

# Affin Hwang Aiiman Balanced Fund

Annual Report  
31 March 2021

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



**AFFIN HWANG**  
CAPITAL

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

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

# AFFIN HWANG AII MAN BALANCED FUND

## Annual Report and Audited Financial Statements For the Financial Year Ended 31 March 2021

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## FUND INFORMATION

Fund Name	Affin Hwang Aiiman Balanced Fund
Fund Type	Income and Growth
Fund Category	Islamic Balanced
Investment Objective	To achieve reasonable returns in both income and capital growth over a medium to long term period by investing in a wide portfolio of authorised securities and other investments which complies with Shariah principles.
Benchmark	FTSE-Bursa Malaysia EMAS Shariah Index + 3 month GIA rate quoted by Maybank in the ratio of 60:40
Distribution Policy	Distribution (if any) will be subject to the availability of income

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 MARCH 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	6,413	9,225
5,001 to 10,000	1,243	9,046
10,001 to 50,000	692	11,308
50,001 to 500,000	46	5,797
500,001 and above	7	11,070
<b>Total</b>	<b>8,401</b>	<b>46,446</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Mar 2021 (%)	As at 31 Mar 2020 (%)	As at 31 Mar 2019 (%)
Portfolio composition			
<b>Quoted equities – local</b>			
- Constructions	2.69	-	1.78
- Consumers product and services	4.15	-	5.45
- Energy	4.53	2.39	3.39
- Financial Services	4.13	2.86	2.82
- Healthcare	-	10.26	2.91
- Industrial product and services	19.37	5.61	12.20
- Plantation	-	-	1.04
- Properties	-	3.72	3.96
- REITs	-	6.42	5.92
- Technology	11.54	4.03	3.92
- Telecommunication and media	6.50	-	1.55
- Transport and logistics	2.14	2.09	-
- Utilities	-	4.05	3.01
- Preference Share	0.59	0.48	-
<b>Total quoted equities - local</b>	<b>55.64</b>	<b>41.93</b>	<b>47.95</b>
<b>Unquoted fixed income securities – local</b>			
- Sukuk	40.28	46.70	48.09
<b>Total unquoted fixed income securities – local</b>	<b>40.28</b>	<b>46.71</b>	<b>48.09</b>
<b>Exchange-traded fund – local</b>	<b>1.47</b>	<b>1.26</b>	<b>-</b>
<b>Cash and cash equivalent</b>	<b>2.61</b>	<b>10.10</b>	<b>3.96</b>
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	26.478	30.876	37.473
NAV per Unit (RM)	0.5696	0.4559	0.4924
Unit in Circulation (million)	46.486	67.733	76.106
Highest NAV	0.6346	0.5099	0.5115
Lowest NAV	0.4543	0.4356	0.4756
Return of the Fund (%) <sup>iii</sup>	31.22	-3.09	-1.46
- Capital Growth (%) <sup>i</sup>	24.94	-7.41	-2.96
- Income Distribution (%) <sup>ii</sup>	5.03	4.66	1.55
Gross Distribution per Unit (sen)	3.00	2.25	0.75
Net Distribution per Unit (sen)	3.00	2.25	0.75
Management Expense Ratio (%) <sup>1</sup>	1.72	1.69	1.72
Portfolio Turnover Ratio (times) <sup>2</sup>	1.20	0.57	0.64

### **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 higher than previous year due to lower average NAV of the Fund during the financial year.

<sup>2</sup>The Fund recorded a higher PTR than previous year due to higher trading activities for the financial year.

## MANAGER'S REPORT

### Income Distribution / Unit Split

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)
14-Jul-20	15-Jul-20	0.5974	0.0100	0.5847
19-Jan-21	20-Jan-21	0.6272	0.0200	0.6128

No unit splits were declared for the financial year ended 31 March 2021.

### Performance Review

For the period 1 April 2020 to 31 March 2021, the Fund registered a 31.22% return compared to the benchmark return of 16.73%. The Fund thus outperformed the Benchmark by 14.49%. The Net Asset Value per unit ("NAV") of the Fund as at 31 March 2021 was RM0.5696 while the NAV as at 31 March 2020 was RM0.4559. During the period under review, the Fund has declared a total gross income distribution of RM0.0300 per unit.

