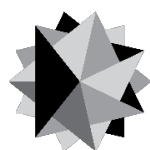


Affin Hwang Aiiman Growth Fund

Annual Report
31 August 2020

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



AFFIN HWANG
CAPITAL

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

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

AFFIN HWANG AIIMAN GROWTH FUND

Annual Reports and Audited Financial Statements For the Financial Year Ended 31 August 2020

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FUND INFORMATION

Fund Name	Affin Hwang Aiman Growth Fund
Fund Type	Growth
Fund Category	Equity (Shariah)
Investment Objective	To achieve consistent capital appreciation over a medium to long term by investing in equities and other approved investments which harmonise with Islamic philosophy and laws
Benchmark	FTSE Bursa Malaysia Emas Shariah Index (FBMSHA), which is obtainable from Bursa Malaysia
Distribution Policy	The Fund endeavours to distribute income, if any, on an annual basis. However, the amount of income available for distribution may fluctuate from year to year.

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 AUGUST 2020

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	6,648	11,510
5,001 to 10,000	952	6,727
10,001 to 50,000	1,388	28,356
50,001 to 500,000	279	30,264
500,001 and above	19	174,344
Total	9,286	251,201

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Aug 2020 (%)	As at 31 Aug 2019 (%)	As at 31 Aug 2018 (%)
Portfolio composition			
Quoted equities – local			
- Construction	3.34	3.50	3.82
- Consumer product and services	3.47	6.77	6.02
- Financial services	4.13	5.64	1.77
- Healthcare	18.45	3.93	-
- Industrial product and services	10.38	12.35	15.39
- Infrastructure	-	-	2.54
- Energy	8.75	10.12	-
- Plantation	0.51	1.03	3.62
- Properties	6.16	4.34	7.05
- REITs	6.01	7.42	4.10
- Technology	21.69	7.71	7.30
- Telecommunication and media	3.62	7.44	-
- Trading / Services	-	-	28.22
- Utilities	4.22	9.58	-
- Preference share	-	0.14	-
Total quoted equities – local	90.73	79.97	79.83
Exchange-traded fund – local	3.01	1.97	1.18
Cash & cash equivalent	6.26	18.06	18.99
Total	100.00	100.00	100.00
Total NAV (RM'million)	322.181	398.053	449.981
NAV per Unit (RM)	1.2823	1.0251	1.0846
Unit in Circulation (million)	251.256	388.301	414.871
Highest NAV	1.3072	1.0882	1.1741
Lowest NAV	0.8084	0.9887	1.0410
Return of the Fund (%) ⁱⁱⁱ	27.06	-4.10	-0.01
- Capital Growth (%) ⁱ	25.09	-5.49	-1.86
- Income Distribution (%) ⁱⁱ	1.58	1.47	1.88
Gross Distribution per Unit (sen)	2.00	1.50	2.00
Net Distribution per Unit (sen)	2.00	1.50	2.00
Management Expense Ratio (%) ¹	1.59	1.60	1.66
Portfolio Turnover Ratio (times) ²	1.32	0.61	0.76

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

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

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

¹The Fund's MER was lower compared to previous year due to lower expenses incurred for the Fund for the financial year.

²The higher PTR of the Fund was due to higher average sum of total acquisition and disposal over the financial year.

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)
18 Aug 2020	19 Aug 2020	1.2708	0.0200	1.2692

No unit split were declared for the financial year ended 31 August 2020.

Performance Review

For the year under review from 1 September 2019 to 31 August 2020, the Fund registered a return of 27.06%. The Net Asset Value (NAV) per unit of the Fund as at 31 August 2020 was RM1.2823 while the NAV 31 August 2019 was RM1.0251. The Benchmark for the year registered a return of 10.53%. The Fund outperformed the Benchmark by 16.53 percentage points. The fund declared a gross income distribution of RM0.0200 per unit for the year. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since its inception to 31 August 2020, the Fund has registered a return of 577.12%. Compared to the benchmark that rose 176.03% for the same year, the Fund outperformed the Benchmark by 401.09 percentage points. The fund has declared a total gross income distribution of RM0.7310 per unit to-date. As such, the Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

	1 Year (1/9/19 - 31/8/20)	3 Years (1/9/17 - 31/8/20)	5 Years (1/9/15 - 31/8/20)	Since Commencement (29/10/02 - 31/8/20)
Fund	27.06%	21.84%	46.64%	577.12%
Benchmark	10.53%	3.28%	15.06%	176.03%
Outperformance	16.53%	18.56%	31.58%	401.09%

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/9/19 - 31/8/20)	3 Years (1/9/17 - 31/8/20)	5 Years (1/9/15 - 31/8/20)	Since Commencement (29/10/02 - 31/8/20)
Fund	27.06%	6.80%	7.95%	11.31%
Benchmark	10.53%	1.08%	2.84%	5.85%
Outperformance	16.53%	5.72%	5.11%	5.46%

