



**ANNUAL REPORT**  
31 July 2023

# Affin Hwang Aiiman Enhanced i-Profit Fund

MANAGER  
AHAM Asset Management Berhad  
*(Formerly known as Affin Hwang Asset  
Management Berhad)*  
199701014290 (429786-T)

Trustee  
Deutsche Trustees Malaysia Berhad  
(763590-H)

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# AFFIN HWANG AIIMAN ENHANCED I-PROFIT FUND

**Audited Annual Report and Financial Statements  
For The Financial Period 26 October 2022 (Date of Launch) to 31 July 2023**

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman Enhanced i-Profit Fund	
Fund Type	Income	
Fund Category	Money Market (Islamic)	
Investment Objective	The Fund seeks to provide liquidity and return over short term period.	
Benchmark	Maybank Islamic Overnight Deposit Rate quoted by Maybank	
Distribution Policy	Class A – Income Distribution Cass	Class B – Accumulation Class
	Subject to the availability of income, the Fund will make distribution to the Unit Holders on a monthly basis.	The class in not expected to make distribution.

## FUND PERFORMANCE DATA

Category	As at 31 Jul 2023 (%)	
Portfolio composition		
Shariah-based deposits		100.00
Cash and cash equivalent		0.00
<b>Total</b>		<b>100.00</b>
Currency class	Class A (Inc.)	Class B (Acc.)
Total NAV (million)	0.068	30.423
NAV per Unit (in respective currencies)	1.0128	1.0211
Unit in Circulation (million)	0.067	29.795
Highest NAV	1.0143	1.0211
Lowest NAV	1.0000	1.0000
Return of the Fund (%) <sup>1</sup>	2.08	2.11
- Capital Growth (%)	1.28	2.11
- Income Distribution (%)	0.79	Nil
Gross Distribution per Unit (sen)	1.00	Nil
Net Distribution per Unit (sen)	1.00	Nil
Total Expense Ratio (%)		0.41
Portfolio Turnover Ratio (times)		7.05

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

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

An illustration of the above would be as follow:-

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

<sup>1</sup> Performance of the Fund is reviewed from the investment date of the Fund, 16 November 2022.

## MANAGER'S REPORT

### Income Distribution / Unit Split

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

#### **Class A – Income Distribution Class**

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
25-Apr-23	26-Apr-23	1.0128	0.002	1.0109
23-May-23	24-May-23	1.0131	0.002	1.0112
27-Jun-23	28-Jun-23	1.0140	0.002	1.0121
25-Jul-23	26-Jul-23	1.0143	0.002	1.0124

No unit split were declared for the financial year ended 31 July 2023.

### Fund Performance

#### **Performance Review (16 November 2022 to 31 July 2023)**

##### **Class A**

For the period 16 November 2022 to 31 July 2023, the Fund has registered a return of 2.08% as compared to the benchmark return of 0.82%. The Fund thus outperformed the benchmark by 1.26%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2023 was RM1.0128 while the initial NAV per unit of the Fund was RM1.0000. During the same period under review, the Fund has declared a total income distribution of RM0.0080 per unit.

##### **Class B**

For the period 16 November 2022 to 31 July 2023, the Fund has registered a return of 2.11% as compared to the benchmark return of 0.82%. The Fund thus outperformed the benchmark by 1.29%. The Net Asset Value (NAV) per unit of the Fund as at 31 July 2023 was RM1.0211 while the initial NAV per unit of the Fund was RM1.0000.

Table 1: Performance of the Fund

	Since Commencement (16/11/22 - 31/7/23)
Benchmark	0.82%
Class A	2.08%
Outperformance	1.26%
Class B	2.11%
Outperformance	1.29%

Source of Benchmark: Maybank

Table 2: Average Total Return

	Since Commencement (16/11/22 - 31/7/23)
Benchmark	0.82%
Class A	2.08%
Outperformance	1.26%
Class B	2.11%
Outperformance	1.29%

