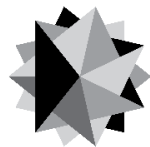


Affin Hwang Aiiman Growth Fund

Annual Report
31 August 2019

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



AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad (429786-T)

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

AFFIN HWANG AIIMAN GROWTH FUND

Annual Reports and Audited Financial Statements For the Financial Year Ended 31 August 2019

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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 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	98,239	118,822
5,001 to 10,000	1,225	8,538
10,001 to 50,000	1,520	31,898
50,001 to 500,000	384	46,086
500,001 and above	24	182,835
Total	101,392	388,179

* Note : Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 31 Aug 2019 (%)	As at 31 Aug 2018 (%)	As at 31 Aug 2017 (%)
Portfolio composition			
Quoted equities – local			
- Construction	3.50	3.82	16.29
- Consumer product and services	6.77	6.02	1.58
- Financial services	5.64	1.77	8.53
- Healthcare	3.93	-	-
- Industrial product and services	12.35	15.39	16.72
- Infrastructure	-	2.54	4.15
- Energy	10.12	-	-
- Plantation	1.03	3.62	1.55
- Properties	4.34	7.05	10.01
- REITs	7.42	4.10	4.05
- Technology	7.71	7.30	8.39
- Telecommunication and media	7.44	-	-
- Trading / Services	-	28.22	19.53
- Utilities	9.58	-	-
- Preference share	0.14	-	-
Total quoted equities – local	79.97	79.83	90.80
Exchange-traded fund – local	1.97	1.18	-
Cash & cash equivalent	18.06	18.99	9.20
Total	100.00	100.00	100.00
Total NAV (RM'million)	398.053	449.981	351.734
NAV per Unit (RM)	1.0251	1.0846	1.1051
Unit in Circulation (million)	388.301	414.871	318.293
Highest NAV	1.0882	1.1741	1.1314
Lowest NAV	0.9887	1.0410	0.9997
Return of the Fund (%) ⁱⁱⁱ	-4.10	-0.01	11.25
- Capital Growth (%) ⁱ	-5.49	-1.86	9.26
- Income Distribution (%) ⁱⁱ	1.47	1.88	1.81
Gross Distribution per Unit (sen)	1.50	2.00	2.00
Net Distribution per Unit (sen)	1.50	2.00	2.00
Management Expense Ratio (%) ¹	1.58	1.66	1.65
Portfolio Turnover Ratio (times) ²	0.61	0.76	0.45

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

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

An illustration of the above would be as follow:-

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

$$\begin{aligned}
 \text{Capital Return}^i &= \{ \text{NAV per Unit @ 31/08/19} \div \text{NAV per Unit @ 31/08/18}^* - 1 \} \times 100 \\
 &= (1.0251 \div 1.0846 - 1) \times 100 \\
 &= \underline{\underline{-5.49\%}}
 \end{aligned}$$

$$\text{Income Return @ ex-date} = \{ \text{Income distribution per Unit} \div \text{NAV per Unit on ex- date} \} + 1$$

¹The Fund's MER was lower compared to previous year as the Fund incurred lesser expenses during the period under review.

²The lower PTR of the Fund was due to lower average sum of total acquisition and disposal over the period under review.

$$= \{0.0150 \div 1.0226 @ 21/08/19\} + 1 = 1.0147$$

Total Income Returnⁱⁱ = {Income distribution per Unit ÷ NAV per Unit on ex-date} x 100
= {1.0147} - 1 x 100
= **1.47%**

Return of the Fundⁱⁱⁱ = {(1 + Capital Return x (1 + Income Return)) - 1} x 100
= {(1 + (-5.49%)) x (1 + 1.47%)} - 1] x 100
= **-4.10%**

* Source – HSBC Trustee

Table 1: Performance of the Fund

	1 Year (1/9/18 - 31/8/19)	3 Years (1/9/16 - 31/8/19)	5 Years (1/9/14 - 31/8/19)	Since Commencement (29/10/02 - 31/8/19)
Fund	(4.10%)	6.68%	2.40%	432.90%
Benchmark	(6.99%)	(4.17%)	(9.89%)	149.73%
Outperformance	2.89%	10.85%	12.29%	283.17%

Source of Benchmark: Bursa Malaysia

Table 2: Average Total Return

	1 Year (1/9/18 - 31/8/19)	3 Years (1/9/16 - 31/8/19)	5 Years (1/9/14 - 31/8/19)	Since Commencement (29/10/02 - 31/8/19)
Fund	(4.10%)	2.18%	0.48%	10.44%
Benchmark	(6.99%)	(1.41%)	(2.06%)	5.58%
Outperformance	2.89%	3.59%	2.54%	4.86%

Source of Benchmark: Bursa Malaysia

Table 3: Annual Total Return

	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)	FYE 2015 (01/9/14 - 31/8/15)
Fund	(4.10%)	(0.01%)	11.25%	8.19%	(11.27%)
Benchmark	(6.99%)	0.45%	2.56%	8.63%	(13.44%)
Outperformance / (Underperformance)	2.89%	(0.46%)	8.69%	(0.44%)	2.17%