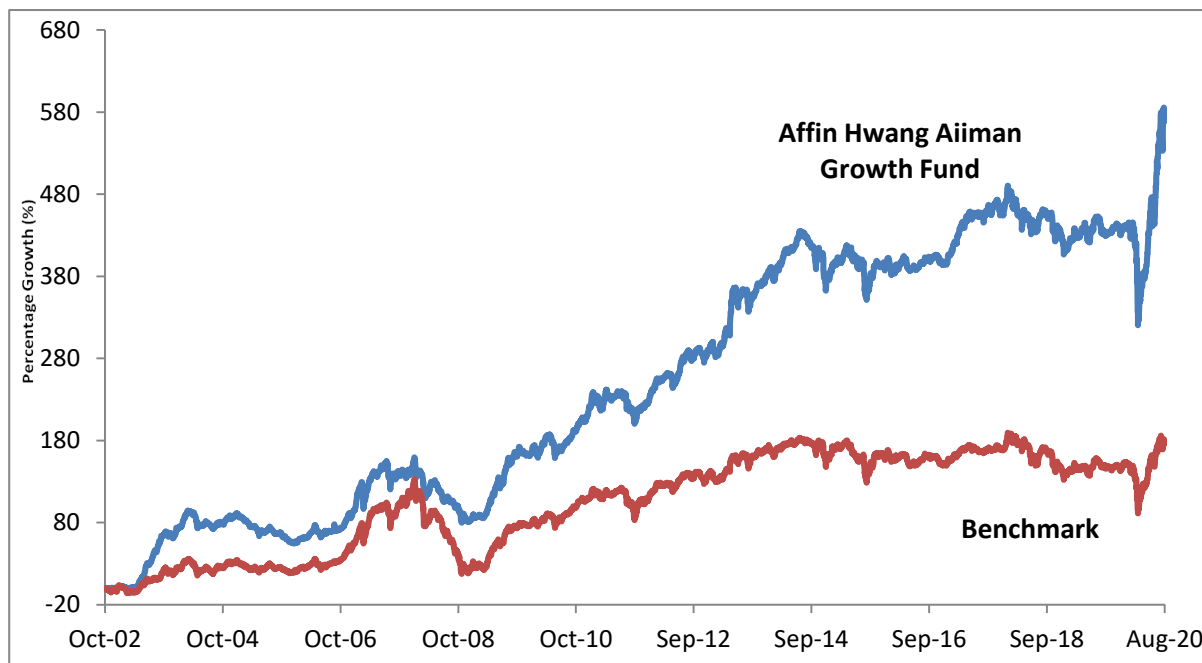
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (01/9/19 - 31/8/20)	FYE 2019 (01/9/18 - 31/8/19)	FYE 2018 (01/9/17 - 31/8/18)	FYE 2017 (01/9/16 - 31/8/17)	FYE 2016 (01/9/15 - 31/8/16)
Fund	27.06%	(4.10%)	(0.01%)	11.25%	8.19%
Benchmark	10.53%	(6.99%)	0.45%	2.56%	8.63%
Outperformance / (Underperformance)	16.53%	2.89%	(0.46%)	8.69%	(0.44%)

Source of Benchmark: Bloomberg

Figure 1: Movement of the Fund versus the Benchmark since commencement.



"This information is prepared by Affin Hwang Asset Management Berhad (AFFINHWANGAM) for information purposes only. Past earnings or the fund's distribution record is not a guarantee or reflection of the fund's future earnings/future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down as well as up. Source of Benchmark is from Bloomberg."

Benchmark: FTSE Bursa Malaysia EMAS Shariah Index

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

Asset Allocation

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

As at 31 August 2020, the Fund's asset allocation stood at 90.73% in Shariah-compliant equities, 3.01% in exchange-traded fund (ETF), and the balance in cash and cash equivalent. During the year under review, the Fund's equity exposure was higher as the Manager increased exposure towards healthcare and technology sector compared to a year ago.

Strategies Employed

Over the year under review, the Manager continued to 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.

Market Review

Global markets rose with US and Asia outperforming Europe and UK due to the sharp rise in Covid-19 infections in European countries. US supported by economic recovery and monetary policies benefitted from The Fed's decision on using average inflation targeting in setting interest rates, allowing temporary inflation overshoots to compensate for previous periods, whereas Asia saw a positive light following China's successful containment of the virus. Overall, a positive trend in global earnings expectations continued in September as market switches from extreme bearishness to neutral positionings.

Coming into October, the S&P 500 index fell 6.0%, whilst the Nasdaq Composite index plunged 7.7% as a tech rout deepened. Global equities traded erratically following news that US President Donald Trump had tested positive for COVID-19. Following his recovery, markets saw a surge in optimism over the US economy, mainly reflecting vaccine hopes and delayed response to gain in jobs from May to September.

In Asia, the Hong Kong Hang Seng index closed 6.4% lower whilst the broader MSCI Asia ex-Japan index was down 2.6% in October. Government in Hong Kong has also started to ease some of the strict social distancing measures from August 28, allowing venues like cinemas and beauty parlours to reopen as well as restaurants to extend dining hours as the daily number has fallen to low double digit according to Reuters. However, the deal with mainland China to reopen its borders has been paused until Hong Kong succeeds to achieve a stable zero-infection rate. On another note, Singapore and Hong Kong came to a mutual agreement on opening borders to each other since both cities have low incidence of Covid-19 cases.

In August, China's economic data show an outperformance in expectations, notably in the e-commerce sector, with Q2 GDP growth rebounding to 3.2% YoY. The recovery is broadening out with high frequency indicators signalling strong recoveries in the services sectors which lagged previously. Chinese broad market indices rebounded with Shanghai Composite Index up by 1.68% at close, showing a robust recovery in Chinese domestic tourism over the just-ended Golden Week holiday in the first week of October.

Meanwhile, geopolitical tensions between US and China simmered last month as US President Donald Trump issued an executive order forcing China's ByteDance to sell or spin off its US TikTok business. TikTok also confirmed its plan to challenge the executive order which banned its transactions in the US.

The US Commerce Department further added 24 Chinese state-owned firms to an "entity list" of companies that US firms are not allowed to transact with unless they have a special licence to do so. The restrictions were imposed following allegations that these companies had played a role in helping Beijing advance its territorial claims in the South China Sea.

In a tit-for-tat move, we saw China announce new restrictions on technology exports that would cover areas such as computing and data-processing technologies including text analysis, content recommendation, speech modeling and voice-recognition. The move could complicate the sale of TikTok's US operations which is currently being negotiated by multiple parties according to Reuters.

On the domestic front, the local market mirrored regional weakness with the benchmark KLCI falling 2.4% in October, despite the upside from gloves, as political uncertainty dampened sentiment. In a press conference, 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.

The timing of Anwar’s announcement coincided with the Sabah state election which took place at the end of September. Results showed that the Gabungan Rakyat Sabah (“GRS”) pact winning the state election with a simple majority of 38 seats. Perikatan Nasional’s victory in the Sabah state elections is seen as a boost to Prime Minister Tan Sri Muhyiddin Yassin who currently leads with a razor-thin majority in Parliament. Muhyiddin has indicated that he could call for snap national polls if GRS won the Sabah state elections. The local market is expected to stay flattish as political uncertainty lingers. Politically-linked stocks could come into play as contracts are awarded in the lead-up to elections.

