

# Affin Hwang Aiiman Equity Fund

Annual Report  
31 March 2019

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



**AFFIN HWANG**  
CAPITAL

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

**TRUSTEE**  
AmanahRaya Trustee Berhad (766894-T)

# AFFIN HWANG AIIMAN EQUITY FUND

## Annual Report and Audited Financial Statements For the Financial Year 31 March 2019

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman Equity Fund
Fund Type	Capital Growth
Fund Category	Islamic Equity
Investment Objective	The Fund aims to provide investors with stable returns by enabling investors to participate in the growth prospect of the Malaysian market which is in compliance with Shariah principles.
Benchmark	FTSE-Bursa Malaysia EMAS Shariah Index
Distribution Policy	Distribution (if any) will be subject to the availability of income

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 MARCH 2019

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	53,263	70,023
5,001 to 10,000	2,949	19,963
10,001 to 50,000	1,090	15,886
50,001 to 500,000	22	2,490
500,001 and above	1	10,787
<b>Total</b>	<b>57,325</b>	<b>119,149</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Mar 2019 (%)	As at 31 Mar 2018 (%)	As at 31 Mar 2017 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Construction	5.03	12.23	17.68
- Consumer products	10.28	5.31	2.02
- Energy	8.21	-	-
- Financial services	1.55	1.51	2.71
- Health care	2.52	-	-
- Industrial products & services	19.10	15.18	16.05
- Infrastructure	-	-	2.15
- Plantation	2.24	2.67	6.39
- Properties	8.29	2.98	4.89
- REITs	6.91	4.48	7.91
- Technology	20.47	5.78	8.08
- Telecommunications & media	1.85	-	-
- Transportation & logistics	3.00	-	-
- Trading / services	-	36.21	28.89
- Warrant	-	0.04	-
<b>Total quoted equities - local</b>	<b>89.45</b>	<b>86.39</b>	<b>96.77</b>
<b>Collective investment scheme</b>	<b>1.36</b>	<b>1.07</b>	<b>-</b>
<b>Cash and cash equivalent</b>	<b>9.19</b>	<b>12.54</b>	<b>3.23</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	54.403	68.060	74.355
NAV per Unit (RM)	0.4565	0.4933	0.4812
Unit in Circulation (million)	119.184	137.964	154.519
Highest NAV	0.5032	0.5513	0.4812
Lowest NAV	0.4324	0.4765	0.4255
Return of the Fund (%) <sup>iii</sup>	-5.48	3.57	10.75
- Capital Growth (%) <sup>i</sup>	-7.46	2.51	10.75
- Income Distribution (%) <sup>ii</sup>	2.14	1.03	Nil
Gross Distribution per Unit (sen)	1.00	0.50	Nil
Net Distribution per Unit (sen)	1.00	0.50	Nil
Management Expense Ratio (%) <sup>1</sup>	1.64	1.74	1.72
Portfolio Turnover Ratio (times) <sup>2</sup>	1.00	0.82	0.66

### **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

<sup>1</sup>The MER of the Fund was lower than previous year due to lower expenses incurred by the Fund during the period under review.

<sup>2</sup>The Fund recorded a higher PTR than previous year due to lower average net asset value for the financial year.

**Capital Return<sup>i</sup>** = {NAV per Unit @ 31/03/19 ÷ NAV per Unit @ 31/03/18\* – 1} x 100  
= (0.4565 ÷ 0.4933 – 1) x 100  
= **-7.46%**

Income Return @ ex-date = {Income distribution per Unit ÷ NAV per Unit on ex-date} + 1  
= {0.0100 ÷ 0.4681 @ 24/07/18} + 1 = 1.0214

**Total Income Return<sup>ii</sup>** = {[Income Return @ ex-date x Income Return @ ex-date] – 1} x 100  
= {[1.0214] – 1} x 100  
= **2.14%**

**Return of the Fund<sup>iii</sup>** = {(1 + Capital Return x (1 + Income Return)) – 1} x 100  
= {(1 + (-7.46%)) x (1 + 2.14%)} – 1} x 100  
= **-5.48%**

\*Source: AmanahRaya Trustees Berhad

Table 1: Performance of the Fund

	<b>1 Year (1/4/18 - 31/3/19)</b>	<b>3 Years (1/4/16 - 31/3/19)</b>	<b>5 Years (1/4/14 - 31/3/19)</b>	<b>Since Commencement (4/8/07 - 31/3/19)</b>
<b>Fund</b>	<b>(5.48%)</b>	<b>8.41%</b>	<b>3.15%</b>	<b>34.35%</b>
<b>Benchmark</b>	<b>(11.66%)</b>	<b>(6.48%)</b>	<b>(11.09%)</b>	<b>24.22%</b>
<b>Outperformance / (Underperformance)</b>	<b>6.18%</b>	<b>14.89%</b>	<b>14.24%</b>	<b>10.13%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>1 Year (1/4/18 - 31/3/19)</b>	<b>3 Years (1/4/16 - 31/3/19)</b>	<b>5 Years (1/4/14 - 31/3/19)</b>	<b>Since Commencement (4/8/07 - 31/3/19)</b>
<b>Fund</b>	<b>(5.48%)</b>	<b>2.73%</b>	<b>0.62%</b>	<b>2.56%</b>
<b>Benchmark</b>	<b>(11.66%)</b>	<b>(2.21%)</b>	<b>(2.32%)</b>	<b>1.88%</b>
<b>Outperformance / (Underperformance)</b>	<b>6.18%</b>	<b>4.94%</b>	<b>2.94%</b>	<b>0.68%</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2019 (01/4/18 - 31/3/19)</b>	<b>FYE 2018 (01/4/17 - 31/3/18)</b>	<b>FYE 2017 (01/4/16 - 31/3/17)</b>	<b>FYE 2016 (01/7/15 - 31/3/16)</b>	<b>FYE 2015 (01/7/14 - 30/6/15)</b>
<b>Fund</b>	<b>(5.48%)</b>	<b>3.57%</b>	<b>10.75%</b>	<b>0.23%</b>	<b>(7.21%)</b>
<b>Benchmark</b>	<b>(11.66%)</b>	<b>3.27%</b>	<b>2.50%</b>	<b>2.37%</b>	<b>(8.80%)</b>
<b>Outperformance / (Underperformance)</b>	<b>6.18%</b>	<b>0.30%</b>	<b>8.25%</b>	<b>(2.14%)</b>	<b>1.59%</b>