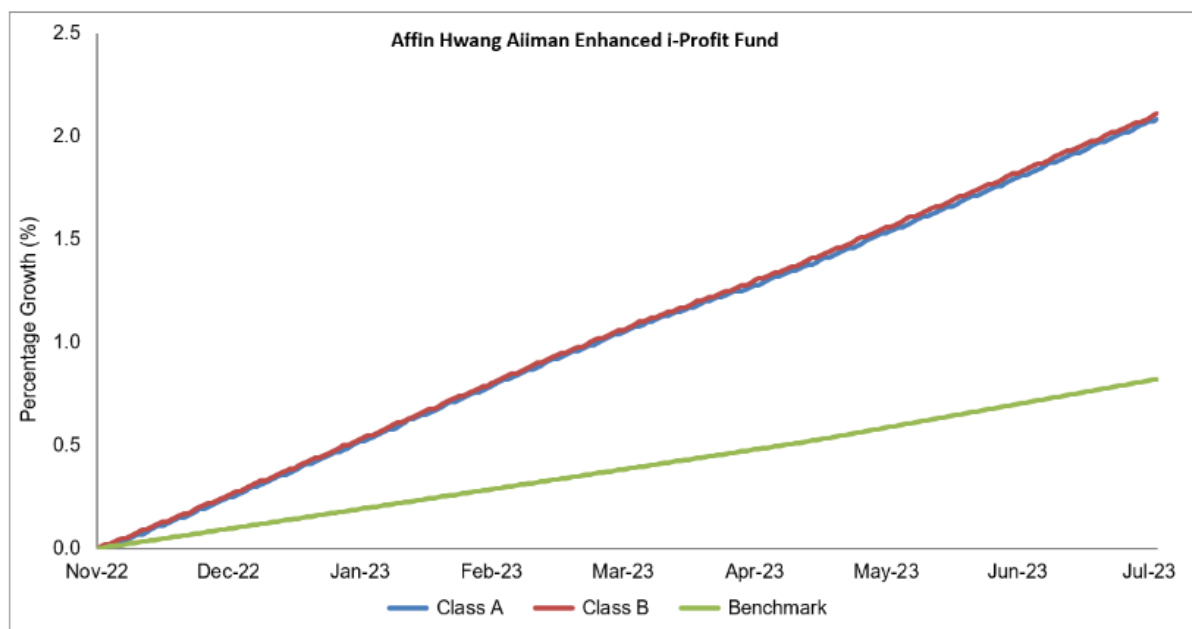
Source of Benchmark: Maybank

Table 3: Annual Total Return

	FYE 2023 (16/11/22 - 31/7/23)
Benchmark	0.82%
Class A	2.08%
Outperformance	1.26%
Class B	2.11%
Outperformance	1.29%

Source of Benchmark: Maybank

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



*"This information is prepared by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) 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 Maybank."*

Benchmark: Maybank Islamic Overnight Deposit 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 31 July 2023, the Fund is fully invested in Shariah compliant deposits.

### **Strategies Employed**

Over the period under review, the Fund was managed in alignment with the investment strategy of the Fund. The Fund continued to invest a minimum of 90% of the Fund's NAV in short-term sukuk, short-term Islamic money market instruments and/or Islamic deposits and remaining of the Fund's NAV in high quality sukuk (with remaining maturity period of more than 397 days but fewer than 732 days, with the aim to seek to provide liquidity and return over a short term period.

## **Market Review**

Over the period ended July 2023, the Standard and Poor's ("S&P") 500 returned 12.99% while the Morgan Stanley Capital International ("MSCI") AC World index returned 14.11%. Specific to the Asian region, MSCI AC Asia ex Japan Index was up 6.56% while locally, the Financial Times Stock Exchange ("FTSE") Bursa Malaysia returned 2.04%. Bond markets were down over the year, impacting the Bloomberg Barclays Global Aggregate Index negatively by -2.69%. Domestically, bond markets' benchmark 10-year Malaysian Government Securities ("MGS") yield closed at 3.84%.

Market volatility persisted over the past year as macro events and policy rate increases across the global economy affected stock and bond markets. The economic fallout from the Covid-19 pandemic coupled with the Russia-Ukraine conflict has disrupted supply chains and commodity markets, weighing heavily on global economic growth. Central banks continue to rein in inflation contributed by supply-demand imbalances and volatility in energy prices among other factors through monetary policy, which inadvertently played a role in destabilising the banking sector March this year.