Malaysia's economy shrank 17.1% in 2Q2020; marking its deepest contraction in over 20 years. The GDP contraction was deeper than consensus estimate of -10.9%. A sharp decline was seen in private consumption, investment and net exports. Recent spike in Covid cases in October have beaten down re-opening sectors, although avoidance of hard lockdowns bodes well for economic recovery.

Due to the weaker than expected GDP numbers, Bank Negara Malaysia (“BNM”) has revised its expectations for the full year 2020 GDP growth to a range of -5.5% to -3.5% (from the previous -2.0% to 0.5% estimate). However, BNM is expecting a sharp rebound in 2021 with growth of 5.5% to 8.0%.

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. President Trump later instilled optimism by initiating a new US stimulus bill negotiation, surging global equities higher. However, prospects for additional US fiscal stimulus has since dimmed and could be delayed until the next Congress gets seated. The US elections have generated higher market volatility due to the uncertainty in election odds.

Irrespective of whether Trump or Pence leads the White House, we are likely to see a continuation of similar Republican policies, keeping the government in status quo. These include policies related to any decision concerning taxes, minimum wage, climate policies and infrastructure spending that could impact US stocks. If Biden wins the presidential election, US stocks will see modestly higher tax rates, but that will be offset by higher US infrastructure spending and temporarily lower risk of a trade war. 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 recent death of Supreme Court Justice Ruth Bader Ginsburg has cast further uncertainty as the race to the White House heats up, also potentially delaying US fiscal stimulus 4.0 and spurring declines in the healthcare sector. US President Donald Trump has announced conservative federal appeal court judge Amy Coney Barrett as his Supreme Court nominee to replace Ginsburg. Barrett is a favourite amongst religious conservatives and her appointment could help Trump boost his popularity amongst his conservative supporters ahead of the election.

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.

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 year under review.

Soft Commissions received from Brokers

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

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

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

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN GROWTH FUND

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

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

During this financial year, a total distribution of 2.00 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
Date: 14 October 2020

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

We have acted as the Shariah Adviser of Affin Hwang Aiiman Growth Fund. Our responsibility is to ensure that the procedures and processes employed by Affin Hwang Asset Management Berhad and the provisions of the Deed dated 3 October 2002, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third supplemental Deed dated 23 September 2008, Fourth Supplemental Deed dated 20 November 2008, Fifth Supplemental Deed dated 18 January 2012, Sixth Supplemental Deed dated 27 June 2014 and Seventh Supplemental Deed dated 30 November 2017 are in accordance with Shariah principles.

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

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

For **Amanie Advisors Sdn Bhd**

DATUK DR MOHD DAUD BAKAR
Executive Chairman

Kuala Lumpur
14 October 2020

AFFIN HWANG AIIMAN GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

AFFIN HWANG AIIMAN GROWTH FUND

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

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AFFIN HWANG AIIMAN GROWTH FUND

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

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
INVESTMENT INCOME/(LOSS)			
Dividend income		8,489,969	8,908,247
Profit income from short term Shariah-based deposits		1,236,482	2,546,483
Net gain/(loss) on financial assets at fair value through profit or loss	8	71,149,678	(22,432,453)
		<u>80,876,129</u>	<u>(10,977,723)</u>
EXPENSES			
Management fee	4	(5,026,587)	(6,086,032)
Trustee fee	5	(237,758)	(286,316)
Auditors' remuneration		(9,000)	(7,500)
Tax agent's fee		(3,800)	(3,800)
Transaction costs		(2,683,120)	(1,417,239)
Other expenses		(107,446)	(131,441)
		<u>(8,067,711)</u>	<u>(7,932,328)</u>
NET PROFIT/(LOSS) BEFORE TAXATION		72,808,418	(18,910,051)
Taxation	6	-	-
NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>72,808,418</u>	<u>(18,910,051)</u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		17,952,496	(200,732)
Unrealised amount		54,855,922	(18,709,319)
		<u>72,808,418</u>	<u>(18,910,051)</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 GROWTH FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Cash and cash equivalents	9	16,395,618	72,196,630
Amount due from brokers		2,020,592	-
Amount due from Manager			
- creation of units		1,996,455	161,605
- management fee rebate receivable		4,913	-
Dividends receivable		211,553	193,690
Financial assets at fair value through profit or loss	8	301,994,650	326,108,377
TOTAL ASSETS		<u>322,623,781</u>	<u>398,660,302</u>
LIABILITIES			
Amount due to Manager			
- management fee		405,367	505,809
- cancellation of units		-	58,072
Amount due to Trustee		18,917	23,694
Auditors' remuneration		9,000	7,500
Tax agent's fee		3,931	4,350
Other payables and accruals		5,744	7,680
TOTAL LIABILITIES		<u>442,959</u>	<u>607,105</u>
NET ASSET VALUE OF THE FUND		<u>322,180,822</u>	<u>398,053,197</u>
EQUITY			
Unitholders' capital		240,974,144	384,711,157
Retained earnings		81,206,678	13,342,040
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>322,180,822</u>	<u>398,053,197</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>251,256,000</u>	<u>388,301,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.2823</u>	<u>1.0251</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 GROWTH FUND

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

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 September 2019	384,711,157	13,342,040	398,053,197
Total comprehensive income for the financial year	-	72,808,418	72,808,418
Distribution (Note 7)	-	(4,943,780)	(4,943,780)
Movement in unitholders' capital:			
Creation of units arising from applications	7,163,289	-	7,163,289
Creation of units arising from distribution	4,932,592	-	4,932,592
Cancellation of units	(155,832,894)	-	(155,832,894)
Balance as at 31 August 2020	<u>240,974,144</u>	<u>81,206,678</u>	<u>322,180,822</u>
Balance as at 1 September 2018	411,985,309	37,995,246	449,980,555
Total comprehensive loss for the financial year	-	(18,910,051)	(18,910,051)
Distribution (Note 7)	-	(5,743,155)	(5,743,155)
Movement in unitholders' capital:			
Creation of units arising from applications	21,351,742	-	21,351,742
Creation of units arising from distribution	5,738,416	-	5,738,416
Cancellation of units	(54,364,310)	-	(54,364,310)
Balance as at 31 August 2019	<u>384,711,157</u>	<u>13,342,040</u>	<u>398,053,197</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 GROWTH FUND