Source of Benchmark: Bloomberg

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

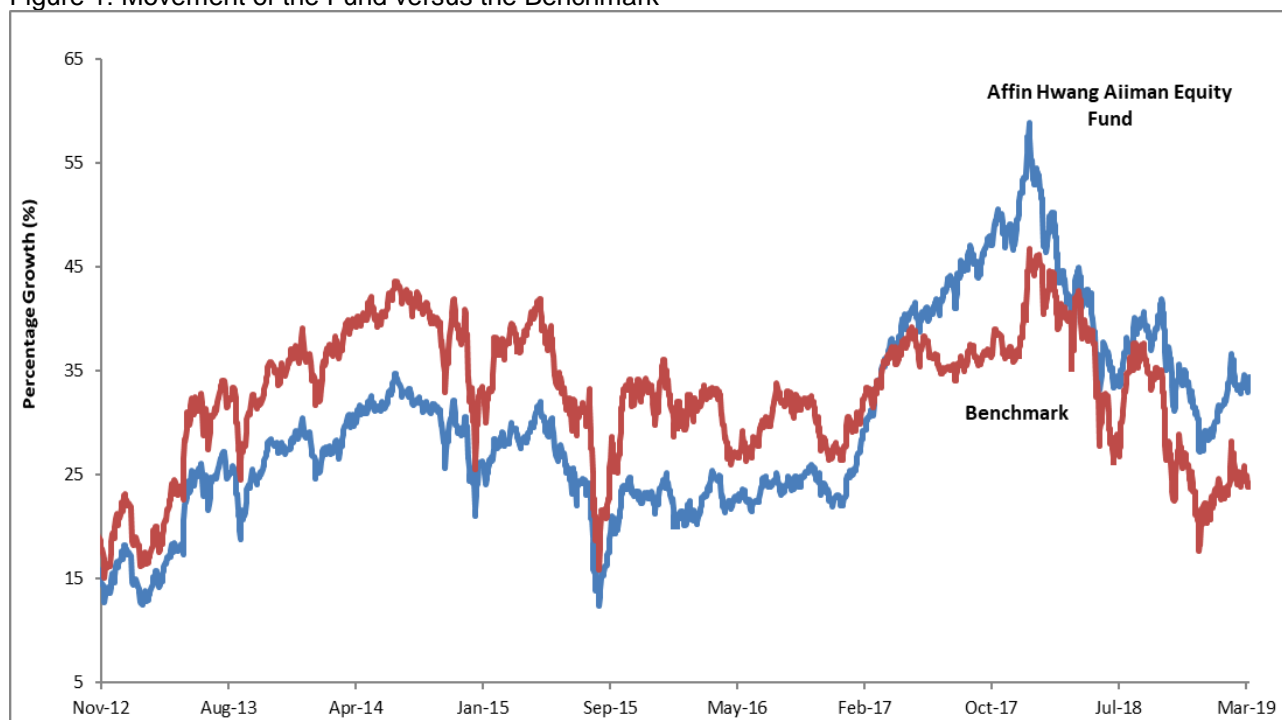
## MANAGER'S REPORT

### Performance Review

For the period under review from 1 April 2018 to 31 March 2019, the Fund registered a -5.48% return compared to the benchmark return of 11.66%. The Fund thus outperformed the Benchmark by 6.18%. The Net Asset Value ("NAV") per unit of the Fund as at 31 March 2019 was RM 0.4565 compared to its NAV per unit as at 31 March 2018 was RM 0.4933.

Since commencement, the fund has registered a return of 34.35%. Compare to the benchmark that gained 24.22%, the fund outperformed the benchmark by 10.13 percentage points. The fund has declared a total gross income distribution of RM0.1429 per unit to-date. As such, the Fund has met its objective by providing investors with stable returns.

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."*

Benchmark: FTSE-Bursa Malaysia EMAS Shariah Index

### Income Distribution / Unit Split

Affin Hwang Asset Management Bhd has distributed a total of gross distribution of RM0.0100 per Unit for investors of the Affin Hwang Aiiman Equity Fund over the period under review.

The NAV per Unit prior and subsequent to the distributions are as follow:

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
23 Jul 2018	24 Jul 2018	0.4760	0.0100	0.4681

No unit splits were declared for the financial year ended 31 March 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

	<b><u>31 Mar 2019</u></b>	<b><u>31 Mar 2018</u></b>	<b><u>31 Mar 2017</u></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Quoted equities – local	89.45	86.39	96.77
Collective investment scheme	1.36	1.07	-
Cash and Cash Equivalent	9.19	12.54	3.23
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

As at 31 March 2019, the asset allocation of the Fund stood at 89.45% in equities and the balanced was held in cash and cash equivalent. During the period under review, there was no substantial changes in the portfolio compared to a year ago. Cash level of the Fund was slightly reduced at a lower level of 9.19%.

## **Strategies Employed**

With the return of volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we took a view that the correction was overdone and a recession was not imminent, where we then deployed back into the market with a focus on quality.

## **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. Investors ploughed back money into the US on signs of quicker growth, rising interest rates and a stronger greenback that has undermined the attraction of riskier EM assets.

Regionally, the MSCI Asia ex-Japan Index was weighed down by external risk closing 7.40% lower. The MSCI AC Asia Islamic ex Japan Index fell 8.76% in the period under review due to the concentration of weights within the index including tech, property and manufacturing. As compared to the conventional space which included the banking sector that held up well.

Trade remained a key overhang of markets following tit-for-tat tariffs, where the Trump administration announced 10.0% duties on USD200 billion worth of Chinese imports which took effect on September 2018. China swiftly retaliated by imposing tariffs of their own on USD60 billion worth of US goods ranging between 5.0-10.0%. The two global powerhouses have already slapped tariffs on USD50 billion worth of goods throughout its trade skirmish.