The U.S. Federal Reserve ("Fed") raised their policy rates in each monetary policy committee meetings since March last year, to of 5.50% in July 2023, although pausing for the first time in 15 months in June 2023. The sharp pace of policy tightening raised concerns in the financial markets of an over-tightening that could lead to a growth slowdown, or even a potential recession. Further signs of tension in the economy were also visible in March this year as the fallout of Silicon Valley Bank and the emergency rescue of Credit Suisse triggered concerns of contagion to other vulnerable banks. In addition to fractures in the banking sector, other notable events over the year included the concern over the US approaching its debt ceiling in January, failing which to reach a consensus to suspend or raise the limit could result in a catastrophic default. However, investors heaved a sigh of relief after lawmakers passed a bill to raise the debt ceiling, in a deal that included concessions on spending expected to have limited effect on economic growth. Despite narrowly avoiding a default, the U.S. did not escape unscathed as Fitch Ratings downgraded its rating on U.S. debt, quoting in a press release "The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management,".

U.S. equities was volatile throughout the year but ended the month of July positive as upbeat Goldilocks data bolstered the case for a soft landing in the U.S., with the S&P 500 soaring 3.11% in July, benefitting from a wave of positive economic indicators that pointed to easing inflation, robust economic growth and a resilient labour market. The fervour and enthusiasm over new developments in Artificial Intelligence ("AI") also played a role in driving returns over the financial year. The core personal consumption expenditure ("PCE") price index, the Fed's preferred gauge of inflation reached 4.10% on a yearly basis, down from 4.60% in May and below the market forecast of 4.20%.

In Asia, the broader MSCI Asia ex-Japan index was up over the 1-year period. Despite starting off 2023 strong, Chinese equity trended downwards following the country's reopening after the pandemic started to cool before lifting in July, driven by stimulus optimism in China, evident as the MSCI China Index vaulted 9.30% in July as top party leaders unveiled measures at its Politburo meeting to reinvigorate growth in the country. Among the measures include a pledge by Beijing to provide stimulus support for its beleaguered property sector. Top party leaders also emphasised the need for measures to tackle youth unemployment as well as accelerate the issuance of local government special bonds to spur government investment. While there were no explicit announcements of blockbuster stimulus, the overall policy tone from the Politburo meeting did exceed expectations. There was an acknowledgement of pressing issues on-the-ground that could result in targeted easing measures to bolster growth and lift sentiment.

Major macro events over the financial year under review had an effect on the domestic market over the year but managed to gain some ground ending the financial year up by 2%, mainly driven by positive sentiments, lifting foreign investors' confidence as they pour into local equities. Several policy announcements by the government in June last month caught the attention of investors. These include the Ekonomi Madani Plan which outlined several key economic targets as well as Part 1 of the National Energy Transition Roadmap which intends to achieve 70% renewable energy capacity mix by 2050. All eyes will be on election in 6 outstanding states which is due to be held on the 12 August that would provide clarity on the stability of the unity government. On economic data, Malaysia's core inflation eased to 3.10% year-on-year ("y-o-y") in June, a decrease from 3.50% in May. The downward trend in inflation is anticipated to persist as the laggard effects of Bank Negara Malaysia's rate hikes filter through the economy, coupled with a high-base effect.

U.S. Treasury (“UST”) was seen rebounding post- the Federal Open Market Committee (“FOMC”) meeting, but the advance U.S. second quarter gross domestic product (“GDP”) print surprised on the upside while news on discussion on a potential tweak to Bank of Japan’s yield curve control unnerved the markets. The 2-year, 5-year and 10-year yields ended the month at 4.88%, 4.18% and 3.96% respectively. The 30-year UST closed at 4.01%. As a result, the inversion between the 2-year and 10-year U.S. Treasury narrowed to -92 basis points (“bps”) (June 2023: -106bps). Locally, Malaysia’s headline inflation continues its downward trend, easing to 2.4% y-o-y in June 2023. This brings the year-to-date inflation to 3.2%, which is within Bank Negara Malaysia’s official forecast of 2.7% - 3.8%.