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

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		501,183,152	257,367,329
Purchase of Shariah-compliant investments		(407,965,491)	(241,561,667)
Dividend income received		8,472,106	9,469,761
Profit income received from short term Shariah-based deposits		1,236,482	2,546,483
Management fee rebate received		20,239	16,062
Management fee paid		(5,127,029)	(6,152,953)
Trustee fee paid		(242,535)	(289,502)
Payment for other fees and expenses		(2,804,221)	(1,490,676)
		<hr/>	<hr/>
Net cash generated from operating activities		94,772,703	19,904,837
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		5,328,439	21,190,137
Payments for cancellation of units		(155,890,966)	(54,383,656)
Payment for distributions		(11,188)	(4,739)
		<hr/>	<hr/>
Net cash used in financing activities		(150,573,715)	(33,198,258)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(55,801,012)	(13,293,421)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		72,196,630	85,490,051
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	16,395,618	72,196,630
		<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG AIIMAN GROWTH FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

(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.

AFFIN HWANG AIIMAN GROWTH FUND

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

B INCOME RECOGNITION

Dividend Income

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

Profit Income

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

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

Realised gains and losses on sale of investments

For Shariah-compliant quoted equities and exchange-traded funds (“ETF”), realised gain and losses on sale of investments is accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C TRANSACTION COSTS

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

D DISTRIBUTION

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

E TAXATION

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

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

AFFIN HWANG AIIMAN GROWTH FUND

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G 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 Fund classifies cash and cash equivalents, amount due from Manager, 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 Manager, amount due to Trustee, auditors’ remuneration, tax agent’s fee and other payables and accruals as financial liabilities measured at amortised cost.

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

(ii) Recognition and measurement

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

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

AFFIN HWANG AIIMAN GROWTH FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the statement of comprehensive income within 'net gain/(loss) on financial assets at fair value through profit or loss' in the financial year which they arise.

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

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

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

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

(iii) Impairment

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

AFFIN HWANG AIIMAN GROWTH FUND

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and deposit held in highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

AFFIN HWANG AIIMAN GROWTH FUND

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

I AMOUNTS DUE FROM/(TO) BROKERS

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

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

J UNITHOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net 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 an unitholder exercises the right to put the unit back to the Fund.

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

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information 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's ("SC") Guidelines on Unit Trust Funds.

AFFIN HWANG AIIMAN GROWTH FUND

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

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

The analysis of realised and unrealised profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.

AFFIN HWANG AIIMAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Dana Izdihar (the “Fund”) pursuant to the execution of a Deed dated 3 October 2002, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 23 September 2008, Fourth Supplemental Deed dated 20 November 2008, Fifth Supplemental Deed dated 18 January 2012, Sixth Supplemental Deed dated 27 June 2014 and Seventh Supplemental Deed dated 30 November 2019 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”), HSBC (Malaysia) Trustee Berhad (the “Trustee”) and the registered unitholders of the Fund. The Fund has changed its name from HwangDBS Dana Izdihar to HwangDBS AIIMAN Growth Fund as amended by the Fourth Supplemental Deed dated 20 November 2008, from HwangDBS AIIMAN Growth Fund to Hwang AIIMAN Growth Fund as amended by the Fifth Supplemental Deed dated 18 January 2012 and from Hwang AIIMAN Growth Fund to Affin Hwang Aiiman Growth Fund as amended by the Sixth Supplemental Deed dated 27 June 2014.

The Fund commenced operations on 8 October 2002 and will continue its operations until terminated by the Trustee as provided under Clause 4.2 of the Deed.

The Fund will invest in the following assets, subject to the Deeds, the objective of the Fund, the Guidelines and all relevant laws:

- (a) Shariah-compliant securities of companies listed on the recognised Malaysian stock exchange or any other exchanges where the regulatory authority is a member of the International Organisation of Securities Commissions (IOSCO);
- (b) Unlisted Shariah-compliant securities;
- (c) Shariah-compliant warrants;
- (d) Government Investment Issues (GII), Islamic accepted bills, Bank Negara Malaysia negotiable notes, negotiable Islamic debt certificate (NIDC), Islamic negotiable instrument of deposit (INID), Cagamas mudharabah bonds and any other government Islamic papers;
- (e) Other Shariah-compliant obligations issued or guaranteed by the Malaysian government, Bank Negara Malaysia, state governments and government-related agencies;
- (f) Sukuk;
- (g) Shariah-based deposits with financial institutions, Bank Islam Malaysia Berhad and placements of money with investment banks;
- (h) Islamic money market instruments;
- (i) Shariah-compliant collective investment schemes; and
- (j) Any other form of Shariah-compliant investments as may be permitted by SC and/or Shariah Adviser from time to time that is in line with the Fund’s objectives.

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

The main objective of the Fund is to achieve consistent capital appreciation over the medium to long term by investing mainly in listed equities and other approved investments which harmonise with Islamic philosophy and laws.

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

The financial statements were authorised for issue by the Manager on 14 October 2020.