Source of Benchmark: Bursa Malaysia

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

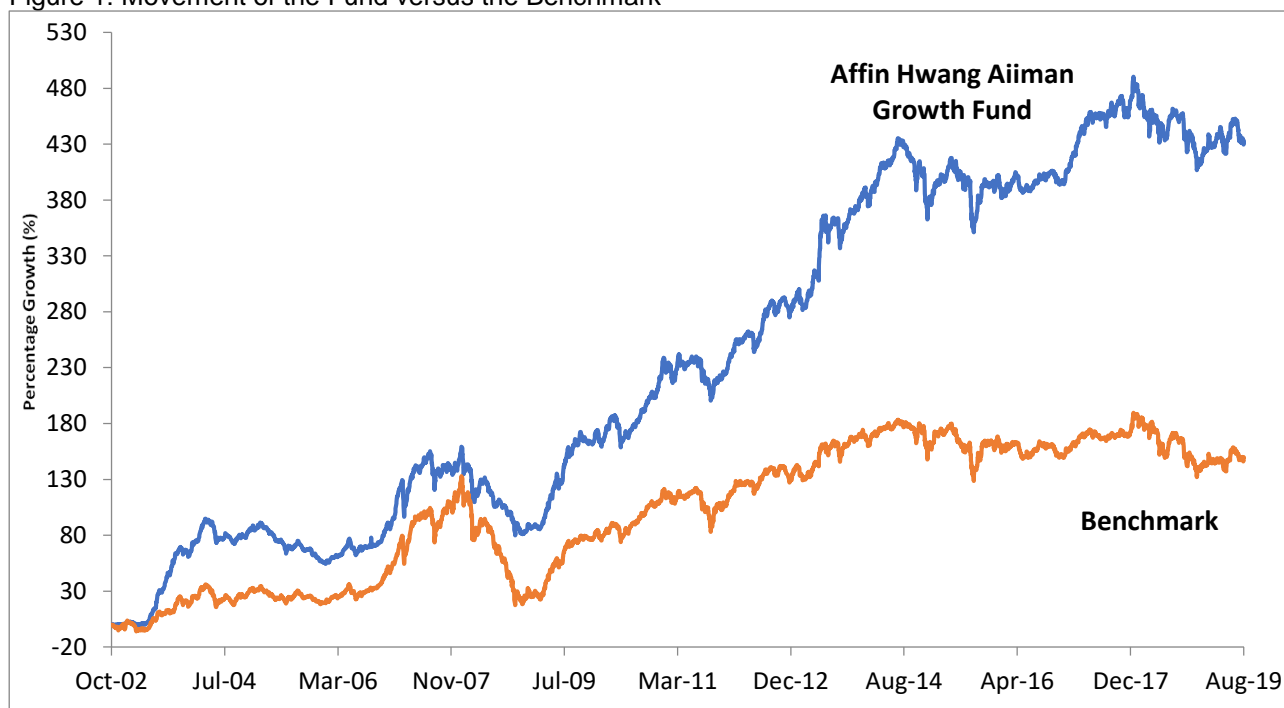
MANAGER'S REPORT

Performance Review

For the period 1 September 2018 to 31 August 2019, the Fund registered a return of -4.10%. The Net Asset Value (NAV) per unit of the Fund as at 31 August 2019 was RM1.0251 while the NAV at 31 August 2018 was RM1.0846. The Benchmark for the period registered a return of -6.99%. The Fund outperformed the Benchmark by 2.89 percentage points (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 2019, the Fund has registered a return of 432.90%. Compared to the benchmark that rose 149.73% for the same period, the Fund outperformed the Benchmark by 283.17 percentage points. As such, the Fund will continue to be managed in a manner to fulfil its objective.

Figure 1: Movement of the Fund versus the Benchmark



"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 Bursa Malaysia."

Benchmark: FTSE Bursa Malaysia Emas Shariah Index

Income Distribution / Unit Split

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0150 per Unit for investors of the Affin Hwang Aiiman Growth Fund over the period under review.

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)
20 Aug 2019	21 Aug 2019	1.0377	0.0150	1.0226

No unit split were declared for the financial year ended 31 August 2019.

Asset Allocation

For a snapshot of the Fund's asset mix during the period under review, please refer to Figure 2.

Figure 2: Asset allocation of the Fund

	<u>31 Aug 2019</u>	<u>31 Aug 2018</u>	<u>31 Aug 2017</u>
	(%)	(%)	(%)
Shariah-compliant quoted equities – local	79.97	79.83	90.80
Exchange-traded fund – local	1.97	1.18	-
Cash & Cash equivalent	18.06	18.99	9.20
Total	100.00	100.00	100.00

As at 31 August 2019, the Fund's asset allocation stood at 79.97% in Shariah-compliant equities, 1.97% in exchange-traded fund (ETF), and the balance in cash and cash equivalent. During the period under review, the Fund's equity exposure was relatively unchanged compared to a year ago.