### **Investment Outlook**

The past U.S. economic data has been sending mixed signals, leading to increased market conviction that the U.S. may avoid a recession and move towards a soft landing. There is a risk that the Fed will hike rates by another 25bps in 2023; however, we believe that the Fed’s hiking cycle is either at or very near its end.

The recent FOMC meeting in July that resulted in another 25bps hike brought the rate to 5.50%. However, the possibility of softer consumer price index (“CPI”) in the upcoming months raises the bar for a September hike. Chair Powell reiterated the data-dependency path on rate direction, meeting by meeting. As of end July 2023, the futures market was pricing for the Fed to hold rate until end-2023. We believe that the cumulative effect of tighter monetary policy and stricter lending conditions will increasingly restrain economic activity and growth. As borrowing costs rise, it will eventually become more challenging for consumers to fund their spending with debt.

We remain cautious as economic indicators are mixed. A divergence in manufacturing versus services industries is observed as the Global Manufacturing Purchasing Managers' Index (“PMI”) has been tracking below the critical threshold for the past 3 quarters as of June 2023, while the Global Services PMI has risen steadily year to date. On earnings revision, although the longer term 3-months ratio remains below historical average, Asia and global 1-month earnings revision ratio improved from 0.53 to 0.76 and 0.77 and 0.85 respectively.

Moving over to the fixed income space, we see opportunities to add duration in government bonds in the third quarter of 2023 as central banks approach the end of its rate hike cycle. Investment Grade bonds could be defensive and provide positive returns as global growth slows, while approaching High Yields with caution as a slowdown in growth could lead to more liquidity and credit rating downgrade pressures.

Locally, the Malaysian Government Securities (“MGS”) yield curve was roughly unchanged on month-on-month basis. Foreign players prefer short-term papers (below 2 Year) to short USDMYR, while local real money players focus on long-dated papers for higher yields, resulting in a flat MGS yield. MGS yields remain attractive on a real basis and are expected to offer value as headline inflation is predicted to ease further. However, we anticipate some correction at the long end in August due to heavy duration supply resulting from auctions of MGS 15 Year, Malaysian Government Investment Issue (“MGII”) 20 Year and MGII 30 Year. Foreign inflows increased in June, despite weaker Ringgit amounting +MYR 5.2 billion (“bil”) (May: +MYR 3bil) vs outflows for equity. Inflows as a result of the still attractive USD-hedged MGS yields and relative stability of the domestic bond market. However, we note that foreign funds are still underweight Malaysia based on latest funds positioning. This could provide upside potential for local bonds market.

### **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**

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 unitholders of the Fund; and
- (ii) goods and services are in the form of research and advisory services that assists in the decision making process.

Over the period under review, no soft commission was received by the manager on behalf of the Fund.



**Cross Trade**

No cross trade transactions have been carried out during the reported period.

**Securities Financing Transactions**

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

**Changes Made To the Fund's Prospectus**

There were no changes made to the Fund's prospectus during the financial period under review.

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG AIIAN ENHANCED I-PROFIT FUND ("Fund")**

We have acted as the Trustee of the Fund for the financial period 26 October 2022 (Date of Launch) to 31 July 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the Manager under the deed, the Securities Commission's Guidelines on Unit Trust Funds;
2. Valuation and pricing for the Fund is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
22 September 2023

## **SHARIAH ADVISER'S REPORT**

### **TO THE UNIT HOLDERS OF AFFIN HWANG AIIAN ENHANCED I-PROFIT FUND ("Fund")**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, AHAM Asset Management Berhad (formerly known as 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

Tan Sri Dr Mohd Daud Bakar  
Executive Chairman

Kuala Lumpur  
22 September 2023

**AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022  
(DATE OF LAUNCH) TO 31 JULY 2023**

# **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022  
(DATE OF LAUNCH) TO 31 JULY 2023**

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## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023