AFFIN HWANG AIIMAN GROWTH FUND

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	16,395,618	-	16,395,618
Amount due from brokers		2,020,592	-	2,020,592
Amount due from Manager				
- creation of units		1,996,455	-	1,996,455
- management fee rebate receivables		4,913	-	4,913
Dividends receivable		211,553	-	211,553
Shariah-compliant quoted equities	8	-	292,300,650	292,300,650
Exchange-traded funds	8	-	9,694,000	9,694,000
Total		<u>20,629,131</u>	<u>301,994,650</u>	<u>322,623,781</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		405,367	-	405,367
Amount due to Trustee		18,917	-	18,917
Auditors' remuneration		9,000	-	9,000
Tax agent's fee		3,931	-	3,931
Other payables and accruals		5,744	-	5,744
Total		<u>442,959</u>	<u>-</u>	<u>442,959</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

Financial instruments are as follows (continued):

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	72,196,630	-	72,196,630
Amount due from Manager				
- creation of units		161,605	-	161,605
Dividends receivable		193,690	-	193,690
Shariah-compliant quoted equities	8	-	318,264,377	318,264,377
Exchange-traded funds	8	-	7,844,000	7,844,000
Total		<u>72,551,925</u>	<u>326,108,377</u>	<u>398,660,302</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		505,809	-	505,809
- cancellation of units		58,072	-	58,072
Amount due to Trustee		23,694	-	23,696
Auditors' remuneration		7,500	-	7,500
Tax agent's fee		4,350	-	4,350
Other payables and accruals		7,680	-	7,680
Total		<u>607,105</u>	<u>-</u>	<u>607,105</u>

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

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

AFFIN HWANG AIIMAN GROWTH FUND

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

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

Market risk

(a) Price risk

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

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

	<u>2020</u> RM	<u>2019</u> RM
Shariah-compliant quoted investments		
Shariah-compliant quoted equities	292,300,650	318,264,377
Exchange-traded fund	9,694,000	7,844,000
	<u>301,994,650</u>	<u>326,108,377</u>

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

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit after tax/NAV</u> RM
<u>2020</u>		
-10%	271,795,185	(30,199,465)
0%	301,994,650	-
+10%	332,194,115	30,199,465
	<u>301,994,650</u>	<u>30,199,465</u>
<u>2019</u>		
-5%	309,802,958	(16,305,419)
0%	326,108,377	-
+5%	342,413,796	16,305,419
	<u>326,108,377</u>	<u>16,305,419</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

Market risk (continued)

(b) Profit rate risk

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

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

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of Shariah-based liquid assets to meet anticipated payments and cancellation of units by unitholders. Shariah-based liquid assets comprise cash, Shariah-based 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.

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	405,367	-	405,367
Amount due to Trustee	18,917	-	18,917
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	3,931	3,931
Other payables and accruals	-	5,744	5,744
	<u>424,284</u>	<u>18,675</u>	<u>442,959</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

The amounts in the table below are the contractual undiscounted cash flows (continued):

<u>2019</u>	<u>Within one month RM</u>	<u>Between one month to one year RM</u>	<u>Total RM</u>
Amount due to Manager			
- management fee	505,809	-	505,809
- cancellation of units	58,072	-	58,072
Amount due to Trustee	23,694	-	23,694
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	4,350	4,350
Other payables and accruals	-	7,680	7,680
	<u>587,575</u>	<u>19,530</u>	<u>607,105</u>

Credit risk

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

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

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

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

AFFIN HWANG AIIMAN GROWTH FUND

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

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

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

	Cash and cash equivalents RM	Amount due from Manager RM	Amount due from brokers RM	Dividend receivables RM	Total RM
<u>2020</u>					
Financial Services					
- AAA	16,395,618	-	1,825,654	-	18,221,272
Consumer Discretionary					
- NR	-	-	194,938	-	194,938
Industrial Products					
- NR	-	-	-	121,037	121,037
Property					
- NR	-	-	-	18,078	18,078
REITs					
- NR	-	-	-	72,438	72,438
Others					
- NR	-	2,001,368	-	-	2,001,368
	<u>16,395,618</u>	<u>2,001,368</u>	<u>2,020,592</u>	<u>211,553</u>	<u>20,629,131</u>
<u>2019</u>					
Financials Services					
- AAA	57,165,031	-	-	-	57,165,031
- AA2	15,031,599	-	-	-	15,031,599
Industrial Products and Sources					
- NR	-	-	-	79,882	79,882
Property					
- NR	-	-	-	18,078	18,078
Technology					
- NR	-	-	-	95,730	95,730
Others					
- NR	-	161,605	-	-	161,605
	<u>72,196,630</u>	<u>161,605</u>	<u>-</u>	<u>193,690</u>	<u>72,551,925</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

Capital risk

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

Reclassification of Shariah status risk

The risk 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 Securities Commission performed twice yearly. If this occurs, the value of the Fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's advice.

3 FAIR VALUE ESTIMATIONS

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

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

AFFIN HWANG AIIMAN GROWTH FUND

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

3 FAIR VALUE ESTIMATIONS (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant quoted equities	292,300,650	-	-	292,300,650
- exchange-traded fund	9,694,000	-	-	9,694,000
	<u>301,994,650</u>	<u>-</u>	<u>-</u>	<u>301,994,650</u>
<u>2019</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant quoted equities	318,264,377	-	-	318,264,377
- exchange-traded fund	7,844,000	-	-	7,844,000
	<u>326,108,377</u>	<u>-</u>	<u>-</u>	<u>326,108,377</u>

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

AFFIN HWANG AIIMAN GROWTH FUND

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

3 FAIR VALUE ESTIMATIONS (CONTINUED)

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

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

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

For the financial year ended 31 August 2020, the management fee is recognised at a rate of 1.50% (2019: 1.50%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Prospectus.

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

5 TRUSTEE FEE

In accordance with the Prospectus, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund.

For the financial year ended 31 August 2020, the Trustee fee is recognised at a rate of 0.07% (2019: 0.07%) per annum on the NAV of the Fund, calculated on a daily basis, inclusive of local custodian fee as stated in the Prospectus.