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 over 3.37% of its value YTD, 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. The benchmark KLCI fell 11.80% in the period under review, whilst the small-cap rout deepened with the small-cap index plunging 14.44%.

Extensive kitchen-sinking and cost-cutting exercises embarked by the new government led to a fierce sell-off at the initial stage of the power transition. Construction stocks and politically-linked counters bore the brunt of the sell-off last month, as major infrastructure projects were reviewed and big-ticket items such as the Kuala Lumpur-Singapore High-Speed Rail (HSR) and the Mass Rapid Transit Line 3 (MRT3) project were scrapped. A massive clean-up that has swept across various institutions in the country post GE-14 saw numerous GLC & GLIC heads fall into the fray.

Coming into 2019, markets staged a fast and furious early-year rally that fuelled gains in Asian equity benchmark gauges. Coming from a deeply oversold position, markets were buoyed by increased trade optimism as both US and China come around the negotiation table to iron out a framework for a trade deal.

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.

### **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.

Easing measures announced by China has propped up the market, though closer monitoring would be needed to see if such stimulus has started to trickle-down to growth and GDP possibly sometime into the 2Q'19 due to lag effects. This could bolster fund flows back into EMs as positioning has been light with global funds underweight EMs and lots of cash on the side-lines.

Post sell-off, we do see valuations coming down to more attractive levels. With the exception of the 2008-GFC and Asian Financial Crisis, valuations today in Asia ex-Japan are at levels which correspond to positive market performance going forward. Though, we are mindful still of weaker earnings growth and further cuts to forward earnings estimates that could put a drag to market performance. We need to see earnings stabilise to anchor valuations forward.

### **State of Affairs of the Fund**

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

### **Soft Commissions received from Brokers**

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

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

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

### **Cross Trade**

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



## **TRUSTEE'S REPORT**

For the Financial Year Ended 31 March 2019

To The Unit Holders Of

### **AFFIN HWANG AIIMAN EQUITY FUND**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG AIIMAN EQUITY FUND for the financial year ended 31 March 2019. In our opinion AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG AIIMAN EQUITY FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement; and
- (b) Creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement.
- (c) The distribution of income made by AFFIN HWANG AIIMAN EQUITY FUND as declared by the Manager is appropriate and reflects the investment objective of AFFIN HWANG AIIMAN EQUITY FUND.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**HABSAH BINTI BAKAR**

Chief Executive Officer

Kuala Lumpur, Malaysia

15 May 2019

## **SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN EQUITY FUND**

We have acted as the Shariah Adviser of Affin Hwang Aiiman Equity Fund. Our responsibility is to ensure that the procedures and processes employed by Affin Hwang Asset Management Berhad and the provisions of the Master Deed dated 27 June 2007, First Supplemental Deed dated 25 October 2007, Second Supplemental Deed dated 8 September 2008, Third Supplemental Deed dated 13 October 2008, Fourth Supplemental Deed dated 22 July 2014 and Fifth Supplemental Deed dated 6 August 2015 are in accordance with Shariah principles.

In our opinion, Affin Hwang Asset Management Berhad has managed and administered Affin Hwang Aiiman Equity 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 March 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  
15 May 2019

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

	Note	<u>2019</u> RM	<u>2018</u> RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Dividend income		1,244,259	1,877,344
Profit from short-term Shariah-based deposits with licensed financial institutions		411,361	167,645
Net (loss)/gain on financial assets at fair value through profit or loss	8	(3,974,766)	2,145,475
		<u>(2,319,146)</u>	<u>4,190,464</u>
<b>EXPENSES</b>			
Management fee	4	(897,609)	(1,063,473)
Trustee fee	5	(48,458)	(57,094)
Auditors' remuneration		(7,500)	(7,500)
Tax agent's fee		(6,280)	(6,280)
Other expenses		(26,294)	(127,275)
Transaction costs		(383,437)	(395,977)
		<u>(1,369,578)</u>	<u>(1,657,599)</u>
<b>NET (LOSS)/PROFIT BEFORE TAXATION</b>		(3,688,724)	2,532,865
<b>TAXATION</b>	6	(6,680)	(16,849)
<b>NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR</b>		<u><u>(3,695,404)</u></u>	<u><u>2,516,016</u></u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		(3,977,459)	9,088,645
Unrealised amount		282,055	(6,572,629)
		<u>(3,695,404)</u>	<u>2,516,016</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 MARCH 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	8	49,399,436	59,518,166
Cash and cash equivalents	9	2,981,315	8,924,473
Dividend receivables		114,157	124,244
Amount due from Manager			
- creation of units		-	28,969
Amount due from brokers		2,246,554	714,465
<b>TOTAL ASSETS</b>		<u>54,741,462</u>	<u>69,310,317</u>
<b>LIABILITIES</b>			
Amount due to Manager			
- management fee		69,057	87,790
- cancellation of units		26,880	-
Amount due to Trustee		3,693	4,699
Amount due to brokers		200,036	1,102,506
Auditors' remuneration		14,610	14,610
Tax agent's fee		8,900	10,780
Tax provision		-	3,915
Other payable and accruals		15,380	25,555
<b>TOTAL LIABILITIES</b>		<u>338,556</u>	<u>1,249,855</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>54,402,906</u>	<u>68,060,462</u>
<b>EQUITY</b>			
Unitholders' capital		54,024,290	62,672,722
Retained earnings		378,616	5,387,740
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>54,402,906</u>	<u>68,060,462</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>119,184,000</u>	<u>137,964,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.4565</u>	<u>0.4933</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 MARCH 2019**