	<u>Note</u>	Financial period from 26.10.2022 (date of launch) to <u>31.7.2023</u> RM
<b>INVESTMENT INCOME</b>		
Profit income from financial assets at fair value through profit or loss		214,020
		<hr/> 214,020 <hr/>
<b>EXPENSES</b>		
Management fee	4	(30,718)
Trustee fee	5	(1,231)
Other expenses		(890)
		<hr/> (32,839) <hr/>
<b>NET PROFIT BEFORE FINANCE COST AND TAXATION</b>		181,181
<b>FINANCE COST</b>		
Distributions	8	(627)
<b>NET PROFIT BEFORE TAXATION</b>		180,554
Taxation	7	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<hr/> 180,554 <hr/>
Increase in net assets attributable to unitholders is made up of the following:		
Realised amount		<hr/> 180,554 <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 ENHANCED i-PROFIT FUND

### STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023

	<u>Note</u>	As at <u>31.7.2023</u> RM
<b>ASSETS</b>		
Cash and cash equivalents		1,215
Financial assets at fair value through profit or loss	9	<u>30,500,714</u>
<b>TOTAL ASSETS</b>		<u>30,501,929</u>
<b>LIABILITIES</b>		
Amount due to Manager - management fee		10,312
Amount due to Trustee		<u>413</u>
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>10,725</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>30,491,204</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>30,491,204</u>

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

	<u>Note</u>	As at <u>31.7.2023</u> RM
<b>REPRESENTED BY:</b>		
<b>FAIR VALUE OF OUTSTANDING UNITS</b>		
- Class A - Income Distribution Class		67,961
- Class B - Accumulation Class		30,423,243
		<u>30,491,204</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>		
- Class A - Income Distribution Class	11 (a)	67,100
- Class B - Accumulation Class	11 (b)	29,795,100
		<u>29,862,200</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Class A - Income Distribution Class		1.0128
- Class B - Accumulation Class		1.0211
		<u>1.0128</u> <u>1.0211</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- Class A - Income Distribution Class		RM1.0128
- Class B - Accumulation Class		RM1.0211
		<u>RM1.0128</u> <u>RM1.0211</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 ENHANCED i-PROFIT FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023

	Financial period from 26.10.2022 (date of launch) to <u>31.7.2023</u> RM
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE DATE OF LAUNCH</b>	-
Movement due to units created and cancelled during the financial period:	
Creation of units arising from applications	31,282,200
- Class A - Income Distribution Class	548,431
- Class B - Accumulation Class	30,733,769
Creation of units arising from distribution	627
- Class A - Income Distribution Class	627
- Class B - Accumulation Class	-
Cancellation of units	(972,177)
- Class A - Income Distribution Class	(485,038)
- Class B - Accumulation Class	(487,139)
Increase in net assets attributable to unitholders during the financial period	180,554
- Class A - Income Distribution Class	3,940
- Class B - Accumulation Class	176,614
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	30,491,204

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

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023

	Financial period from 26.10.2022 (date of launch) to <u>31.7.2023</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Placement of Shariah-based deposit with licenced financial institutions	(71,920,000)
Proceeds from maturity of Shariah-based deposits with licensed financial institutions	41,534,369
Profit income received	98,937
Management fee paid	(20,406)
Trustee fee paid	(818)
Payment for other fees and expenses	(890)
	<hr/>
Net cash flows used in operating activities	(30,308,808)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from creation of units	31,282,200
Payments for cancellation of units	(972,177)
	<hr/>
Net cash flows generated from financing activities	30,310,023
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	
	1,215
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>	
	-
	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	
	1,215
	<hr/> <hr/>

Cash and cash equivalents as at 31 July 2023 comprise of bank balances.

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

## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023**

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 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS 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 J.

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘Onerous contracts - cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.

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 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.

## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)**

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

The amendments also specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed 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 Shariah-based deposits with licensed financial institutions are 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).

#### **C 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.

#### **D DISTRIBUTION**

A distribution to the fund's unitholders is accounted for as finance cost. A proposed distribution is recognised as a liability in the period in which it is approved by the Trustee of the Fund.

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

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

## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)**

#### **F FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss, and
- those to be measured at amortised cost.

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 payments of principal and interest\* ("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 are measured at fair value through profit or loss.

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

The Fund classifies cash and cash equivalents as financial assets measured 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 and amount due to Trustee as financial liabilities measured at amortised cost.