Strategies Employed

Over the period under review, the Manager continued to focus on domestic-driven sectors that are less directly impacted from trade tariffs as well as defensive high yields sectors as volatility persisted in markets.

Market Review

Emerging markets (EMs) saw a “tantrum-like” sell-off in 2018 where investors' appetite for risk-assets tapered off significantly on the back of fractious developments within Turkey and Argentina that have sent both their currencies into free fall.

Trade remained a key overhang of markets following tit-for-tat tariffs. A sharp depreciation of the Chinese yuan also dragged down the rest of EMs, as a high correlation between markets led to further pain within other Asian currencies. The yuan has shed its value when trade tensions started to brew. Due to concerns over trade-frictions with the US and possible second-order impacts on the Chinese economy that could manifest into slower investment and softer consumption, Beijing has shifted slightly towards a more neutral tone that leaves more room for China to loosen its grip on deleveraging and policy easing.

On the local front, the 14th General Election (GE14) concluded with jaw-dropping results that stunned political pundits and pollsters. In a watershed election, the opposition won GE14 by wresting traditionally held strongholds from the incumbent by taking over states such as Johor, Kedah, and Melaka. Tun Dr. Mahathir aged 93 returns to parliament with a second stint as Prime Minister pledging institutional and fiscal reforms for the country.

Coming into 2019, after a yearlong bitter trade conflict, we've since seen the two economic powerhouses change their political rhetoric to one of compromise and cooperation after extending the initial 1 March deadline. Some of the headwinds pressuring emerging markets (EMs) before are now receding with the US Federal Reserve turning more dovish and the US dollar strength starting to top-out. A gradual step-up in stimulus measures from China would also be supportive of markets and help drive growth.

However, “Sell in May and go away” has again proven to be a recurring theme this year after deteriorating trade relations between US and China wreaked further havoc across global financial markets in May. Trump raised the tariff on some US\$200 billion worth of Chinese imports to 25.0% from 10.0% earlier that month in an extreme bid to speed up trade negotiations. While the tariff hike was initially downplayed, things took a swift turn on when Trump banned Huawei with a national security order; thus prompting US companies to sever all business ties with the Chinese smartphone and telecommunications giant.

For the first time in more than a decade, the US Federal Reserve (“Fed”) reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. Fed Chair Jerome Powell struck a neutral tone; explaining that the rate cut was a mid-cycle adjustment to better sustain the US' current economic expansion. While it was also highlighted that the Fed would do whatever it takes to support the economy, Powell's statement stopped short of committing to a series of near-term interest rate cuts.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

On a side note, BNM cut the Overnight Policy Rate by 25 bps to 3.00% on 7 May – likely a pre-emptive measure against a weakening external environment as well as slowing domestic growth. The announcement was largely priced in by investors, which saw the MGS market rallied strongly in the few weeks prior to the announcement, though the buying subsequently eased up amid the addition of risks on the global trade front.

Investment Outlook

The global economy is poised to continue to grow at an even keel albeit at a slower pace. We do not see major economic imbalances that would lead to a recession in the immediate term. That said, as we head into a late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective. In terms of interest rate cycle, we have likely entered the tail-end of rate hike cycle globally, including in the US after 9 consecutive rate hikes given slower growth and benign inflation outlook.

Despite Trump's mercurial and volatile nature, it is apparent that China President Xi Jinping is emerging as the dark horse in this protracted US-China trade war. It will be important to gauge the response from Beijing where President Xi has warned of a 'long march' and that it will be prepared to dig in to stave off a potential slowdown. The stakes are higher for Trump who faces a presidential re-election bid in 2020 if the tariffs begins to bite and his popularity wanes.

On monetary policy, the Fed is expected to make a 25bps at its September policy meeting where the central bank will also release its dot plot projection then. Recall at its July 30-31 FOMC meeting, the Fed made a 25bps rate cut, which was the first interest rate reduction since the 2008-GFC.

Fed funds futures are also partially pricing-in another rate cut before the year ends, though this may be slightly ahead of the curve due to underlying strength of the US economy and inflation still benign. Another factor at play is the Fed also wanting to assert its independence and not seen to be influenced by political pressure especially from Trump. Similarly, there may be room for Bank Negara Malaysia ("BNM") to cut rates if macro conditions deteriorate and if the protracted trade war becoming a drag on global growth. The trade impasse which has stretched into a yearlong skirmish between US and China shows no signs of abating yet with negotiations ongoing which could lead to more choppy market conditions.

In a typical late cycle environment, inflation tends to rise as the economy overheats and that forces central banks to hike rates. The good news today is that inflation has not and does not seem to be rising significantly. Weakening global demand and other underlying structural issues such as aging demographic, elevated debts and technology are the reasons why inflationary pressures have been benign. Therefore, we believe future rate hikes, if any are limited and interest rates will stay lower for longer.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

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

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 2019. 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 1.50 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
Date: 14 October 2019

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 2019.