	<u>Unitholders' capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2018	62,672,722	5,387,740	68,060,462
Total comprehensive loss for the financial year	-	(3,695,404)	(3,695,404)
Distribution (Note 7)	-	(1,313,720)	(1,313,720)
Movement in unitholders' capital:			
Creation of units arising from applications	1,557,077	-	1,557,077
Creation of units arising from distribution	1,313,720	-	1,313,720
Cancellation of units	(11,519,229)	-	(11,519,229)
Balance as at 31 March 2019	<u>54,024,290</u>	<u>378,616</u>	<u>54,402,906</u>
Balance as at 1 April 2017	70,754,727	3,601,174	74,355,901
Total comprehensive income for the financial year	-	2,516,016	2,516,016
Distribution (Note 7)	-	(729,450)	(729,450)
Movement in unitholders' capital:			
Creation of units arising from applications	6,073,736	-	6,073,736
Creation of units arising from distribution	729,450	-	729,450
Cancellation of units	(14,885,191)	-	(14,885,191)
Balance as at 31 March 2018	<u>62,672,722</u>	<u>5,387,740</u>	<u>68,060,462</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 MARCH 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		62,005,545	65,492,414
Purchase of Shariah-compliant investments		(58,296,140)	(51,194,000)
Profit from short-term Shariah based deposits with licensed financial institutions		411,361	167,645
Dividend received		1,243,751	1,822,900
Management fee paid		(916,652)	(1,069,920)
Trustee fee paid		(49,464)	(57,421)
Payment for other fees and expenses		(435,566)	(116,673)
Net cash generated from operating activities		<u>3,962,835</u>	<u>15,044,945</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		1,586,356	6,044,767
Payments for cancellation of units		(11,492,349)	(14,953,888)
Net cash used in financing activities		<u>(9,905,993)</u>	<u>(8,909,121)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(5,943,158)	6,135,824
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>8,924,473</u>	<u>2,788,649</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u><u>2,981,315</u></u>	<u><u>8,924,473</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 MARCH 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 revenues 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 amendment for the first time for the financial year beginning on 1 April 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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 amendment for the first time for the financial year beginning on 1 April 2018: (continued)

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.

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

- (b) New standards, amendments and interpretations effective after 1 April 2018 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2018 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**

#### Interest income

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

Up till 31 March 2018, when a loan 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 interest rate of the instrument and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

From 1 April 2018, interest income is calculated by applying the effective interest 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 interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

The changes did not result in any material impact in the Fund



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTINUED)**

### **B INCOME RECOGNITION (CONTINUED)**

#### Dividend income

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

#### Realised gains and losses

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

### **C TRANSACTION COSTS**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisors and brokers. 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.

### **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.

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

### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### (i) Classification

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

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

Financing 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 financing and receivables comprise cash and cash equivalents, dividend receivables, amount due from Manager and amount due from brokers.

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

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 April 2018, the Fund classify 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 are measured at fair value through profit or loss

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTINUED)**

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

#### (ii) Recognition and measurement

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

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

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.

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

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

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

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

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

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

#### (iii) Impairment

Up to 31 March 2018, for assets carried at amortised cost, the Fund assesses at the end of the reporting year 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 interest 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 financial 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.

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 April 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTINUED)**

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

(iii) Impairment (continued)

#### Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in 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.

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.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONTINUED)**

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

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

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

### **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.

### **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 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 MARCH 2019

### 1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Affin Islamic Equity Fund (the “Fund”) pursuant to the execution of a Master Deed dated 27 June 2007, First Supplemental Deed dated 25 October 2007, Second Supplemental Deed dated 8 September 2008, Third Supplemental Deed dated 13 October 2008, Fifth Supplemental Deed dated 6 August 2015 and Sixth Supplemental Deed dated 5 October 2018. The Fund has changed its name from Affin Islamic Equity Fund to Affin Hwang Aiman Equity Fund as amended by the Fourth Supplemental Deed dated 22 July 2014. (the “Deeds”) has been entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”) and the registered unitholders of the Fund.

The Fund was launched on 1 August 2007 and will continue its operations until terminated by the Trustee as provided under Clause 22.1 of the Deed.

The Fund may invest in the following assets, subject to the Deeds, the Fund’s objective, the Guidelines, the requirements of the SC and any other regulatory body and all relevant laws:

- (i) 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 Commission (IOSCO);
- (ii) Unlisted Shariah-compliant securities;
- (iii) Shariah-compliant right issues;
- (iv) Shariah-compliant warrants;
- (v) Government Investment Issues (GII), Islamic Accepted Bills, Bank Negara Malaysia negotiable notes, negotiable Islamic debt certificate (NIDC), Islamic negotiable instrument of deposits (INID), Cagamas mudharabah bonds and any other Government Islamic papers;
- (vi) Other Shariah-compliant obligations issued or guaranteed by the Malaysian government, Bank Negara, state governments and government-related agencies;
- (vii) Sukuk;
- (viii) Islamic fixed deposits with financial institutions and placements of money market with investment banks;
- (ix) Islamic money market instruments and Sukuk traded in the Islamic capital market;
- (x) Units/shares in Shariah-compliant collective investment schemes which are in line with the objective of the Trust; and;
- (xi) Any other form of Shariah-compliant investments as may be permitted by the SC’s and/or the Shariah Adviser from time to time that is in line with the Trust’s objectives.

The objective of the Fund is to provide investors with stable returns by enabling investors to participate in the growth prospect of the Malaysian market, which is in compliance with Shariah principles.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust 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 15 May 2019.

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

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

Financial instruments of the Fund are as follows:

	<u>Note</u>	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
Shariah-compliant quoted equities	8	-	48,661,384	48,661,384
Exchange-traded fund	8	-	738,052	738,052
Cash and cash equivalents	9	2,981,315	-	2,981,315
Dividend receivables		114,157	-	114,157
Amount due from brokers		2,246,554	-	2,246,554
<b>Total</b>		<b>5,342,026</b>	<b>49,399,436</b>	<b>54,741,462</b>

	<u>Note</u>	Loans and receivables RM	Financial assets at fair value through profit or loss RM	<u>Total</u> RM
<u>2018</u>				
Shariah-compliant quoted equities	8	-	58,792,987	58,792,987
Exchange-traded fund	8	-	725,179	725,179
Cash and cash equivalents	9	8,924,473	-	8,924,473
Dividend receivables		124,244	-	124,244
Amount due from Manager				
- creation of units		28,969	-	28,969
Amount due from brokers		714,465	-	714,465
<b>Total</b>		<b>9,792,151</b>	<b>59,518,166</b>	<b>69,310,317</b>

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.