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

AFFIN HWANG AIIMAN GROWTH FUND

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

6 TAXATION

	<u>2020</u> RM	<u>2019</u> RM
Current taxation – local	-	-

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

	<u>2020</u> RM	<u>2019</u> RM
Net profit/(loss) before taxation	72,808,418	(18,910,051)
Tax at Malaysian statutory rate of 24% (2019: 24%)	17,474,020	(4,538,412)
Tax effects of:		
(Investment income exempted from tax)/ investment loss not subject to tax	(19,404,234)	2,638,971
Expenses not deductible for tax purposes	725,310	438,202
Restrictions on tax deductible expenses for Unit Trust Funds	1,204,904	1,461,239
Tax expense	-	-

7 DISTRIBUTION

	<u>2020</u> RM	<u>2019</u> RM
Distributions to unitholders are from the following sources:		
Prior years' realised income	4,943,780	5,743,155
Gross realised income	4,943,780	5,743,155
Less: Expenses	-	-
Net distribution amount	4,943,780	5,743,155
Gross/Net distribution per unit (sen)	2.00	1.50
Ex-date	19.08.2020	21.08.2020

AFFIN HWANG AIIMAN GROWTH FUND

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

7 DISTRIBUTION (CONTINUED)

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 distribution for the financial year is an amount of RM4,943,780 (2019: RM5,743,155) from previous financial years' realised income.

During the financial year ended 31 August 2020, the Fund incurred unrealised loss of RM Nil (2019: RM18,709,319).

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	292,300,650	318,264,377
- exchange-traded fund – local	9,694,000	7,844,000
	<u>301,994,650</u>	<u>326,108,377</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised gain/(loss) on sale of investments	16,268,604	(3,741,123)
- unrealised gain/(loss) on changes in fair value	54,855,922	(18,709,319)
- management fee rebate on collective investment schemes#	25,152	17,989
	<u>71,149,678</u>	<u>(22,432,453)</u>

In arriving at the fair value of the exchange-traded fund, the management fee initially paid to the Manager of the exchange-traded fund have been considered as part of its net asset value. In order to prevent the double charging of management fee which is not permissible under SC's Guidelines, management fee charged on the Fund's investments in the exchange-traded fund have been fully refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of the exchange-traded fund is reflected as an increase in the net asset value of the exchange-traded funds.

AFFIN HWANG AIIMAN GROWTH FUND

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

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

(a) Shariah-compliant quoted equities – local

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Construction</u>				
Gamuda Berhad	1,595,000	5,754,270	5,423,000	1.68
Widad Group Berhad	10,000,000	5,000,000	5,350,000	1.66
	<u>11,595,000</u>	<u>10,754,270</u>	<u>10,773,000</u>	<u>3.34</u>
<u>Consumer Product and Services</u>				
Guan Chong Berhad	2,723,500	7,750,799	9,613,955	2.98
Sime Darby Berhad	722,800	1,551,924	1,582,932	0.49
	<u>3,446,300</u>	<u>9,302,723</u>	<u>11,196,887</u>	<u>3.47</u>
<u>Energy</u>				
Dialog Group Berhad	2,489,400	7,943,576	8,936,946	2.78
Hibiscus Petroleum Berhad	5,104,000	3,230,832	3,036,880	0.94
Velesto Energy Berhad	31,110,700	4,023,405	4,511,052	1.40
Wah Seong Corporation Berhad	3,880,457	4,337,224	2,037,240	0.63
Yinson Holdings Berhad	1,560,700	10,276,779	9,676,340	3.00
	<u>44,145,257</u>	<u>29,811,816</u>	<u>28,198,458</u>	<u>8.75</u>
<u>Financials Services</u>				
BIMB Holdings Berhad	1,839,900	7,695,926	6,402,852	1.99
Syarikat Takaful Malaysia	1,384,600	5,526,156	6,909,154	2.14
	<u>3,224,500</u>	<u>13,222,082</u>	<u>13,312,006</u>	<u>4.13</u>
<u>Health care</u>				
Hartalega Holdings Berhad	572,300	9,674,468	9,454,396	2.93
Supermax Corp Berhad	926,800	3,176,652	20,130,096	6.25
Top Glove Corp Berhad	760,800	4,615,741	19,917,744	6.18
Kossan Rubber Industries Berhad	631,000	7,628,672	9,957,180	3.09
	<u>2,890,900</u>	<u>25,095,533</u>	<u>59,459,416</u>	<u>18.45</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

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

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Product and Services</u>				
Comfort Glove Berhad	1,179,600	4,995,606	5,084,076	1.58
Cahaya Mata Sarawak Berhad	4,013,600	6,583,998	5,980,264	1.86
Scientex Berhad	839,500	5,349,690	7,849,325	2.44
Sunway Berhad	2,459,491	3,895,881	3,443,287	1.07
V.S. Industry Berhad	5,881,200	7,705,509	11,056,656	3.43
	<u>14,373,391</u>	<u>28,530,684</u>	<u>33,413,608</u>	<u>10.38</u>
<u>Plantations</u>				
FGV Holdings Berhad	1,334,100	1,351,130	1,627,602	0.51
<u>Property</u>				
Malaysian Resources Corp Berhad	8,899,600	4,562,901	4,494,298	1.40
Matrix Concepts Holdings Berhad	4,326,677	8,427,247	7,485,151	2.32
SP Setia Berhad Group	692,872	609,727	478,082	0.15
UOA Development Berhad	4,581,400	10,897,735	7,376,054	2.29
	<u>18,500,549</u>	<u>24,497,610</u>	<u>19,833,585</u>	<u>6.16</u>
<u>Reits</u>				
Axis REITs	6,096,686	9,594,326	12,985,941	4.03
KLCCP Stapled Group Stapled Security	817,800	6,107,851	6,370,662	1.98
	<u>6,914,486</u>	<u>15,702,177</u>	<u>19,356,603</u>	<u>6.01</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