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 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
INVESTMENT (LOSS)/INCOME			
Dividend income		8,908,247	11,810,564
Profit income from short term Shariah-based deposits		2,546,483	2,513,798
Net loss on financial assets at fair value through profit or loss	8	(22,450,442)	(8,036,347)
		<u>(10,995,712)</u>	<u>6,288,015</u>
EXPENSES			
Management fee	4	(6,068,043)	(6,294,516)
Trustee fee	5	(286,316)	(300,112)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(3,800)	(3,700)
Transaction costs		(1,417,239)	(1,898,588)
Other expenses		(131,441)	(396,251)
		<u>(7,914,339)</u>	<u>(8,900,667)</u>
NET LOSS BEFORE TAXATION		(18,910,051)	(2,612,652)
TAXATION	6	-	(55,934)
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(18,910,051)</u>	<u>(2,668,586)</u>
Net loss after taxation is made up of the following:			
Realised amount		(200,732)	14,626,408
Unrealised amount		(18,709,319)	(17,294,994)
		<u>(18,910,051)</u>	<u>(2,668,586)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
ASSETS			
Cash and cash equivalents	9	72,196,630	85,490,051
Financial assets at fair value through profit or loss	8	326,108,377	364,540,964
Amount due from brokers		-	1,118,292
Amount due from Manager - creation of units		161,605	-
Dividend receivables		193,690	820,715
TOTAL ASSETS		<u>398,660,302</u>	<u>451,970,022</u>
LIABILITIES			
Amount due to brokers		-	1,294,775
Amount due to Manager - management fee		505,809	574,657
- cancellation of units		58,072	77,418
Amount due to Trustee		23,694	26,880
Auditors' remuneration		7,500	7,500
Tax agent's fee		4,350	3,950
Other payables and accruals		7,680	4,287
TOTAL LIABILITIES		<u>607,105</u>	<u>1,989,467</u>
NET ASSET VALUE OF THE FUND		<u>398,053,197</u>	<u>449,980,555</u>
EQUITY			
Unitholders' capital		384,711,157	411,985,309
Retained earnings		13,342,040	37,995,246
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>398,053,197</u>	<u>449,980,555</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>388,301,000</u>	<u>414,871,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.0251</u>	<u>1.0846</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019**

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
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>
Balance as at 1 September 2017	302,893,088	48,841,172	351,734,260
Total comprehensive loss for the financial year	-	(2,668,586)	(2,668,586)
Distribution (Note 7)	-	(8,177,340)	(8,177,340)
Movement in unitholders' capital:			
Creation of units arising from applications	188,334,483	-	188,334,483
Creation of units arising from distribution	8,171,022	-	8,171,022
Cancellation of units	(87,413,284)	-	(87,413,284)
Balance as at 31 August 2018	<u>411,985,309</u>	<u>37,995,246</u>	<u>449,980,555</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		257,367,329	298,447,176
Purchase of Shariah-compliant investments		(241,561,667)	(350,589,850)
Dividend income received		9,469,761	11,271,994
Profit income received from short term Shariah-based deposits		2,546,483	2,513,798
Management fee paid		(6,136,891)	(6,169,327)
Trustee fee paid		(289,502)	(294,207)
Payment for other fees and expenses		(1,490,676)	(2,336,538)
Net cash generated from/(used in) from operating activities		<u>19,904,837</u>	<u>(47,156,954)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		21,190,137	188,424,426
Payments for cancellation of units		(54,383,656)	(87,532,360)
Payment for distributions		(4,739)	(6,318)
Net cash (used in)/generated from financing activities		<u>(33,198,258)</u>	<u>100,885,748</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(13,293,421)	53,728,794
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>85,490,051</u>	<u>31,761,257</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u><u>72,196,630</u></u>	<u><u>85,490,051</u></u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

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 (“MFRS”) and International Financial Reporting Standards (“IFRS”).

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

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2018:

- MFRS 9 ‘Financial Instruments’ became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in MFRS 139.

Classification and measurement of debt assets is driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (“SPPI”). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. MFRS 9 also introduces a new expected credit loss (“ECL”) impairment model.

MFRS 9 has been applied retrospectively by the Fund and has resulted in the changes outlined in Note G.

The Fund’s investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2018: (continued)

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Fund.

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

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

B INCOME RECOGNITION

Dividend Income

Dividend income from Shariah-compliant quoted equities is recognised 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.

Up to 31 August 2018, when a financing and receivable is impaired, the Fund reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective profit rate of the instrument and continue unwinding the discount as profit income. Profit income on impaired financing and receivables are recognised using the original effective profit rate.

From 1 September 2018, 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).

The change did not result in any material impact in the Fund.

Realised gains and losses on sale of investments

For Shariah-compliant quoted investments 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

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

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

Up to 31 August 2018, the Fund designates its investments in Shariah-compliant quoted equities and exchange-traded fund as financial assets at fair value through profit or loss.

Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets.

The Fund's loans and receivables comprise cash and cash equivalents, amount due from brokers and dividend receivables.