Since commencement, the Fund has registered a return of 171.57% compared to the benchmark return of 49.17%, outperforming by 122.40%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (13/11/01 - 31/3/21)
<b>Fund</b>	<b>31.22%</b>	<b>30.28%</b>	<b>50.97%</b>	<b>171.57%</b>
<b>Benchmark</b>	<b>16.73%</b>	<b>2.29%</b>	<b>9.01%</b>	<b>49.17%</b>
<b>Outperformance</b>	<b>14.49%</b>	<b>27.99%</b>	<b>41.96%</b>	<b>122.40%</b>

Source of Benchmark: Bloomberg & Maybank

Table 2: Average Total Return

	1 Year (1/4/20 - 31/3/21)	3 Years (1/4/18 - 31/3/21)	5 Years (1/4/16 - 31/3/21)	Since Commencement (13/11/01 - 31/3/21)
<b>Fund</b>	<b>31.22%</b>	<b>9.21%</b>	<b>8.58%</b>	<b>5.29%</b>
<b>Benchmark</b>	<b>16.73%</b>	<b>0.76%</b>	<b>1.74%</b>	<b>2.08%</b>
<b>Outperformance</b>	<b>14.49%</b>	<b>8.45%</b>	<b>6.84%</b>	<b>3.21%</b>

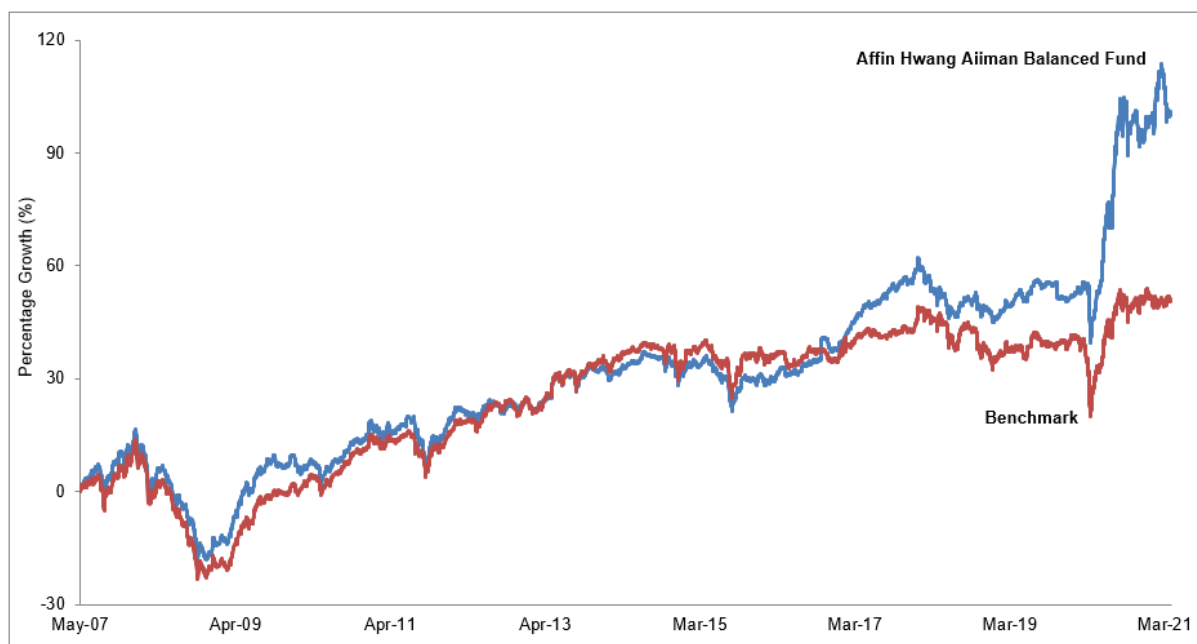
Source of Benchmark: Bloomberg & Maybank

Table 3: Annual Total Return

	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)	FYE 2017 (1/4/16 - 31/3/17)
<b>Fund</b>	<b>31.22%</b>	<b>(3.09%)</b>	<b>(1.46%)</b>	<b>4.15%</b>	<b>11.26%</b>
<b>Benchmark</b>	<b>16.73%</b>	<b>(6.98%)</b>	<b>(5.79%)</b>	<b>3.31%</b>	<b>3.15%</b>
<b>Outperformance</b>	<b>14.49%</b>	<b>3.89%</b>	<b>4.33%</b>	<b>0.84%</b>	<b>8.11%</b>

Source of Benchmark: Bloomberg & Maybank

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



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

*Benchmark: 60% FTSE-Bursa Malaysia EMAS Shariah Index + 40% 3 month GIA rate quoted by Maybank*

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

### **Asset Allocation**

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

As at 31 March 2021, the Fund lowered its invested to 95.92% with 55.64% in equities, 40.28% in sukuk, 1.47% in exchange-traded fund and the balance was held in cash and cash equivalent. During the period under review, the Manager added exposures mostly into sectors like constructions, consumers, industrials and technology. On the other hand, healthcare sector exposure has decreased within the equities. Cash level was decreased to 4.08% level as the Manager deployed cash into market amidst a more stable market environment.

### **Strategies Employed**

With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare event of global pandemic.