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

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

Market risk

(a) Price risk

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

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

	<u>2019</u> RM	<u>2018</u> RM
<b>Shariah-compliant quoted investments</b>		
Quoted equities	48,661,384	58,792,987
	<u>                    </u>	<u>                    </u>
Exchange-traded fund	738,052	725,179
	<u>                    </u>	<u>                    </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	Impact on profit after <u>tax/NAV</u> RM
<u>2019</u>		
-5%	46,929,464	(2,469,972)
0%	49,399,436	-
+5%	51,869,408	2,469,972
	<u>                    </u>	<u>                    </u>
<u>2018</u>		
-5%	56,542,258	(2,975,908)
0%	59,518,166	-
+5%	62,494,074	2,975,908
	<u>                    </u>	<u>                    </u>

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

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

Market risk (continued)

(b) 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 short-term Shariah-based deposits.

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.

Liquidity risk

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

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

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

	<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			
- management fee	69,057	-	69,057
- release of units	26,880	-	26,880
Amount due to Trustee	3,693	-	3,693
Amount due to brokers	200,036	-	200,036
Auditors' remuneration	-	14,610	14,610
Tax agent's fee	-	8,900	8,900
Other payables and accruals	-	15,380	15,380
	<u>299,666</u>	<u>38,890</u>	<u>338,556</u>

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

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

Liquidity risk (continued)

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2018</u>			
Amount due to Manager			
- management fee	87,790	-	87,790
Amount due to Trustee	4,699	-	4,699
Amount due to brokers	1,102,506	-	1,102,506
Auditors' remuneration	-	14,610	14,610
Tax agent's fee	-	10,780	10,780
Tax provision	-	3,915	3,915
Other payables and accruals	5,550	20,005	25,555
	<u>1,200,545</u>	<u>49,310</u>	<u>1,249,855</u>

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments. 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 the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unit Trust Funds.

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

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

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

Credit risk (continued)

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

	<u>Cash and cash equivalents</u> RM	<u>Other assets*</u> RM	<u>Total</u> RM
<u>2019</u>			
Industrial Products & Services			
- NR	-	21,007	21,007
Consumer Products & Services			
- NR	-	31,250	31,250
Finance			
- AAA	2,934,441	-	2,934,441
- AA3	46,874	-	46,874
- A1	-	2,246,554	2,246,554
Properties			
- NR	-	38,875	38,875
Technology			
- NR	-	23,025	23,025
	<u>2,981,315</u>	<u>2,360,711</u>	<u>5,342,026</u>
<u>2018</u>			
Industrial Products			
- NR	-	5,600	5,600
Finance			
- AAA	8,772,121	-	8,772,121
- AA+	152,352	-	152,352
Properties			
- NR	-	55,027	55,027
Technology			
- NR	-	5,677	5,677
Trading/Services			
- NR	-	57,940	57,940
Other			
- AA	-	570,864	570,864
- NR	-	172,570	172,570
	<u>8,924,473</u>	<u>867,678</u>	<u>9,792,151</u>

The Fund's financial assets are neither past due nor impaired.

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

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

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

#### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### Reclassification of Shariah status risk

The risk that the currently held Shariah-compliant securities in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission performed twice yearly. If this occurs, the value of the fund may be adversely affected where the Manager will take the necessary steps to dispose of such securities in accordance with the Shariah Advisory Council's advice.

### **3 FAIR VALUE ESTIMATION**

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

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

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

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

#### Fair value hierarchy

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

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

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

**3 FAIR VALUE ESTIMATION (CONTINUED)**

Fair value hierarchy (continued)

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted equities	48,661,384	-	-	48,661,384
- exchange-traded fund	738,052	-	-	738,052
	<u>49,399,436</u>	<u>-</u>	<u>-</u>	<u>49,399,436</u>
<u>2018</u>				
Financial assets at fair value through profit or loss				
- quoted equities	58,792,987	-	-	58,792,987
- exchange-traded fund	725,179	-	-	725,179
	<u>59,518,166</u>	<u>-</u>	<u>-</u>	<u>59,518,166</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.

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.

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

**4 MANAGEMENT FEE AND MANAGEMENT FEE REBATE**

	Financial year end <u>31.3.2019</u> RM	Financial year end <u>31.3.2018</u> RM
Gross management fee	908,581	1,070,515
Management fee rebate		
- Management fee on collective investment scheme	(3,122)	(1,053)
- Interest income earned on collection accounts	(7,850)	(5,989)
	<u>897,609</u>	<u>1,063,473</u>
Net management fee	<u><u>897,609</u></u>	<u><u>1,063,473</u></u>

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

For the financial year ended 31 March 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 Fund's Prospectus.

As this Fund invests in units of Tradeplus Shariah Gold Tracker, any management fee charged to ETF is fully refunded to this Fund in the form of management fee rebate.

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.

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

**5 TRUSTEE FEE**

In accordance with the Deed, the Trustee is entitled to a fee at a rate not exceeding 0.08% per annum of the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 March 2019, the Trustee fee is recognised at a rate of 0.08% (2018: 0.08%) per annum on the NAV of the Fund, calculated on a daily basis as stated in the Fund's Prospectus.

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

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

**6 TAXATION**

	<u>2019</u> RM	<u>2018</u> RM
Current taxation - local	10,595	16,849
Over provision of tax in prior years	(3,915)	-
Tax expense	<u>6,680</u>	<u>16,849</u>

The numerical reconciliation between net 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 profit before taxation	<u>(3,688,724)</u>	<u>2,532,865</u>
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	(885,294)	607,888
Tax effects of:		
Investment income not subject to tax	556,595	(1,007,402)
Expenses not deductible for tax purposes	109,793	135,030
Restrictions on tax deductible expenses for Unit Trust Funds	218,906	264,484
Income subject to different tax rate	10,595	16,849
Over provision of tax in prior years	(3,915)	-
Tax expense	<u>6,680</u>	<u>16,849</u>



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

**7 DISTRIBUTION**

	<u>2019</u> RM	<u>2018</u> RM
Distribution to unitholders are from the following sources:		
Prior year's realised income	1,707,836	1,094,175
Gross realised income	<u>1,707,836</u>	<u>1,094,175</u>
Less: expenses	<u>(394,116)</u>	<u>(364,725)</u>
Gross/net distribution amount	<u><u>1,313,720</u></u>	<u><u>729,450</u></u>
Gross/net distribution per unit (sen)	<u><u>0.01</u></u>	<u><u>0.50</u></u>
Ex-date	<u><u>24.07.2018</u></u>	<u><u>13.06.2017</u></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.