Financial liabilities are classified according to the substance of the contractual arrangements extend into and the definitions of a financial liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification (continued)

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

From 1 August 2018, the Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividend receivables 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.

(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.

Financial liabilities, within the scope of MFRS 139 up to 31 August 2018 and MFRS 9 from 1 August 2018, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

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 when the Fund's right to receive payments is established.

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.

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

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

(iii) Impairment

Up to 31 August 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'financing and receivables' or a 'held-to-maturity' investment has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

From 1 September 2018 onwards, 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

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

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 impairment gains. 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 short-term Shariah-based deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

I AMOUNTS DUE FROM/(TO) BROKERS

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

I AMOUNTS DUE FROM/(TO) BROKERS (CONTINUED)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

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 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic asset allocation committee of the Manager that makes strategic decisions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (CONTINUED)

L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

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 2018 (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 AIIIMAN Growth Fund as amended by the Fourth Supplemental Deed dated 20 November 2008, from HwangDBS AIIIMAN Growth Fund to Hwang AIIIMAN Growth Fund as amended by the Fifth Supplemental Deed dated 18 January 2012 and from Hwang AIIIMAN Growth Fund to Affin Hwang Aiiiman 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 2019.

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2019</u>	<u>Note</u>	<u>Financial assets at amortised cost</u> RM	<u>Financial assets at fair value through profit or loss</u> RM	<u>Total</u> RM
Shariah-compliant quoted equities	8	-	318,264,377	318,264,377
Exchange-traded funds	8	-	7,844,000	7,844,000
Cash and cash equivalents	9	72,196,630	-	72,196,630
Amount due from Manager - creation of units		161,605	-	161,605
Dividend receivables		193,690	-	193,690
Total		<u>72,551,925</u>	<u>326,108,377</u>	<u>398,660,302</u>

<u>2018</u>	<u>Note</u>	<u>Financing and receivables</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Total</u> RM
Shariah-compliant quoted equities	8	-	359,227,964	359,227,964
Exchange-traded funds	8	-	5,313,000	5,313,000
Cash and cash equivalents	9	85,490,051	-	85,490,051
Amount due from brokers		1,118,292	-	1,118,292
Dividend receivables		820,715	-	820,715
Rebate of management fee receivable		1,353	-	1,353
Total		<u>87,430,411</u>	<u>364,540,964</u>	<u>451,971,375</u>

All current liabilities are financial liabilities which are carried at amortised cost.

The Fund is exposed to a variety of risks which include market risk (including price risk and interest 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.

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.

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

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2019</u> RM	<u>2018</u> RM
Shariah-compliant quoted investments		
Shariah-compliant quoted equities	318,264,377	359,227,964
Exchange-traded fund	7,844,000	5,313,000
	<u>326,108,377</u>	<u>364,540,964</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 5% and decreased by 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>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>
<u>2018</u>		
-5%	346,313,916	(18,227,048)
0%	364,540,964	-
+5%	382,768,012	18,227,048
	<u>364,540,964</u>	<u>18,227,048</u>

(b) Interest rate risk

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

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

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

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

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant 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.

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2019</u>			
Financials			
- AAA	57,165,022	-	57,165,022
- AA2	15,031,599	-	15,031,599
Industrial Products			
- NR	-	79,882	79,882
Property			
- NR	-	18,078	18,078
Technology			
- NR	-	95,730	95,730
Others			
- NR	-	161,605	161,605
	<u>72,196,621</u>	<u>355,295</u>	<u>72,551,916</u>

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

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

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

Credit risk (continued)

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

<u>2018</u>	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
Financials			
- AAA	50,459,859	-	50,459,859
- AA2	30,014,411	-	30,014,411
- AA3	5,015,781	-	5,015,781
Industrial Products			
- NR	-	424,464	424,464
Infrastructure			
- NR	-	119,070	119,070
REITS			
- NR	-	211,848	211,848
Technology			
- NR	-	65,333	65,333
Trading/services			
- NR	-	1,118,292	1,118,292
Others			
- NR	-	1,431	1,431
	<u>85,490,051</u>	<u>1,940,438</u>	<u>87,430,489</u>

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

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.

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

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

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of 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>2019</u>			
Amount due to Manager			
- cancellation of units	58,072	-	58,072
- management fee	505,809	-	505,809
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>
 <u>2018</u>			
Amount due to Manager			
- cancellation of units	77,418	-	77,418
- management fee	576,010	-	576,010
Amount due to Trustee	26,880	-	26,880
Amount due to brokers	-	1,294,775	1,294,775
Auditors' remuneration	-	7,500	7,500
Tax agent's fee	-	3,950	3,950
Other payables and accruals	-	4,287	4,287
	<u>680,308</u>	<u>1,310,512</u>	<u>1,990,820</u>

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

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)

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.

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

3 FAIR VALUE ESTIMATIONS (CONTINUED)

(i) Fair value hierarchy (continued)

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>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>326,108,377</u>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant quoted equities	359,227,964	-	-	359,227,964
- exchange-traded fund	5,313,000	-	-	5,313,000
	<u>364,540,964</u>			<u>364,540,964</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.