### **Market Review**

Global equities started 2021 on a strong note as policy easing, and global vaccine rollouts went underway. At the start of January, US markets saw strong optimism. The storming of the US Capitol in early January had little effect over the broader market. The market showed strong attention to the Biden administration's US\$ 1.9 trillion COVID-19 relief proposal in mid-January. However, a black swan event at the end of the month

saw retail investors selectively targeting underperforming stocks (e.g. GME and AMC) that resulted in a short squeeze and pushing their share prices to new highs.

US equity markets ended the month of February with modest gains though sentiment was tested as surging bond yields and inflation fears took precedence. Whilst equities and bonds tend to move in opposite directions, the reality is that equity outperformance in the past year has largely come from growth-centric stocks and “stay at home” trades, which are now facing short-term squeezes on their profit margins from rising rates. Another factor is the shift from growth to value, with value stocks performing better over the month.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. The S&P 500 index rose 4.4% higher as the latest US labour data showed signs of a rebound. In Asia, the MSCI Asia ex-Japan index fell 2.5% as increased regulatory scrutiny prompted a selloff in Chinese technology stocks. The Hong Kong Hang Seng index dropped 1.8% in March. With recovery still in a fragile state, global central banks including the Fed are expected to keep monetary policy accommodative to nurse the economy through the pandemic. Meanwhile, rising bond yields continue to unsettle markets.

Commodities saw strong returns in January, buoyed by vaccination programs and normalization of the economy. The commodity market saw multiple consecutive weeks of increased market inflow, particularly across crude oil, grain & oilseed, and livestock markets. This rally continued in February, as copper saw its largest monthly gain in over four years and oil prices hitting new one-year highs. The S&P GSCI posted a return on 14.15% in the quarter.

Following from 2020's political overhang, Malaysia's Yang di-Pertuan Agong issued a Proclamation of Emergency, resulting in the implementation of MCO 2.0 as daily Covid-19 cases rose to four digits. Restrictions on movement were less stringent than the initial MCO from 2020, though inconsistent communication surrounding the restrictions resulted in some public confusion.

Malaysia's Consumer Price Index (CPI) came in at 122.5 in February 2021, a marginal increase of 0.1% from January 2021. Despite this, trade numbers have been gradually increasing as global trade picks up. December 2020 saw Malaysia's exports rise 10.8% y-o-y and imports rebounding for the first time in 9 months by 1.6% y-o-y. This positive momentum continued in January 2021, with exports expanding by 6.6% y-o-y to RM 89.6 billion. Imports saw the same trend, increasing by 1.3% y-o-y.

In February and March, the local equity market's performance was muted relative to regional peers, gaining by 0.8% and 1.0% in the respective months. February was also results season in the local market, with the tech sector largely reporting earnings beat on the back of robust demand. Meanwhile, Finance Minister Tengku Zafrul clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government is mulling new taxes to widen its revenue base once the economy is on a more stable footing.

The Malaysian bond market saw an unwinding of “rate cut” bets at the end of January following BNM's announcement to keep interest rates unchanged at 1.75% highlighting that recovery of the local economy was underway. The shorter-end of the MGS curve saw yields rise whilst longer-tenured papers remained resilient that month.

Yields trended higher in tandem with US treasury movement in the quarter. Undoubtedly, the performance of the local bond market has been subpar since the start of the year; especially given the volatility in US Treasury yields, as well as the lack of support from EPF due to its ongoing commitment to the i-Sinar and i-Lestari programme. However, we were seeing some demand returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

## **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return. Recovery plays will be the most obvious theme for the year of improving macroeconomic conditions and the inevitable rollout of vaccines has everyone looking to the future and letting go of 2020's miseries. We have already seen the rotation from growth to value take place in the start of 2021.

Earnings momentum will continue in 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages. Liquidity conditions remain positive and with earnings visibility from Asian companies that are riding along a China-led economic recovery, Asia continues to be an ocean of growth potential as the region continues to grow.

Back home, economic recovery continues to be delayed by Covid-19 as cases surge throughout the country. From a bottom-up perspective, the domestic focus will be on the recovery beneficiaries and exporters in the technology and EMS segment which have strong earnings visibility in the near term as well increasing demand. Political risk has been delayed with the declaration of state of emergency until August 2021.

ESG funds have also been gathering plenty of interest and we will expect this investor shift to ESG-focused funds to be more commonplace across the industry. The Biden administration's foray into building stronger climate change initiatives also signals a shift for the investment industry as this will generate more opportunities across asset classes. The wider implications of this on the economy will take time to materialise, but will continue to be observed.