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

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

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>Technology</u>				
Frontken Corp Berhad	2,919,500	6,798,976	10,685,370	3.32
GHL Systems Berhad	2,864,600	4,693,602	5,528,678	1.72
Globetronics Technology Berhad	2,542,100	6,044,785	6,990,775	2.17
Greatech Technology Berhad	2,315,600	8,681,539	15,607,144	4.84
Inari Amertron Berhad	2,314,700	3,852,962	5,184,928	1.61
Mi Equipment Holdings Berhad	942,000	2,177,056	4,060,020	1.26
My EG Services Berhad	3,217,000	4,622,507	4,728,990	1.47
Pentamaster Corporation Berhad	1,008,750	3,657,583	4,670,512	1.45
UWC Berhad	2,068,900	5,004,530	12,392,711	3.85
	<u>20,193,150</u>	<u>45,533,540</u>	<u>69,849,128</u>	<u>21.69</u>
<u>Telecommunication and Media</u>				
Axiata Group Berhad	742,700	3,338,314	2,235,527	0.69
TIME dotCom Berhad	819,300	7,365,504	9,438,336	2.93
	<u>1,562,000</u>	<u>10,703,818</u>	<u>11,673,863</u>	<u>3.62</u>
<u>Utilities</u>				
Tenaga Nasional Berhad	1,252,900	16,959,284	13,606,494	4.22
	<u>1,252,900</u>	<u>16,959,284</u>	<u>13,606,494</u>	<u>4.22</u>
Total Shariah-compliant quoted equities – local	<u>129,432,533</u>	<u>231,464,667</u>	<u>292,300,650</u>	<u>90.73</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>60,835,983</u>		
Total Shariah-compliant quoted equities – local		<u>292,300,650</u>		

AFFIN HWANG AIIMAN GROWTH FUND

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

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

(a) Shariah-compliant quoted equities – local

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Gadang Holdings Bhd	7,078,400	6,434,421	4,919,488	1.24
IJM Corporation Bhd	3,363,100	6,608,300	7,667,868	1.93
WCT Holdings Bhd	1,347,600	1,454,626	1,313,910	0.33
	<u>11,789,100</u>	<u>14,497,347</u>	<u>13,901,266</u>	<u>3.50</u>
<u>Consumer Product and Services</u>				
Aeon Co. (M) Berhad	3,900,000	9,142,442	5,655,000	1.42
Petronas Dagangan Berhad	581,200	14,636,491	13,228,112	3.32
QL Resources Berhad	590,530	1,547,837	4,080,562	1.03
Sime Darby Bhd	1,753,855	4,005,600	3,981,251	1.00
	<u>6,825,585</u>	<u>29,332,370</u>	<u>26,944,925</u>	<u>6.77</u>
<u>Energy</u>				
Dialog Group Bhd	5,121,100	9,746,818	17,821,428	4.48
Hibiscus Petroleum Bhd	4,000,000	4,336,265	3,620,000	0.91
KNM Group Berhad	10,372,300	3,916,354	3,941,474	0.99
Velesto Energy Bhd	34,792,400	10,858,093	10,611,682	2.67
Yinson Holdings Berhad	631,100	4,105,747	4,278,858	1.07
	<u>54,916,900</u>	<u>32,963,277</u>	<u>40,273,442</u>	<u>10.12</u>
<u>Financial Services</u>				
BIMB Holdings Bhd	2,238,800	9,722,004	9,067,140	2.28
Syarikat Takaful Malaysia	2,325,000	9,042,485	13,392,000	3.36
	<u>4,563,800</u>	<u>18,764,489</u>	<u>22,459,140</u>	<u>5.64</u>
<u>Plantation</u>				
Genting Plantation Bhd	410,000	4,060,107	4,091,800	1.03

AFFIN HWANG AIIMAN GROWTH FUND

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

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

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

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

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Property</u>				
Matrix Concepts Holdings Bhd	4,326,677	8,427,247	8,177,420	2.05
UOA Development Bhd	4,575,700	11,273,178	9,105,643	2.29
	<u>8,902,377</u>	<u>19,700,425</u>	<u>17,283,063</u>	<u>4.34</u>
<u>Healthcare</u>				
Kossan Rubber Industries Bhd	1,731,200	6,926,727	7,305,664	1.84
Top Glove Corp Bhd	1,759,100	8,126,814	8,320,543	2.09
	<u>3,490,300</u>	<u>15,053,541</u>	<u>15,626,207</u>	<u>3.93</u>
<u>Industrial Product and Services</u>				
ATA IMS Bhd	4,129,100	6,756,564	5,656,867	1.42
DWL Resources Bhd	9,700,000	6,247,248	5,383,500	1.35
Hextar Global Bhd	5,103,900	3,981,042	3,470,652	0.87
Petronas Chemicals Group Bhd	726,200	5,875,048	5,003,518	1.26
Scientex Bhd	1,447,800	9,226,064	12,074,652	3.03
SKP Resources Bhd	4,632,000	6,083,173	5,048,880	1.27
Sunway Berhad	4,901,180	7,509,945	8,037,935	2.02
V.S. Industry Bhd	3,605,600	3,956,771	4,507,000	1.13
	<u>34,245,780</u>	<u>49,635,855</u>	<u>49,183,004</u>	<u>12.35</u>
<u>Reits</u>				
Axis Real Estate Invst Trust	9,476,400	14,906,243	17,910,396	4.50
KLCCP Stapled Group Stapled Security	1,425,000	10,486,686	11,613,750	2.92
	<u>10,901,400</u>	<u>25,392,929</u>	<u>29,524,146</u>	<u>7.42</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

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

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

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

	<u>Quantity</u>	Aggregate cost RM	Fair value RM	Percentage of NAV %
<u>Technology</u>				
GHL Systems Bhd	6,025,600	8,630,320	7,833,280	1.97
Globetronics Technology Berhad	3,885,400	7,212,153	6,527,472	1.64
Inari Amertron Bhd	2,956,950	6,350,496	4,790,259	1.20
My EG Services Bhd	8,196,900	12,348,420	11,557,629	2.90
	<u>21,064,850</u>	<u>34,541,389</u>	<u>30,708,640</u>	<u>7.71</u>
<u>Telecommunication and Media</u>				
Axiata Group Bhd	2,346,000	11,284,722	11,776,920	2.96
Digi.Com Berhad	1,914,600	8,888,270	9,573,000	2.40
TIME dotCom Berhad	915,000	8,221,607	8,271,600	2.08
	<u>5,175,600</u>	<u>28,394,599</u>	<u>29,621,520</u>	<u>7.44</u>
<u>Preference Share</u>				
SP Setia Bhd Group - RCPS-i B	692,872	609,727	547,369	0.14
<u>Utilities</u>				
Gas Malaysia Bhd	1,626,100	3,878,520	4,601,863	1.16
Tenaga Nasional Bhd	2,413,400	33,609,741	33,497,992	8.42
	<u>4,039,500</u>	<u>37,488,261</u>	<u>38,099,855</u>	<u>9.58</u>
Total Shariah-compliant quoted equities – local	<u>167,018,064</u>	<u>310,434,316</u>	<u>318,264,377</u>	<u>79.97</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>7,830,061</u>		
Total Shariah-compliant quoted equities – local		<u>318,264,377</u>		