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

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE

	<u>2019</u> RM	<u>2018</u> RM
Gross management fee	6,135,353	6,430,972
Management fee rebate		
- interest income earned on collection account	(49,321)	(122,453)
- management fee rebate on collective investment schemes	(17,989)	(14,003)
Net management fee	<u>6,068,043</u>	<u>6,294,516</u>

In accordance with the Deeds, 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.

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

4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE (CONTINUED)

For the financial year ended 31 August 2019, the management fee is recognised at a rate of 1.50% (2018: 1.50%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Prospectus.

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

As this Fund invests in units of the TradePlus Shariah Gold Tracker, any management fee charged to collective investment schemes are fully refunded to this Fund in the form of management fee rebate .

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 2019, the Trustee fee is recognised at a rate of 0.07% (2018: 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.

6 TAXATION

	<u>2019</u> RM	<u>2018</u> RM
Current taxation – local	-	55,934

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

	<u>2019</u> RM	<u>2018</u> RM
Net (loss)/ profit before taxation	(18,910,051)	(2,612,652)
Tax at Malaysian statutory rate of 24% (2018: 24%)	(4,538,412)	(627,036)
Tax effects of:		
Investment income not subject to tax	2,638,971	(1,541,873)
Expenses not deductible for tax purposes	438,202	2,014,386
Restrictions on tax deductible expenses for Unit Trust Funds	1,461,239	154,523
Investment Income subject to different tax rate	-	55,934
Tax expense	-	55,934

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

7 DISTRIBUTION

	<u>2019</u> RM	<u>2018</u> RM
Distributions to unitholders are from the following sources:		
Prior years' realised income	5,743,155	8,177,340
Gross realised income	<u>5,743,155</u>	<u>8,177,340</u>
Less: Expenses	<u>-</u>	<u>-</u>
Net distribution amount	<u><u>5,743,155</u></u>	<u><u>8,177,340</u></u>
Gross/Net distribution per unit (sen)	<u>1.50</u>	<u>2.00</u>
Ex-date	<u>21.08.2019</u>	<u>13.06.2018</u>

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

Included in distribution for the financial year is an amount of RM5,743,155 (2018: RM8,177,340) from previous financial years' realised income.

The fund has incurred an unrealised loss of RM18,709,319 (2018: RM17,294,995) for the financial year ended 31 August 2019.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u> RM	<u>2018</u> RM
Designated at fair value through profit or loss:		
- Shariah-compliant quoted equities – local	318,264,377	359,227,964
- Exchange-traded fund - local	7,844,000	5,313,000
	<u>326,108,377</u>	<u>364,540,964</u>
Net loss on financial assets at fair value through profit or loss		
- realised (loss)/gain on sale of investments	(3,741,123)	9,258,647
- unrealised loss on changes of fair value	(18,709,319)	(17,294,994)
	<u><u>(22,450,442)</u></u>	<u><u>(8,036,347)</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (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 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
Veleso 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
<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>

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

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

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

(i) Shariah-compliant quoted equities – local as at 31 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>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>
<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>

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

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

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

(i) Shariah-compliant quoted equities – local as at 31 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>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>		

(ii) Shariah-compliant quoted equities – local as at 31 August 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
Econpile Holdings Bhd	6,275,000	5,483,137	5,208,250	1.16
IJM Corporation Bhd	2,263,400	5,599,000	4,232,558	0.94
Kerjaya Prospek Group Bhd	3,831,960	3,691,248	5,441,383	1.21
WCT Holdings Bhd	2,563,320	4,406,503	2,294,171	0.51
	<u>14,933,680</u>	<u>19,179,888</u>	<u>17,176,362</u>	<u>3.82</u>
<u>Consumer Product and Services</u>				
Fraser & Neave Holdings Bhd	357,300	9,837,896	13,398,750	2.98
Padini Holdings Bhd	780,000	4,297,491	4,664,400	1.04
QL Resources Bhd	1,149,030	3,011,721	6,698,845	1.49
UMW Holdings Bhd	387,500	2,508,520	2,297,875	0.51
	<u>2,673,830</u>	<u>19,655,628</u>	<u>27,059,870</u>	<u>6.02</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (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 2018 are as follows: (continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Financial Services</u>				
BIMB Holdings Bhd	590,000	2,359,549	2,324,600	0.52
Syarikat Takaful Malaysia	1,456,100	3,712,832	5,635,107	1.25
	<u>2,046,100</u>	<u>6,072,381</u>	<u>7,959,707</u>	<u>1.77</u>
<u>Industrial Product and Services</u>				
ATA IMS Bhd	3,039,100	4,914,464	4,832,169	1.07
Kossan Rubber Industries Bhd	2,131,200	8,527,172	9,419,904	2.09
Petronas Chemicals Group Bhd	2,079,500	16,343,407	19,651,275	4.37
Petronas Gas Bhd	376,000	7,311,950	7,031,200	1.56
Scientex Bhd	1,762,000	11,228,294	14,624,600	3.25
Uchi Technologies Bhd	760,200	1,462,530	2,318,610	0.52
V.S. Industry Bhd	7,252,000	16,037,177	11,385,640	2.53
	<u>17,400,000</u>	<u>65,824,994</u>	<u>69,263,398</u>	<u>15.39</u>
<u>Telecommunication and Media</u>				
Digi.Com Bhd	2,430,000	11,153,907	11,445,300	2.54
<u>Plantation</u>				
Genting Plantations Bhd	645,700	6,702,151	6,088,951	1.35
IOI Corporation Bhd	2,260,000	10,340,296	10,215,200	2.27
	<u>2,905,700</u>	<u>17,042,447</u>	<u>16,304,151</u>	<u>3.62</u>
<u>Properties</u>				
Eastern & Oriental Bhd	4,255,000	7,271,323	6,297,400	1.40
Matrix Concepts Holdings Bhd	4,326,677	8,427,247	8,999,488	2.00
SP Setia Bhd Group	1,620,681	5,588,657	4,262,391	0.95
UOA Development Bhd	4,825,000	12,048,149	11,580,000	2.57
SP Setia Bhd Group - RCPS-i B	692,872	609,727	568,155	0.13
	<u>15,720,230</u>	<u>33,945,103</u>	<u>31,707,434</u>	<u>7.05</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (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 2018 are as follows:
(continued)

