4,423	8.13
CLSA Ltd	3,371,095	8.09	3,054	5.61
JP Morgan Secs (Asia Pac) Ltd Hk	2,440,015	5.86	4,696	8.63
DBS Securities (S) Pte Ltd	2,304,258	5.53	6,563	12.06
Standard Chartered Bank Malaysia Bhd	2,291,300	5.50	-	-
Citigroup Global Mkts Ltd Ldn	2,051,857	4.93	5,478	10.07
Sanford C. Bernstein And Co., Llc	1,964,189	4.72	2,599	4.78
Macquarie Securities Ltd Seoul	1,928,327	4.62	2,565	4.70
Instinet Pacific Ltd	1,808,277	4.34	1,467	2.70
Others	10,665,384	25.62	23,580	43.32
	<u>41,646,106</u>	<u>100.00</u>	<u>54,425</u>	<u>100.00</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

11 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers and dealers for the financial period ended 30 September 2019 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CLSA Ltd	7,069,715	18.31	4,727	11.53
Macquarie Bank Ltd Hong Kong	5,988,797	15.51	4,078	9.95
Affin Hwang Investment Bank Bhd#	5,336,384	13.82	8,667	21.14
Standard Chartered Bank Bhd	3,017,650	7.81	-	-
RHB Investment Bank Bhd	2,339,807	6.06	850	2.07
CLSA Sec Malaysia Sdn Bhd	1,668,948	4.32	1,994	4.86
CIMB Bank Bhd	1,501,000	3.89	-	-
Merrill Lynch Intl-Equity London	1,104,546	2.86	3,314	8.08
Credit Lyonnais Security (Asia) Taipei	999,997	2.59	891	2.17
Credit Lyonnais Security Singapore	932,355	2.41	1,008	2.46
Others	8,655,954	22.42	15,475	37.74
	<u>38,615,153</u>	<u>100.00</u>	<u>41,004</u>	<u>100.00</u>

Included in transactions with brokers are trades conducted on normal terms in the stockbroking industry with Affin Hwang Investment Bank Bhd, companies related to the Manager amounting RM7,016,000 (2019: RM5,336,384). The Manager is at the opinion that all transaction with the related companies have been entered into the normal course of business at agreed terms between related parties.

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
Affin Hwang Investment Bank Bhd	<u>2,793,150</u>	<u>1,328,500</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	2,793,150	-
Private mandates managed by Manager	-	1,328,500
	<u>2,793,150</u>	<u>1,328,500</u>

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

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

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

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

		<u>2020</u>		<u>2019</u>
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	3,039	1,553	2,614	1,343

13 MANAGEMENT EXPENSE RATIO ("MER")

	<u>6 months financial period ended 30.9.2020</u>	<u>6 months financial period ended 30.9.2019</u>
	%	%
MER	0.75	0.79

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 sales and service tax on transaction costs and withholding tax
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM44,732,249 (2019: RM38,209,104).

AFFIN HWANG AIIMAN SELECT INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD 30 SEPTEMBER 2020 (CONTINUED)

14 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended <u>30.9.2020</u>	6 months financial period ended <u>30.9.2019</u>
PTR (times)	<u>0.46</u>	<u>0.52</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM24,939,419 (2019: RM22,230,771)

total disposal for the financial period = RM16,301,545 (2019: RM17,393,622)

15 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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 the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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

AFFIN HWANG AIIMAN SELECT INCOME FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 1 to 40 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 30 September 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 30 September 2020 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
16 November 2020

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