AFFIN HWANG AIIMAN GROWTH FUND

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

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

(b) Exchange-traded fund – local

(i) Exchange-traded fund – local as at 31 August 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Commodity</u>				
TradePlus Shariah Gold Tracker	3,700,000	6,392,549	9,694,000	3.01
	<hr/>	<hr/>	<hr/>	<hr/>
Total exchange-traded fund – local	3,700,000	6,392,549	9,694,000	3.01
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated unrealised gain on exchange-traded fund – local		3,301,451		
		<hr/>		
Total exchange-traded fund – local		9,694,000		
		<hr/>		

(ii) Exchange-traded fund – local as at 31 August 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Commodity</u>				
TradePlus Shariah Gold Tracker	3,700,000	6,392,549	7,844,000	1.97
	<hr/>	<hr/>	<hr/>	<hr/>
Total exchange-traded fund – local	3,700,000	6,392,549	7,844,000	1.97
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated unrealised gain on exchange-traded fund – local		1,451,451		
		<hr/>		
Total exchange-traded fund – local		7,844,000		
		<hr/>		

9 CASH AND CASH EQUIVALENTS

	<u>2020 RM</u>	<u>2019 RM</u>
Cash and bank balances	110,424	245,243
Short term Shariah-based deposits with licensed financial institutions	16,285,194	71,951,386
	<hr/>	<hr/>
	16,395,618	72,196,629
	<hr/>	<hr/>

AFFIN HWANG AIIMAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 institutions	<u>1.65</u>	<u>2.94</u>

Shariah-based deposits with licensed financial institutions have an average maturity of 1 day (2019: 4 days).

10 SHARIAH INFORMATION OF THE FUND

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

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

11 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units	<u>2019</u> No. of units
At the beginning of the financial year	388,301,000	414,871,000
Creation of units arising from applications during the financial year	6,818,023	20,085,000
Creation of units arising from distributions during the financial year	3,798,977	5,573,442
Cancellation of units during the financial year	<u>(147,662,000)</u>	<u>(52,228,442)</u>
At the end of the financial year	<u>251,256,000</u>	<u>388,301,000</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

12 TRANSACTIONS WITH BROKERS

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

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	314,727,127	34.59	786,878	35.58
UOB Kay Hian Securities (M) Sdn Bhd	70,457,586	7.74	171,144	7.74
Public Investment Bank Bhd	60,629,440	6.66	151,574	6.85
RHB Investment Bank Bhd	56,607,626	6.22	141,531	6.40
CLSA Securities Malaysia Sdn Bhd	55,780,755	6.13	100,490	4.54
Macquarie Bank Limited	49,740,709	5.47	124,352	5.62
Kenanga Investment Bank Bhd	47,902,359	5.26	119,756	5.42
CIMB Investment Bank Bhd	43,443,681	4.77	89,349	4.04
HLG Securities Sdn Bhd	40,694,156	4.47	101,735	4.60
Maybank Investment Bank Bhd	39,472,976	4.34	98,688	4.46
Others	130,404,900	14.35	326,011	14.75
	<u>909,861,315</u>	<u>100.00</u>	<u>2,211,508</u>	<u>100.00</u>

- b) Details of transactions with the top 10 brokers for the financial year ended 31 August 2019 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	160,096,219	32.46	402,241	32.56
Macquarie Bank Limited Hong Kong	52,844,285	10.71	125,905	10.24
UOB Kay Hian Secs (M) Sdn Bhd	51,860,346	10.51	129,651	10.55
RHB Investment Bank Bhd	36,514,171	7.40	91,286	7.43
HLG Securities Sdn Bhd	32,520,492	6.59	81,307	6.61
CLSA Sec Malaysia Sdn Bhd	26,790,335	5.43	53,832	4.38
Maybank Investment Bank Bhd	24,185,667	4.90	71,189	5.79
Public Investment Bank Bhd	23,292,007	4.72	58,230	4.74
Kenanga Investment Bank Bhd	16,698,120	3.39	41,745	3.40
CIMB Investment Bank Bhd	13,703,287	2.78	34,258	2.79
Others	54,774,982	11.11	141,490	11.51
	<u>493,279,911</u>	<u>100.00</u>	<u>1,231,134</u>	<u>100.00</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

12 TRANSACTIONS WITH BROKERS (CONTINUED)

Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM314,727,127 (2019: RM160,096,219). The Manager is of the opinion that all transactions with the related company have been entered into agreed terms between the related parties .

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

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

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

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

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
	RM	RM
<u>The Manager:</u>		
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	55,629	123,080
	<u>71,333</u>	<u>126,169</u>

AFFIN HWANG AIIMAN GROWTH FUND

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

14 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2020</u> %	<u>2019</u> %
MER	<u>1.59</u>	<u>1.60</u>

MER is derived from the following calculation:

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

- A = Management fee, excluding management fee rebates
- B = Trustee fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses, excluding goods and services 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 year calculated on a daily basis is RM338,708,292 (2019: RM409,221,270).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2020</u>	<u>2019</u>
PTR (times)	<u>1.32</u>	<u>0.61</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM407,965,491 (2019: RM240,266,892)
total disposal for the financial year = RM486,935,140 (2019: RM259,990,160)

AFFIN HWANG AIIMAN GROWTH FUND

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

16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

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

AFFIN HWANG AIIMAN GROWTH 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 the opinion as the Manager, the financial statements set out on pages 1 to 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2020 and of its financial performance, changes in equity and cash flows for the financial year ended 31 August 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
14 October 2020

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Growth Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 August 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 35.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors’ report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager’s report but does not include the financial statements of the Fund and our auditors’ report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
14 October 2020

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