### **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 transaction 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 2021

To The Unit Holders Of

### **AFFIN HWANG AIIMAN BALANCED FUND**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of AFFIN HWANG AIIMAN BALANCED FUND for the financial year ended 31 March 2021. In our opinion, AFFIN HWANG ASSET MANAGEMENT BERHAD, the Manager, has operated and managed AFFIN HWANG AIIMAN BALANCED 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 any regulatory requirement.
- (c) The distribution of income made by AFFIN HWANG AIIMAN BALANCED FUND as declared by the Manager is appropriate and reflects the investment objective of AFFIN HWANG AIIMAN BALANCED FUND.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Kuala Lumpur, Malaysia

17 May 2021

## **SHARIAH ADVISER'S REPORT**

**To the Unit Holders of Affin Hwang Aiiman Balanced Fund ("Fund")**

We hereby confirm the following:

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

**For Amanie Advisors Sdn Bhd**

**Datuk Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur  
17 May 2021

**AFFIN HWANG AIIMAN BALANCED FUND**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

# **AFFIN HWANG AIIMAN BALANCED FUND**

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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## AFFIN HWANG AIIMAN BALANCED FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Dividend income		305,573	663,125
Profit income from financial assets at amortised cost		38,332	25,095
Profit income from financial assets at fair value through profit or loss		656,309	859,814
Net gain/(loss) on financial assets at fair value through profit or loss	8	<u>8,244,371</u>	<u>(1,751,956)</u>
		<u>9,244,585</u>	<u>(203,922)</u>
<b>EXPENSES</b>			
Management fee	4	(433,878)	(514,217)
Trustee fee	5	(23,301)	(27,850)
Auditors' remuneration		(10,500)	(9,000)
Tax agent's fee		(4,380)	(6,100)
Transaction costs		(223,953)	(101,831)
Other expenses		(27,706)	(31,763)
		<u>(723,718)</u>	<u>(690,761)</u>
<b>NET PROFIT/(LOSS) BEFORE TAXATION</b>		8,520,867	(894,683)
Taxation	7	<u>-</u>	<u>-</u>
<b>NET PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>8,520,867</u></u>	<u><u>(894,683)</u></u>
Net profit/(loss) after taxation is made up of the following:			
Realised amount		9,141,677	2,047,538
Unrealised amount		(620,810)	(2,942,221)
		<u>8,520,867</u>	<u>(894,683)</u>

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

## AFFIN HWANG AIIMAN BALANCED FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	9	1,154,245	3,027,217
Amount due from brokers		148,897	-
Amount due from Manager			
- management fee rebate receivable		1	97
Dividends receivable		7,531	187,278
Financial assets at fair value through profit or loss	8	25,781,322	27,757,321
<b>TOTAL ASSETS</b>		<u>27,091,996</u>	<u>30,971,913</u>
<b>LIABILITIES</b>			
Amount due to brokers		510,632	-
Amount due to Manager			
- management fee		34,936	39,759
- cancellation of units		11,892	2,723
Amount due to Trustee		1,863	2,121
Auditors' remuneration		10,500	9,000
Tax agent's fee		9,040	9,040
Other payable and accruals		35,622	32,983
<b>TOTAL LIABILITIES</b>		<u>614,485</u>	<u>95,626</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>26,477,511</u>	<u>30,876,287</u>
<b>EQUITY</b>			
Unitholders' capital		17,928,739	29,350,232
Retained earnings		8,548,772	1,526,055
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>26,477,511</u>	<u>30,876,287</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	10	<u>46,486,000</u>	<u>67,733,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5696</u>	<u>0.4559</u>

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

## AFFIN HWANG AIIMAN BALANCED FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2020	29,350,232	1,526,055	30,876,287
Total comprehensive income for the financial year	-	8,520,867	8,520,867
Distributions (Note 6)	-	(1,498,150)	(1,498,150)
Movement in unitholders' capital:			
Creation of units arising from applications	10,811,007	-	10,811,007
Creation of units arising from distribution	1,498,150	-	1,498,150
Cancellation of units	(23,730,650)	-	(23,730,650)
Balance as at 31 March 2021	<u>17,928,739</u>	<u>8,548,772</u>	<u>26,477,511</u>
Balance as at 1 April 2019	33,457,327	4,015,426	37,472,753
Total comprehensive loss for the financial year	-	(894,683)	(894,683)
Distributions (Note 6)	-	(1,594,688)	(1,594,688)
Movement in unitholders' capital:			
Creation of units arising from applications	195,577	-	195,577
Creation of units arising from distribution	1,594,688	-	1,594,688
Cancellation of units	(5,897,360)	-	(5,897,360)
Balance as at 31 March 2020	<u>29,350,232</u>	<u>1,526,055</u>	<u>30,876,287</u>