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Reits</u>				
Axis Real Estate Investment Trust	6,169,200	9,136,009	9,192,108	2.04
KLCCP Stapled Group Stapled Security	1,205,000	8,811,003	9,278,500	2.06
	<u>7,374,200</u>	<u>17,947,012</u>	<u>18,470,608</u>	<u>4.10</u>
<u>Technology</u>				
Malaysian Pac Industries Bhd	526,100	6,224,860	6,386,854	1.42
Inari Amertron Bhd	4,694,050	10,333,290	10,514,672	2.34
Unisem M Bhd	2,613,300	6,024,986	7,526,304	1.67
GHL Systems Bhd	5,250,000	7,588,967	8,400,000	1.87
	<u>13,083,450</u>	<u>30,172,103</u>	<u>32,827,830</u>	<u>7.30</u>
<u>Trading/Services</u>				
Dialog Group Bhd	7,526,000	12,947,115	26,115,220	5.80
Tenaga Nasional Bhd	2,081,000	30,143,549	32,630,080	7.25
Sunway Bhd	10,378,000	16,218,095	16,085,900	3.58
Petronas Dagangan Bhd	529,200	13,229,215	14,373,072	3.19
KPJ Healthcare Bhd	8,300,000	7,856,192	9,047,000	2.01
Aeon Company (M) Bhd	3,900,000	9,142,442	7,488,000	1.66
Axiata Group Bhd	1,105,000	6,017,644	5,292,950	1.18
Gas Malaysia Bhd	1,626,100	3,878,519	4,715,691	1.05
Westports Holdings Bhd	1,216,600	4,206,268	4,513,586	1.00
Sime Darby Bhd	1,818,355	3,764,629	4,636,805	1.03
STAR Publications M Bhd	2,250,000	2,482,453	2,115,000	0.47
	<u>40,730,255</u>	<u>109,886,121</u>	<u>127,013,304</u>	<u>28.22</u>
Total Shariah-compliant quoted equities – local	<u>119,297,445</u>	<u>330,879,584</u>	<u>359,227,964</u>	<u>79.83</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>28,348,380</u>		
Total Shariah-compliant quoted equities – local		<u>359,227,964</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (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 2019 are as follows:

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

(ii) Exchange-traded fund – local as at 31 August 2018 are as follows:

	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	3,300,000	5,670,549	5,313,000	1.18
Total exchange-traded fund – local	<u>3,300,000</u>	<u>5,670,549</u>	<u>5,313,000</u>	<u>1.18</u>
Accumulated unrealised loss on exchange-traded fund – local		<u>(357,549)</u>		
Total exchange-traded fund – local		<u><u>5,313,000</u></u>		

9 CASH AND CASH EQUIVALENTS

	<u>2019 RM</u>	<u>2018 RM</u>
Cash and bank balances	245,243	83,718
Short term Shariah-based deposits with licensed financial institutions	<u>71,951,387</u>	<u>85,406,333</u>
	<u><u>72,196,630</u></u>	<u><u>85,490,051</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 (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>2019</u> %	<u>2018</u> %
Shariah-based deposits with licensed financial institutions	<u>2.94</u>	<u>3.39</u>

Shariah-based deposits with licensed financial institutions have an average maturity of 4 days (2018: 17 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>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial year	414,871,000	318,293,000
Creation of units arising from applications during the financial year	20,085,000	167,117,000
Creation of units arising from distributions during the financial year	5,573,442	7,714,333
Cancellation of units during the financial year	<u>(52,228,442)</u>	<u>(78,253,333)</u>
At the end of the financial year	<u>388,301,000</u>	<u>414,871,000</u>