##### **(ii) Recognition and measurement**

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

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

Financial assets are derecognised when the rights to receive cash flows from the 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.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

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

##### (ii) Recognition and measurement (continued)

Shariah-based deposits with licensed Islamic financial institutions are stated at fair value. Due to the short-term nature of the deposits, the cost-plus accrued profit calculated based on the effective profit rate method over the period from the date of placement to the date of maturity of the respective deposits is a reasonable estimate of fair value.

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

##### (iii) Impairment

The Fund's financial asset measured at amortised cost are subject to expected credit losses. 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 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; and
- the debtor is insolvent.

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

## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)**

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

##### 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.

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

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank which is subject to an insignificant risk of changes in value.

#### **H CREATION AND CANCELLATION OF UNITS**

The unitholders' capital to the Fund meets the definition of puttable instruments classified as financial liabilities under MFRS 132 "Financial Instruments: Presentation".

The Fund issues cancellable units, in two classes of units, known respectively as the Class A - Income Distribution Class and Class B - Accumulation Class, which are cancelled at the unitholder's option and do not have identical features. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value ("NAV") of respective classes. The outstanding units are carried at the redemption amount that is payable at the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unitholders of respective classes with the total number of outstanding units of respective classes.

#### **I INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Income not distributed is included in net assets attributable to unitholders.

## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)**

#### **J CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the Securities Commission's ("SC") Guidelines on Unit Trust Funds.

#### **K REALISED AND UNREALISED PORTIONS OF INCREASE OR DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

The analysis of realised and unrealised increase or decrease in net assets attributable to unitholders as presented on the statement of comprehensive income is prepared in accordance with SC's Guidelines on Unit Trust Funds.



## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023**

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

The Unit Trust Fund was constituted under the name Affin Hwang Aiiman Enhanced i-Profit Fund (the "Fund") pursuant to the execution of a Deed dated 8 December 2021 as modified by First Supplemental Deed dated 16 January 2023 (the "Deeds") entered into between AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 26 October 2022 and will continue its operations until terminated by the Trustee as provided under Clause 12.3 of the Deed.

The Fund may invest in the following permitted investments subject to the following restrictions imposed or as may be amended from time to time by the SC and/or the relevant authorities and/or the Deeds and as permitted by the SC's Shariah Advisory Council and/or the Shariah Advisor:

- (i) Sukuk;
- (ii) Islamic money market instruments;
- (iii) Islamic deposits;
- (iv) Islamic collective investment schemes;
- (v) Islamic derivatives for hedging purposes; and
- (vi) Any other form of Shariah-compliant investments as may be permitted by the Shariah Advisory Council of the SC and/or Shariah Adviser from time to time which is in line with the investment objective of the Fund.

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

The main objective of the Fund is to provide liquidity and return over short term period.

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. On 10 November 2022, the Manager has changed its name from Affin Hwang Asset Management Berhad to AHAM Asset Management Berhad.

The financial statements were authorised for issue by the Manager on 22 September 2023.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

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

Financial instruments are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>As at 31.7.2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents		1,215	-	1,215
Shariah-based deposits with licensed financial institutions	10	-	30,500,714	30,500,714
Total		<u>1,215</u>	<u>30,500,714</u>	<u>30,501,929</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		10,312	-	10,312
Amount due to Trustee		413	-	413
Total		<u>10,725</u>	<u>-</u>	<u>10,725</u>

The Fund is exposed to a variety of risks which include market risk (including profit rate risk), credit risk, liquidity risk and 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) 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 assets and liabilities and future cash flows.

The Fund's exposure to profit rate risk is mainly confined to Shariah-based deposits with licensed financial institutions. The Manager overcomes this exposure by placing deposits with licensed financial institutions with fixed rates of profit and maturity.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

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

##### Credit risk

Credit risk refers to the ability of any 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 revaluation to minimise such risk.