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

## AFFIN HWANG AIIMAN BALANCED FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		39,911,351	23,155,133
Purchase of Shariah-compliant investments		(29,381,726)	(16,491,136)
Profit from short term Shariah-based deposits		38,333	25,095
Profit income received from sukuk		707,418	922,818
Dividend received		485,320	532,601
Management fee rebate received		1,369	1,026
Management fee paid		(438,604)	(522,120)
Trustee fee paid		(23,559)	(28,270)
Payment for other fees and expenses		(262,400)	(49,331)
Net cash generated from operating activities		<u>11,037,502</u>	<u>7,545,816</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		10,811,007	195,577
Payment for cancellation of units		(23,721,481)	(5,918,215)
Net cash used in financing activities		<u>(12,910,474)</u>	<u>(5,722,638)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,872,972)	1,823,178
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>3,027,217</u>	<u>1,204,039</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	9	<u><u>1,154,245</u></u>	<u><u>3,027,217</u></u>

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



## **AFFIN HWANG AIIMAN BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

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

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

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’

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

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

- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework.
- Annual Improvements to MFRSs 2018 – 2020 Cycle (effective for annual periods beginning on or after 1 January 2022).
- Amendments to MFRS 137 ‘onerous contracts—cost of fulfilling a contract’ (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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

## **AFFIN HWANG AIIMAN BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)**

#### **B INCOME RECOGNITION**

##### Dividend income

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

##### Profit income

Profit from short term Shariah-based deposits with licensed financial institutions and unquoted sukuk are recognised based on effective profit rate method on an accruals basis.

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

##### Realised gains and losses on sale of investments

For Shariah-compliant quoted equities and exchange traded funds, realised gains and losses on sale of 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.

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

#### **C DISTRIBUTIONS**

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.

#### **D TRANSACTION COSTS**

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

#### **E TAXATION**

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

Withholding taxes on investment income are not "income tax" in nature and are recognized, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

## **AFFIN HWANG AIIMAN BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)**

#### **F FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

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

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

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the Fund’s debt securities are solely principal and interest\* (“SPPI”). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, dividends receivable, 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.

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

## **AFFIN HWANG AIIMAN BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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. Investments are initially recognised at fair value.

Financial liabilities, within the scope of 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.

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

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

Unquoted sukuk securities including money market instruments denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission ("SC") as per the SC's Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager.

## AFFIN HWANG AIIMAN BALANCED FUND

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

- (i) records its basis for using non-BPA price; and
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

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

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

##### (iii) Impairment

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

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

##### Quantitative criteria:

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

##### Qualitative criteria:

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

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

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

## **AFFIN HWANG AIIMAN BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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 bad debt recoveries 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. Refer to Note G for accounting policy on recognition and measurement.

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

#### **J UNITHOLDERS' CAPITAL**

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

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligation 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 a unitholder exercises the right to put the unit back to the Fund.

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

## **AFFIN HWANG AIIMAN BALANCED FUND**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)**

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

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

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

However, the Manager is of the opinion that there are no accounting policies required significant judgement to be exercised.

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

#### **L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX**

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

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

#### 1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Dana Islamiah Affin (the “Fund”) pursuant to the execution of a Master Deed dated 14 September 2001, First Supplemental Deed dated 23 October 2002, Second Supplemental Deed dated 23 August 2007, Third Supplemental Deed dated 8 September 2008, Fourth Supplemental Deed dated 13 October 2008, Fifth Supplemental Deed dated 22 July 2014, Sixth supplemental Deed dated 6 August 2015 and Seventh Supplemental Deed dated 5 October 2018 (The “Deeds”). The Fund has changed its name from Dana Islamiah Affin to Affin Hwang Aiiman Balanced Fund as amended by the Fifth Supplemental Deed dated 22 July 2014 entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”).

The Fund was launched on 11 November 2001 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 permitted investments subject to the following restrictions imposed or as may be amended from time to time by the SC and/or the relevant authorities and/or the Deed:

- (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 Malaysia government, Bank Negara Malaysia, 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; and
- (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 investments as may be permitted by the SC and/or the Shariah Adviser from time to time that is in line with the Trust’s objectives.

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

The objective of the Fund is to achieve reasonable returns in both income and capital growth over the medium to long term period by investing in a wide portfolio of Shariah-compliant equities and unquoted sukuk which comply 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, exchange-traded funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 17 May 2021.



## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Financial instruments of the Fund are as follows:

	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total RM</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,154,245	-	1,154,245
Amount due from brokers		148,897	-	148,897
Amount due from Manager				
- management fee rebate receivable		1	-	1
Dividends receivable		7,531	-	7,531
Shariah-compliant quoted equities	8	-	14,728,766	14,728,766
Exchange-traded fund	8	-	388,800	388,800
Unquoted sukuk	8	-	10,663,756	10,663,756
Total		<u>1,310,674</u>	<u>25,781,322</u>	<u>27,091,996</u>
<u>Financial liabilities</u>				
Amount due to brokers		510,632	-	510,632
Amount due to Manager				
- management fee		34,936	-	34,936
- cancellation of units		11,892	-	11,892
Amount due to Trustee		1,863	-	1,863
Auditors' remuneration		10,500	-	10,500
Tax agent's fee		9,040	-	9,040
Other payables and accruals		35,622	-	35,622
Total		<u>614,485</u>	<u>-</u>	<u>614,485</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	3,027,217	-	3,027,217
Amount due from Manager				
- management fee rebate receivable		97	-	97
Dividends receivable		187,278	-	187,278
Shariah-compliant quoted equities	8	-	12,947,328	12,947,328
Exchange-traded fund	8	-	388,800	388,800
Unquoted sukuk	8	-	14,421,193	14,421,193
Total		<u>3,214,592</u>	<u>27,757,321</u>	<u>30,971,913</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

Financial instruments of the Fund are as follows: (continued)

<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
<u>2020</u> (continued)			
<u>Financial liabilities</u>			
Amount due to Manager			
- management fee	39,759	-	39,759
- cancellation of units	2,723	-	2,723
Amount due to Trustee	2,121	-	2,121
Auditors' remuneration	9,000	-	9,000
Tax agent's fee	9,040	-	9,040
Other payables and accruals	32,983	-	32,983
	<u>95,626</u>	<u>-</u>	<u>95,626</u>

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

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

#### 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>2021</u> RM	<u>2020</u> RM
<b>Shariah-compliant quoted investments</b>		
Quoted equities	14,728,766	12,947,328
Exchange-traded fund	388,800	388,800
	<u>15,117,566</u>	<u>13,336,128</u>
<b>Shariah-compliant unquoted investments</b>		
Unquoted sukuk*	<u>10,663,756</u>	<u>14,421,193</u>

\* Includes profit receivable of RM202,568 (2020: RM226,761)

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

##### Market risk

##### (a) Price risk (continued)

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 7.5% (2020: 7.5%) and decreased by 7.5% (2020: 7.5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the Fund's investments.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2021</u>		
-7.5%	23,660,347	(1,918,407)
0%	25,578,754	-
+7.5%	27,497,161	1,918,407
	<hr/>	<hr/>
<u>2020</u>		
-7.5%	24,465,768	(2,064,792)
0%	27,530,560	-
+7.5%	29,595,352	2,064,792
	<hr/>	<hr/>

##### (b) Profit rate risk

In general, when profit rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when profit rates rise or are expected to rise. However, investors should be aware that should the Fund hold an unquoted sukuk until maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate profit rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future profit rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial in an unquoted sukuk fund since unquoted sukuk portfolio management depends on forecasting profit rate movements. Prices of unquoted sukuk move inversely to profit rate movements, therefore as profit rates rise, the prices of unquoted sukuk decrease and vice versa. Furthermore, unquoted sukuk with longer maturity and lower yield coupon rates are more susceptible to profit rate movements.

Investors should note that unquoted sukuk and money market instruments are subject to profit rate fluctuations. Such investments may be subject to unanticipated rise in profit rates which may impair the ability of the issuers to make payments of profit income and principal, especially if the issuers are highly leveraged. An increase in profit rates may therefore increase the potential for default by an issuer.

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

##### Market risk (continued)

##### (b) Profit rate risk (continued)

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of unquoted sukuk held by the Fund as a result of movement in profit rate. The analysis is based on the assumptions that the profit rate increased and decreased by 2% (2020: 2%) with all other variables held constant.

<u>% Change in profit rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2021</u> RM	<u>2020</u> RM
+ 2% (2020: 2%)	(68,756)	(83,402)
- 2% (2020: 2%)	70,299	99,081

The Fund's exposure to profit rate risk associated with Shariah-based deposit with a licensed financial institution is not material as the carrying value of the deposit is held on a short-term basis.

##### Liquidity risk

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

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

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

	<u>Within</u> <u>one month</u> RM	<u>Between one</u> <u>month to</u> <u>one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to brokers	510,632	-	510,632
Amount due to Manager			
- management fee	34,936	-	34,936
- cancellation of units	11,892	-	11,892
Amount due to Trustee	1,863	-	1,863
Auditors' remuneration	-	10,500	10,500
Tax agent's fee	-	9,040	9,040
Other payables and accruals	-	35,622	35,622
	<u>559,323</u>	<u>55,162</u>	<u>614,485</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

##### Liquidity risk (continued)

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	39,759	-	39,759
- cancellation of units	2,723	-	2,723
Amount due to Trustee	2,121	-	2,121
Auditors' remuneration	-	9,000	9,000
Tax agent's fee	-	9,040	9,040
Other payables and accruals	-	32,983	32,983
	<u>44,603</u>	<u>51,023</u>	<u>95,626</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 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.