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

12 TRANSACTIONS WITH BROKERS

a) 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 RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Investment Bank Bhd	160,096,219	32.46	402,241	32.56
Macquarie Bank Limited Hong Kong Bhd	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>493,249,910</u>	<u>100.00</u>	<u>1,229,133</u>	<u>100.00</u>

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

12 TRANSACTIONS WITH BROKERS (CONTINUED)

b) Details of transactions with the top 10 brokers for the financial year ended 31 August 2018 are as follows:

<u>Name of brokers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Investment Bank Bhd	218,980,734	33.70	521,031	32.80
HLG Securities Sendirian Bhd	50,375,129	7.75	117,440	7.39
RHB Investment Bank Bhd	50,305,163	7.74	125,763	7.92
UOB Kay Hian Secs (M) Sdn Bhd	46,408,634	7.14	116,022	7.30
Public Investment Bank Bhd	40,027,665	6.15	100,069	6.30
Maybank Investment Bank Bhd	39,379,207	6.06	99,031	6.23
Kenanga Investment Bank Bhd	38,649,156	5.95	96,623	6.08
CIMB Investment Bank Bhd	36,976,576	5.69	104,637	6.59
CLSA Sec Malaysia Sdn Bhd	30,513,167	4.70	67,585	4.26
Credit Suisse Secs (M) Sdn Bhd	20,326,795	3.13	50,817	3.20
Others	77,873,349	11.99	189,557	11.93
	<u>649,815,575</u>	<u>100.00</u>	<u>1,588,575</u>	<u>100.00</u>

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 RM160,096,219 (2018: RM218,980,734). The Manager is of the opinion that all transactions with the related company have been entered into agreed terms between the related parties .

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

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>2019</u>		<u>2018</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	<u>123,080</u>	<u>126,169</u>	<u>188,181</u>	<u>204,101</u>

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

14 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2019</u> %	<u>2018</u> %
MER	1.58	1.66

MER is derived from the following calculation:

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

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 RM409,221,270 (2018: RM428,778,773).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2019</u>	<u>2018</u>
PTR (times)	0.61	0.76

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 = RM240,266,892 (2018: RM351,884,626)

total disposal for the financial year = RM259,990,160 (2018: RM297,633,626)

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

16 SEGMENT INFORMATION

The strategic asset allocation committee of the Investment Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by the Manager that are used to make strategic decisions.

The committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividends, income and gains on the appreciation in the value of investments and are derived from quoted equities in Malaysia.

The Fund has diversified unitholder population. However, as at 31 August 2019, there was 1 unitholder (2018: 1 unitholder) who held more than 10% of the Fund's NAV. The unitholder's holding was 16.70% (2018: 16.80%).

There were no changes in the reportable segment during the financial year.

The internal reporting provided to the committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

17 MFRS 9 FINANCIAL INSTRUMENTS

As disclosed in Note A, the Fund has adopted MFRS 9, which resulted in the following changes in accounting policies.

(a) Classification and measurement of financial assets

Up to 31 August 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. Note H sets out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 September 2018, the Fund applies the following MFRS 9's classification approach to all types of financial assets:

- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Fund has made an irrevocable choice to present changes in fair value in other comprehensive income ("OCI") for investments that are not held for trading.

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

17 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

As disclosed in Note A, the Fund have adopted MFRS 9, which resulted in the following changes in accounting policies: (continued)

(b) Impairment

From 1 September 2018 onwards, 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

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

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

17 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

As disclosed above, the adoption of MFRS 9 in 2018 resulted in a change in measurement categories of certain financial assets and financial liabilities.

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- -cations	Remeasu- -rements	New (MFRS 9)
			RM	RM	RM	RM
Assets						
Cash and cash equivalents	Financing and receivables	Amortised cost	85,490,051	-	-	85,490,051
Financial assets at fair value through profit or loss	FVTPL	FVTPL	364,540,964			364,540,964
Dividend receivables	Financing and receivables	FVTPL	820,715	-	-	820,715
Amount due from broker	Financing and receivables	Amortised cost	1,118,292	-	-	1,118,292
Liabilities						
Amount due to Manager – management fee – cancellation of units	Amortised cost	Amortised cost	574,657 77,418	- -	- -	574,657 77,418
Amount due to Trustee	Amortised cost	Amortised cost	26,880	-	-	26,880
Amount due to brokers	Amortised cost	Amortised cost	1,294,775	-	-	1,294,775
Auditors' remuneration	Amortised cost	Amortised cost	7,500	-	-	7,500
Tax agent's fee	Amortised cost	Amortised cost	3,950	-	-	3,950
Other payables and accruals	Amortised cost	Amortised cost	4,287	-	-	4,287

AFFIN HWANG AIIMAN GROWTH FUND

STATEMENT BY THE MANAGER

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 10 to 45 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 2019 and of its financial performance, changes in equity and cash flows for the financial year ended 31 August 2019 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 2019

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 2019, 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 2019, 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 10 to 45.

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 AII MAN 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 AII MAN 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 2019

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