The distribution made for the financial year ended includes an amount of RM 1,707,836 (2018: RM1,094,175) from previous year's realised income.

**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 at inception:		
- Shariah-compliant quoted equities – local	48,661,384	58,792,987
- exchange-traded fund - local	738,052	725,179
	<u><u>49,399,436</u></u>	<u><u>59,518,166</u></u>
Net gain on financial assets at fair value through profit or loss		
- realized (loss)/gain on sale of investments	(4,256,821)	8,718,104
- unrealised gain/(loss) on changes in fair value	282,055	(6,572,629)
	<u><u>(3,974,766)</u></u>	<u><u>2,145,475</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 March 2019 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Construction</u>				
IJM Corporation Bhd	585,000	1,148,823	1,292,850	2.38
Kerjaya Prospek Group Bhd	699,900	795,833	853,878	1.57
WCT Holdings Bhd	715,200	561,476	590,040	1.08
	<hr/> 2,000,100	<hr/> 2,506,132	<hr/> 2,736,768	<hr/> 5.03
<u>Consumer Products &amp; Services</u>				
Aeon Company (M) Bhd	723,200	1,197,369	1,063,104	1.95
Formosa Prosonic Industries Bhd	954,600	1,715,835	1,708,734	3.14
Fraser & Neave Holdings Bhd	49,800	1,429,201	1,732,044	3.18
Lee Swee Kiat Group Bhd	1,250,000	1,125,000	1,093,750	2.01
	<hr/> 2,977,600	<hr/> 5,467,405	<hr/> 5,597,632	<hr/> 10.28
<u>Energy</u>				
Dialog Group Bhd	274,700	459,405	870,799	1.60
Hibiscus Petroleum Bhd	1,100,000	1,155,000	1,177,000	2.16
Malaysia Marine & Heavy Eng. Bhd	1,368,300	997,534	1,108,323	2.04
Veleso Energy Bhd	4,600,000	1,214,464	1,311,000	2.41
	<hr/> 7,343,000	<hr/> 3,826,403	<hr/> 4,467,122	<hr/> 8.21
<u>Plantation</u>				
Genting Plantations Bhd	116,000	1,147,620	1,218,000	2.24
<u>Financial Services</u>				
BIMB Holdings Bhd	196,000	832,196	840,840	1.55
<u>Health Care</u>				
Duopharma Biotech Bhd	1,088,412	1,059,603	1,371,399	2.52

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Industrial Products &amp; Services</u>				
ATA IMS Bhd	1,016,000	1,672,572	1,737,360	3.19
Fitters Diversified Bhd	1,046,900	437,652	507,747	0.93
Kelington Group Bhd	1,339,300	1,559,168	1,674,125	3.08
Scientex Bhd	321,100	1,734,956	2,729,350	5.02
SKP Resources Bhd	878,700	1,144,283	1,177,458	2.16
Sunway Berhad	1,050,333	1,658,578	1,754,056	3.22
V.S. Industry Bhd	760,000	774,297	813,200	1.50
	<hr/> 6,412,333	<hr/> 8,981,506	<hr/> 10,393,296	<hr/> 19.10
<u>Property</u>				
Matrix Concepts Holdings Bhd	626,250	1,262,639	1,183,612	2.18
Paramount Corporation Bhd	561,500	1,187,291	1,134,230	2.09
SP Setia Bhd Group	441,500	1,035,492	975,715	1.79
UOA Development Bhd	565,000	1,426,864	1,214,750	2.23
	<hr/> 2,194,250	<hr/> 4,912,286	<hr/> 4,508,307	<hr/> 8.29
<u>Technology</u>				
Frontken Corp Bhd	1,400,000	1,193,920	1,386,000	2.55
GHL Systems Bhd	1,070,000	1,637,224	1,819,000	3.34
Inari Amertron Bhd	735,000	1,562,728	1,146,600	2.11
Malaysian Pac Industries Bhd	82,600	966,795	810,306	1.49
MMS Ventures Bhd	1,200,000	1,164,078	1,110,000	2.04
My EG Services Bhd	816,500	957,951	1,151,265	2.12
Pentamaster Corporation Bhd	597,500	1,664,644	2,085,275	3.84
Revenue Group Bhd	1,350,000	1,700,721	1,620,000	2.98
	<hr/> 7,251,600	<hr/> 10,848,061	<hr/> 11,128,446	<hr/> 20.47
<u>REITs</u>				
Axis Real Estate Invt Trust	1,550,000	2,410,593	2,774,500	5.10
KLCCP Stapled Group Stapled Security	127,000	936,012	985,520	1.81
	<hr/> 1,677,000	<hr/> 3,346,605	<hr/> 3,760,020	<hr/> 6.91

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Telecommunications &amp; Media</u>				
Media Chinese Intl Ltd	4,585,200	1,115,237	1,008,744	1.85
<hr/>				
<u>Transportation &amp; Logistics</u>				
Straits Inter Logistics Bhd	6,154,000	1,549,000	1,630,810	3.00
<hr/>				
Total Shariah-compliant quoted equities – local	<u>41,995,495</u>	<u>45,592,054</u>	<u>48,661,384</u>	<u>89.45</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>3,069,330</u>		
Total Shariah-compliant quoted equities – local		<u><u>48,661,384</u></u>		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 March 2018 are as follows:

	Aggregate Quantity	Fair cost RM	Percentage value RM	of NAV %
<u>Construction</u>				
Ahmad Zaki Resources Bhd	1,461,200	1,536,397	1,052,064	1.55
Econpile Holdings Bhd	1,402,500	864,659	1,381,463	2.03
Gabungan AQRS Bhd	900,000	1,621,193	1,440,000	2.12
Gamuda Bhd	276,900	1,295,110	1,431,573	2.10
IJM Corporation Bhd	633,800	1,770,898	1,692,246	2.49
Kerjaya Prospek Group Bhd	476,620	480,934	705,398	1.04
WCT Holdings Bhd	470,000	743,776	611,000	0.90
	5,621,020	8,312,967	8,313,744	12.23
<u>Consumer Products</u>				
CCM Duopharma Biotech Bhd	386,020	809,937	1,080,856	1.59
Fraser & Neave Holdings Bhd	76,000	2,092,893	2,533,840	3.72
	462,020	2,902,830	3,614,696	5.31
<u>Finance</u>				
BIMB Holdings Bhd	261,800	1,056,363	1,026,256	1.51
<u>Industrial Products</u>				
Denko Industrial Corp Bhd	561,600	889,852	898,560	1.32
Kossan Rubber Industries Bhd	127,000	972,427	975,360	1.43
Pecca Group Bhd	280,000	367,147	350,000	0.51
Petronas Chemicals Group Bhd	336,000	2,732,720	2,775,360	4.08
Scientex Bhd	365,100	1,497,859	3,033,981	4.46
Uchi Technologies Bhd	232,420	379,354	618,237	0.91
V.S. Industry Bhd	712,000	2,088,248	1,680,320	2.47
	2,614,120	8,927,607	10,331,818	15.18

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Plantations</u>				
Genting Plantations Bhd	70,000	747,810	707,000	1.04
IOI Corporation Bhd	231,000	1,064,276	1,106,490	1.63
	<hr/> 301,000	<hr/> 1,812,086	<hr/> 1,813,490	<hr/> 2.67
<u>Properties</u>				
Matrix Concepts Holdings Bhd	681,250	1,361,928	1,355,688	1.99
SP Setia Bhd Group	225,500	692,285	674,245	0.99
	<hr/> 906,750	<hr/> 2,054,213	<hr/> 2,029,933	<hr/> 2.98
<u>Reits</u>				
Axis REITs	1,550,000	2,410,593	1,984,000	2.92
KLCCP Stapled Group Stapled Security	148,000	1,083,106	1,061,160	1.56
	<hr/> 1,698,000	<hr/> 3,493,699	<hr/> 3,045,160	<hr/> 4.48
<u>Technology</u>				
D&O Green Technologies Bhd	1,270,000	871,883	774,700	1.14
GHL Systems Bhd	1,200,000	1,836,139	1,380,000	2.03
Globetronics Technology Bhd	79,500	424,577	321,975	0.47
JHM Consolidation Bhd	770,000	1,110,033	770,000	1.13
Malaysian Pac Industries Bhd	58,800	768,703	505,680	0.74
Unisem M Bhd	76,600	197,899	186,904	0.27
	<hr/> 3,454,900	<hr/> 5,209,234	<hr/> 3,939,259	<hr/> 5.78

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

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Trading and Services</u>				
Aeon Company (M) Bhd	580,000	1,033,026	1,020,800	1.50
Axiata Group Bhd	255,000	1,398,141	1,384,650	2.03
Chin Hin Group Bhd	1,226,000	1,081,118	1,348,600	1.98
Dayang Enterprise Holdings Bhd	1,155,700	932,271	936,117	1.38
Dialog Group Bhd	1,225,700	2,049,846	3,750,642	5.51
Gas Malaysia Bhd	194,100	502,446	545,421	0.80
HSS Engineers Bhd	1,192,300	1,896,359	1,716,912	2.52
Kelington Group Bhd	2,213,700	1,494,065	1,527,453	2.24
Mega First Corp Bhd	200,000	723,399	644,000	0.95
OCK Group Bhd	3,131,800	2,396,375	2,474,122	3.64
Petronas Dagangan Bhd	83,300	2,080,671	2,069,172	3.04
Sime Darby Bhd	399,788	842,929	1,051,442	1.54
Sunway Berhad	1,318,333	2,092,469	2,003,866	2.94
Tenaga Nasional Bhd	257,450	3,700,725	4,180,988	6.14
	<u>13,433,171</u>	<u>22,223,840</u>	<u>24,654,185</u>	<u>36.21</u>
<u>Warrant</u>				
Kerjaya Prospek Group Bhd	99,780	-	24,446	0.04
Total Shariah-compliant quoted equities – local	<u>28,852,561</u>	<u>55,992,839</u>	<u>58,792,987</u>	<u>86.39</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>2,800,148</u>		
Total Shariah-compliant quoted equities – local		<u>58,792,987</u>		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 March 2019 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	429,100	757,590	738,052	1.36
Total exchange-traded fund – local	<u>429,100</u>	<u>757,590</u>	<u>738,052</u>	<u>1.36</u>
Accumulated unrealised loss on exchange-traded fund – local		<u>(19,538)</u>		
Total exchange-traded fund – local		<u>738,052</u>		

(ii) Exchange-traded fund – local as at 31 March 2018 is as follows:

<u>Name of counter</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
TradePlus Shariah Gold Tracker	429,100	757,590	725,179	1.07
Total exchange-traded fund – local	<u>429,100</u>	<u>757,590</u>	<u>725,179</u>	<u>1.07</u>
Accumulated unrealised loss on exchange-traded fund – local		<u>(32,411)</u>		
Total exchange-traded fund – local		<u>725,179</u>		



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

**9 CASH AND CASH EQUIVALENTS**

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	46,874	152,352
Shariah-based deposits with licensed financial institutions	2,934,441	8,772,121
	<u>2,981,315</u>	<u>8,924,473</u>

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>3.22</u>	<u>3.20</u>

Shariah-based deposits with licensed financial institutions has an average maturity of 1 day (2018: 2 days).