For unquoted sukuk, the Manager regularly reviews the rating assigned to the issuer so that necessary steps can be taken if the rating falls below those described by the Deeds and SC's Guidelines on Unit Trust Funds.

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

##### Credit risk (continued)

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

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

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

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u>				
Construction and Engineering				
- A	1,014,447	-	-	1,014,447
- AA-	2,090,359	-	-	2,090,359
Financial Services				
- A1	509,847	-	-	509,847
- AA3	-	71,374	148,897	220,271
- AAA	-	1,082,871	-	1,082,871
Diversified holdings				
- A1	288,141	-	-	288,141
Infrastructures and utilities				
- AA-	1,604,838	-	-	1,604,838
- AA1	1,070,346	-	-	1,070,346
- AA3	1,422,217	-	-	1,422,217
- C	1,631,806	-	-	1,631,806
Real estate				
- AA-	1,031,755	-	-	1,031,755
Technology				
- NR	-	-	7,531	7,531
Others				
- NR	-	-	1	1
	<u>10,663,756</u>	<u>1,154,245</u>	<u>156,429</u>	<u>11,974,430</u>

\* Other assets consist of dividends receivable, amount due from brokers and management fee rebate receivable.

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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:

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2020</u>				
Construction and Engineering				
- AA-	2,597,517	-	-	2,597,517
- A1	998,995	-	-	998,995
Financial Services				
- AAA	-	2,972,933	-	2,972,933
- AA3	-	54,284	-	54,284
Diversified holdings				
- A1	282,669	-	-	282,669
Health Care				
- NR	-	-	4,780	4,780
Industrials				
- AA-	1,072,622	-	-	1,072,622
Industrial products & services				
- NR	-	-	16,470	16,470
Infrastructure and utilities				
- AAA	536,147	-	-	536,147
- AA3	1,406,248	-	-	1,406,248
- AA1	1,072,725	-	-	1,072,725
- AA-	543,170	-	-	543,170
- A	3,801,835	-	-	3,801,835
- NR	-	-	73,360	73,360
Property and real estate				
- AA3	525,616	-	-	525,616
- AA-	536,864	-	-	536,864
- AA	1,046,786	-	-	1,046,786
- NR	-	-	92,668	92,668
Others				
- NR	-	-	97	97
	<u>14,421,194</u>	<u>3,027,217</u>	<u>187,375</u>	<u>17,635,786</u>

\* Other assets consist of dividend receivables and management fee rebate receivable.

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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-based 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 year end date.

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

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

##### (i) Fair value hierarchy

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

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



## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (i) Fair value hierarchy (continued)

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

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

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2021</u>				
Financial assets at fair value through profit or loss				
- quoted equities	14,728,766	-	-	14,728,766
- unquoted sukuk	-	10,663,756	-	10,663,756
- exchanged-traded fund	388,800	-	-	388,800
	<u>15,117,566</u>	<u>10,663,756</u>	<u>-</u>	<u>25,781,322</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- quoted equities	12,947,328	-	-	12,947,328
- unquoted sukuk	-	14,421,193	-	14,421,193
- exchanged-traded fund	388,800	-	-	388,800
	<u>13,336,128</u>	<u>14,421,193</u>	<u>-</u>	<u>27,757,321</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 funds. The Fund does not adjust the quoted prices for these instruments.

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. This includes unquoted sukuk. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

#### 4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate of 1.50% per annum on the NAV of the Fund, calculated on a daily basis.

For the financial year ended 31 March 2021, the management fee is recognised at a rate of 1.50% (2020: 1.50%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's Prospectus.

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

#### 5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee of 0.08% per annum on the NAV of the Fund, calculated on a daily basis, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 March 2021, the Trustee fee is recognised at a rate of 0.08% (2020: 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.

#### 6 DISTRIBUTIONS

	<u>2021</u> RM	<u>2020</u> RM
<u>Distributions to unitholders are from the following sources:</u>		
Previous years' realised income	1,498,150	1,594,688
Gross realised income	1,498,150	1,594,688
Less: Expenses	-	-
Net distribution amount	<u>1,498,150</u>	<u>1,594,688</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 6 DISTRIBUTIONS (CONTINUED)

During the financial year 31 March 2021, distributions were made as follows:

<u>2021</u>	Gross/Net distribution per unit (sen) RM
15.07.2020	1.00
20.01.2021	2.00
	<hr/>
	3.00
	<hr/> <hr/>

During the financial year 31 March 2020, distributions were made as follows:

<u>2020</u>	Gross/Net distribution per unit (sen) RM
17.07.2019	1.50
15.01.2020	0.75
	<hr/>
	2.25
	<hr/> <hr/>

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

Included in distribution for the financial year is an amount of RM1,498,150 (2020: RM1,594,688) made from previous financial years' realised income.