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

Credit risk arising from placement 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 following table sets out the credit risk concentrations and counterparties of the Fund:

	Financial assets at fair value through profit or loss RM	Cash and cash equivalents RM	Total RM
<u>As at 31.7.2023</u>			
Financial services			
- AAA	19,354,853	-	19,354,853
- AA1	4,129,002	1,215	4,130,217
- AAA	7,016,859	-	7,016,859
	<u>30,500,714</u>	<u>1,215</u>	<u>30,501,929</u>

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

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

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

##### Liquidity risk (continued)

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>As at 31.7.2023</u>			
Amount due to Manager			
- management fee	10,312	-	10,312
Amount due to Trustee	413	-	413
Net asset attributable to unitholders*	30,491,204	-	30,491,204
	<u>30,501,929</u>	<u>-</u>	<u>30,501,929</u>

\* Outstanding units are redeemable by demand at the unitholders' option (Note H). However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of the instruments typically retain them for the medium to long term.

##### Capital risk

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

##### Reclassification of Shariah status risk

The risk 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.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION

Financial instruments comprise financial assets and financial liabilities. Fair value is defined as 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 period 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 and financial liabilities that are not traded in an active market is determined by using valuation techniques.

##### (i) Fair value hierarchy

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

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

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

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (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>As at 31.7.2023</u>				
Financial assets at fair value through profit or loss:				
- Shariah-based deposits with licensed financial institutions	-	30,500,714	-	30,500,714

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 Shariah-based deposits with licensed financial institutions. 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 and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 4 MANAGEMENT FEE

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

For the financial period from 26 October 2022 (date of launch) to 31 July 2023, the management fee is recognised at a rate of 0.50% per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 5 TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial period from 26 October 2022 (date of launch) to 31 July 2023, the Trustee fee is recognised at a rate of 0.02% per annum on the NAV of the Fund, (excluding foreign custodian fees and charges), calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 6 AUDITORS' REMUNERATION AND TAX AGENT'S FEE

For the financial period from 26.10.2022 (date of launch) to 31 July 2023, auditors' remuneration of RM8,000 and tax agent's fee of RM3,500 are borne by the Manager.

#### 7 TAXATION

	Financial period from 26.10.2022 (date of launch) to <u>31.7.2023</u> RM
Current taxation - local	-

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 7 TAXATION (CONTINUED)

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

	Financial period from 26.10.2022 (date of launch) to <u>31.7.2023</u> RM
Net profit before taxation	180,554
Tax at Malaysian statutory rate of 24%	43,333
Tax effects of:	
Investment income not subject to tax	(51,365)
Expenses not deductible for tax purposes	660
Restriction on tax deductible expenses for Unit Trust Funds	7,372
Tax expense	-

#### 8 DISTRIBUTIONS

	Financia period from 26.10.2022 (date of launch) to <u>31.7.2023</u> RM
Distributions to unitholders is from the following sources:	
Profit income	627
Gross realised income	627
Less: Expenses	-
Net distribution amount	627



## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 8 DISTRIBUTIONS (CONTINUED)

During the financial period ended 31 July 2023, distributions were made as follows:

<u>Ex-date</u>	<u>Gross/Net distribution per unit</u> <u>(sen)</u> <u>Class A</u>
26.04.2023	0.002
24.05.2023	0.002
28.06.2023	0.002
26.07.2023	0.002
	<hr/>
	0.008
	<hr/> <hr/>

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.

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

	As at <u>31.7.2023</u> RM
Financial assets at fair value through profit or loss:	
- Shariah-based deposits with licensed financial institutions*	30,500,714
	<hr/> <hr/>

\* Includes profit income receivable of RM115,083.

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

	As at <u>31.7.2023</u> %
Shariah-based deposits with licensed financial institutions	3.52
	<hr/> <hr/>

Shariah-based deposits with licensed financial institutions have an average maturity of 71 days.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 10 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

#### 11 NUMBER OF UNITS IN CIRCULATION

##### (a) Class A - Income Distribution Class

	As at <u>31.7.2023</u> No. of units
At the date of launch	-
Creation of units arising from applications	546,346
Cancellation of units	<u>(479,246)</u>
At the end of the financial period	<u><u>67,100</u></u>

##### (b) Class B - Accumulation Class

	As at <u>31.7.2023</u> No. of units
At the date of launch	-
Creation of units arising from applications	30,274,100
Cancellation of units	<u>(479,000)</u>
At the end of the financial period	<u><u>29,795,100</u></u>

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 12 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

- (i) Details of transactions with the top financial institutions for the financial period from 26 October 2022 (date of launch) to 31 July 2023 are as follows:

<u>Name of financial institutions</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
United Overseas Bank (Malaysia) Bhd	59,500,000	46.10
RHB Islamic Bank Bhd	33,556,000	26.00
Hong Leong Islamic Bank Bhd	9,133,539	7.08
Public Islamic Bank Bhd	6,844,150	5.30
CIMB Islamic Bank Bhd	5,606,622	4.34
Maybank Islamic Bhd	5,424,741	4.20
Bank Islam Malaysia Bhd	5,004,612	3.88
Affin Islamic Bank Bhd	4,004,843	3.10
	<u>129,074,507</u>	<u>100.00</u>

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

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

<u>Related parties</u>	<u>Relationship</u>
CVC Capital Partners Asia V.P. (“CVC Asia V”)	Ultimate holding company of the Manager
Lembaga Tabung Angkatan Tentera (“LTAT”)	Substantial shareholder of the Manager
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

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

<u>Related parties</u>	<u>Relationship</u>
Nikko Asset Management International Limited ("NAMI")	Former substantial shareholder of the Manager
Nikko Asset Management Co., Ltd ("NAM")	Substantial shareholder of the Manager
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding company of the Manager
Directors of AHAM Asset Management Berhad (formerly known as 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 period are as follows:

	<u>As at 31.7.2023</u>	
	No. of units	RM
<u>The Manager:</u>		
AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (The units are held legally for booking purposes)		
- Class A - Income Distribution Class	3,597	3,643
- Class B - Accumulation Class	3,316	3,386
	<u>          </u>	<u>          </u>

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 13 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER (CONTINUED)

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

	<u>As at 31.7.2023</u>	
	<u>No. of units</u>	<u>RM</u>
<u>Director of the Manager:</u>		
Director of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) (The units are held beneficially)		
- Class B - Accumulation Class	<u>1,000,875</u>	<u>1,021,993</u>

Other than the above, there were no units held by the Directors or parties related to the Manager.

#### 14 TOTAL EXPENSE RATIO (“TER”)

	Financial period from 26.10.2022 (date of launch) to <u>31.7.2023</u> %
TER	<u>0.41</u>

TER is derived from the following calculation :

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

A	=	Management fee
B	=	Trustee fee
C	=	Other Expenses
D	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM8,052,000.

## AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 OCTOBER 2022 (DATE OF LAUNCH) TO 31 JULY 2023 (CONTINUED)

#### 15 PORTFOLIO TURNOVER RATIO ("PTR")

Financial  
period from  
26.10.2022  
(date of  
launch) to  
31.7.2023  
%

PTR (times)

7.05

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 = RM71,920,000

total disposal for the financial period = RM41,534,369

#### 16 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Change in substantial shareholders of AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)

On 19 April 2023, Nikko Asset Management International Limited ("NAMI") has divested all its equity interest of 27% in AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad) to Nikko Asset Management Co., Ltd ("NAM") for 20% and remaining 7% of the equity interest to Lembaga Tabung Angkatan Tentera ("LTAT"), resulting in both NAM and LTAT becoming substantial shareholders of the Manager.

#### 17 COMPARATIVES

There are no comparative figures as this is the first set of financial statements prepared since the launch of the Fund.

## **AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad)**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 25 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 July 2023 and of its financial performance, changes in net assets attributable to unitholders and cash flows for the financial period from 26 October 2022 (date of launch) to 31 July 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,  
**AHAM ASSET MANAGEMENT BERHAD**  
**(FORMERLY KNOWN AS AFFIN HWANG ASSET MANAGEMENT BERHAD)**

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

Kuala Lumpur  
22 September 2023

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Enhanced i-Profit Fund (“the Fund”) give a true and fair view of the financial position of the fund as at 31 July 2023, and of its financial performance and its cash flows for the financial period from 26 October 2022 (date of launch) to 30 July 2023 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 July 2023, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 25.

### 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’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
AFFIN HWANG AIIMAN ENHANCED i-PROFIT FUND  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or 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 ENHANCED i-PROFIT FUND  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements 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 ENHANCED i-PROFIT FUND  
(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  
22 September 2023**

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**AHAM Asset Management Berhad**

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