**10 NUMBER OF UNITS IN CIRCULATION**

	<u>2019</u> No. of units	<u>2018</u> No. of units
At the beginning of the financial year	137,964,000	154,519,000
Creation of units arising from applications during the financial year	3,395,000	11,586,000
Creation of units arising from distribution during the financial year	2,808,895	1,489,585
Cancellation of units during the financial year	(24,983,895)	(29,630,585)
At the end of the financial year	<u>119,184,000</u>	<u>137,964,000</u>

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

**11 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;
- b. Collective investment scheme which has been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission; and
- c. Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

**12 TRANSACTIONS WITH BROKERS**

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

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd	44,602,010	36.88	107,379	36.51
UOB Kay Hian Securities (M) Sdn Bhd	8,985,135	7.43	22,463	7.64
Hong Leong Investment Bank Bhd	8,312,022	6.87	19,350	6.58
Macquarie Capital Securities (Malaysia) Sdn. Bhd.	7,824,579	6.47	19,566	6.65
RHB Investment Bank Bhd	7,361,540	6.09	18,404	6.26
Malayan Banking Bhd	6,284,991	5.20	15,713	5.34
Alliance Investment Bank Bhd	5,621,999	4.65	14,055	4.78
Public Investment Bank Bhd	5,471,701	4.52	13,679	4.65
CIMB Investment Bank Bhd	4,855,632	4.02	12,175	4.14
Nomura Securities Malaysia Sdn Bhd	4,631,428	3.83	11,585	3.94
Others	16,980,267	14.04	39,775	13.51
	<u>120,931,304</u>	<u>100.00</u>	<u>294,144</u>	<u>100.00</u>

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

**12 TRANSACTIONS WITH BROKERS (CONTINUED)**

(ii) Details of transactions with the top 10 brokers for financial year ended 31 March 2018 are as follows:

<u>Name of brokers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd	47,510,820	40.42	116,839	39.07
Hong Leong Investment Bank Bhd	8,880,291	7.55	22,201	7.42
UOB Kay Hian Securities (M) Sdn Bhd	7,306,592	6.22	19,881	6.65
Malayan Banking Bhd	6,573,112	5.59	15,233	5.09
RHB Investment Bank Bhd	6,460,287	5.50	16,151	5.40
Public Investment Bank bhd	6,038,740	5.14	15,097	5.05
Kenanga Investment Bank Bhd	5,616,391	4.78	14,041	4.69
CIMB Investment Bank Bhd	5,328,041	4.53	12,015	4.02
CLSA Securities Malaysia Sdn Bhd	4,053,386	3.45	8,231	2.75
TA Securities Bhd	3,852,160	3.28	9,630	3.22
Others	15,930,855	13.54	49,764	16.64
	<u>117,550,675</u>	<u>100.00</u>	<u>299,083</u>	<u>100.00</u>

Included in transaction with brokers are trades with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting to RM44,602,010 (2018: RM47,510,820 ). The Manager is of the opinion that the transactions with the related company have been entered into in the normal course of business at agreed terms between the related parties.

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

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin 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

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

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

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

	<u>2019</u>		<u>2018</u>	
	No. of units	RM	No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held for booking purpose)	35,847	16,364	56,235	27,742

**14 MANAGEMENT EXPENSE RATIO (“MER”)**

	<u>2019</u>	<u>2018</u>
	%	%
MER	1.64	1.74

MER is derived from the following calculation:

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

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

The average net asset value of the Fund for the financial year calculated on daily basis is RM60,566,643 (2018: RM 71,354,928 ).

**15 PORTFOLIO TURNOVER RATIO (“PTR”)**

	<u>2019</u>	<u>2018</u>
PTR (times)	1.00	0.82

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM 57,393,670 (2018: RM51,485,007)  
total disposal for the financial year = RM 63,537,634 (2018: RM66,065,668)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 and gains on the appreciation in the value of investments and are derived from quoted equities in Malaysia.

The Fund has a diversified unitholder population. As at 31 March 2019, there were no unitholders (2018: nil unitholders) who held more than 10% of the Fund's NAV.

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 March 2018, financial assets were classified in the following categories: financial assets at fair value through profit or loss ('FVTPL'), loans and receivables. Note G set out the details of accounting policies for classification and measurement of financial instruments under MFRS 139.

From 1 April 2018, the Fund apply the following MFRS 9's classification approach to all types of financial assets, including those that contain embedded derivative features:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income ('FVOCI') or through profit or loss ('FVTPL').
- 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 MARCH 2019 (CONTINUED)

### 17 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Impairment

From 1 April 2018 onwards, the Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider 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 MARCH 2019 (CONTINUED)**

**17 MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)**

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

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with MFRS 139 and MFRS 9 at 1 April 2018 are compared as follows:

	Measurement category		Carrying amount			
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139)	Reclassifi- cations	Remeasu- rements	New (MFRS 9)
			RM	RM	RM	RM
<b>Assets</b>						
Financial assets at fair value through profit or loss	FVTPL	FVTPL	59,518,166	-	-	59,518,166
Cash and cash equivalents	Loans and receivables	Amortised cost	8,924,473	-	-	8,924,473
Dividend receivables	Loans and receivables	Amortised cost	124,244	-	-	124,244
Amount due from Manager - Creations of units	Amortised cost	Amortised cost	28,969	-	-	28,969
Amount due from brokers	Loans and receivables	Amortised cost	714,465	-	-	714,465
<b>Liabilities</b>						
Amount due to manager - Management fee	Amortised cost	Amortised cost	87,790	-	-	87,790
Amount due to trustee	Amortised cost	Amortised cost	4,699	-	-	4,699
Amount due to brokers	Amortised cost	Amortised cost	1,102,506	-	-	1,102,506
Auditors' remuneration	Amortised cost	Amortised cost	14,610	-	-	14,610
Tax agent fee	Amortised cost	Amortised cost	10,780	-	-	10,780
Other payables and accruals	Amortised cost	Amortised cost	25,555	-	-	25,555
Tax provision	Amortised cost	Amortised cost	3,915	-	-	3,915

## **AFFIN HWANG AIIMAN EQUITY 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 46 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 March 2019 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 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  
15 May 2019



# **INDEPENDENT AUDITORS' REPORT**

## **TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN EQUITY FUND**

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Our Opinion

In our opinion, the financial statements of Affin Hwang Aiiman Equity Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 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 March 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 46.

#### Basis for opinion

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

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

#### Independence and other ethical responsibilities

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

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

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

### Information other than the financial statements and auditors' report thereon

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

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

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

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

### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determine 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.

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

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

### Auditors' responsibilities for the audit of the financial statements

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

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

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

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

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (CONTINUED)

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

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.

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  
15 May 2019

## **DIRECTORY OF SALES OFFICE**

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