There are unrealised losses of RM620,810 during the financial year (2020: RM2,942,221).

#### 7 TAXATION

	<u>2021</u> RM	<u>2020</u> RM
Current tax	-	-
	<hr/> <hr/>	<hr/> <hr/>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 7 TAXATION (CONTINUED)

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

	<u>2021</u> RM	<u>2020</u> RM
Net profit/(loss) before taxation	8,520,867	(894,683)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	2,045,008	(214,724)
Tax effects of:		
(Investment income not subject to tax)/		
Investment loss exempted from tax	(2,218,701)	48,942
Expenses not deductible for tax purposes	67,042	40,210
Restrictions on tax deductible expenses for Unit Trust Funds	106,651	125,572
Tax expense	-	-

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

	<u>2021</u> RM	<u>2020</u> RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted equities – local	14,728,766	12,947,328
- unquoted sukuk – local	10,663,756	14,421,193
- exchange-traded fund - local	388,800	388,800
	<u>25,781,322</u>	<u>27,757,321</u>
Net gain/(loss) on financial assets at fair value through profit or loss		
- realised gain on sale of investment	8,761,703	1,104,293
- unrealised loss on changes in fair value	(518,701)	(2,857,275)
- management fee rebate on collective investment scheme#	1,369	1,026
	<u>8,244,371</u>	<u>(1,751,956)</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

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

(a) Shariah-compliant quoted equities – local

(i) Shariah-compliant quoted equities – local as at 31 March 2021 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Construction</u>				
AME Elite Consortium Bhd	326,500	682,530	711,770	2.69
<u>Consumer Products &amp; Services</u>				
Malayan Flour Mills Bhd	595,300	595,549	532,793	2.01
Sime Darby Bhd	236,600	549,985	567,840	2.14
	831,900	1,145,534	1,100,633	4.15
<u>Energy</u>				
Veleso Energy Bhd	3,256,500	561,428	553,605	2.09
Wah Seong Corporation Bhd	787,400	482,263	645,668	2.44
	4,043,900	1,043,691	1,199,273	4.53
<u>Financial Services</u>				
BIMB Holdings Bhd	132,100	550,774	558,783	2.11
Bursa Malaysia Bhd	59,700	552,643	533,718	2.02
	191,800	1,103,417	1,092,501	4.13

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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 2021 are as follows:  
(continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Products &amp; Services</u>				
Asia Poly Holdings Bhd	2,768,900	915,239	982,960	3.71
ATA IMS Bhd	192,300	572,362	561,516	2.12
SKP Resources Bhd	250,200	513,625	550,440	2.08
Cahaya Mata Sarawak Bhd	423,400	881,392	923,012	3.49
Scientex Bhd	199,700	782,905	798,800	3.02
Supercomnet Technologies Bhd	462,100	911,084	739,360	2.79
V.S. Industry Bhd	201,100	253,806	573,135	2.16
	<u>4,497,700</u>	<u>4,830,413</u>	<u>5,129,223</u>	<u>19.37</u>
<u>Preference Shares</u>				
SP Setia Bhd Group - PA	200,000	214,520	157,000	0.59
	<u>200,000</u>	<u>214,520</u>	<u>157,000</u>	<u>0.59</u>
<u>Technology</u>				
UWC Bhd	82,800	197,998	483,552	1.83
Frontken Corp Bhd	113,600	376,570	568,000	2.15
Greotech Technology Bhd	98,800	489,693	523,640	1.98
Pentamaster Corporation Bhd	72,000	356,691	399,600	1.51
Inari Amertron Bhd	174,000	465,278	568,980	2.15
JHM Consolidation Bhd	268,700	590,139	507,843	1.92
	<u>809,900</u>	<u>2,476,369</u>	<u>3,051,615</u>	<u>11.54</u>
<u>Telecommunication &amp; Media</u>				
Telekom Malaysia Bhd	280,700	1,724,067	1,720,691	6.50
	<u>280,700</u>	<u>1,724,067</u>	<u>1,720,691</u>	<u>6.50</u>

## AFFIN HWANG AII MAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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 2021 are as follows:  
(continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
Transport & Logistics MISC Bhd	83,000	555,984	566,060	2.14
Total Shariah-compliant quoted equities – local	11,265,400	13,776,525	14,728,766	55.64
Accumulated unrealised gain on Shariah-compliant quoted equities – local		952,241		
Total Shariah-compliant quoted equities – local		14,728,766		

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

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Energy</u>				
Yinson Holdings Bhd	154,700	1,039,093	737,919	2.39
<u>Financial Services</u>				
Bursa Malaysia Bhd	110,000	665,916	554,400	1.80
Syarikat Takaful Malaysia	100,800	431,511	326,592	1.06
	210,800	1,097,427	880,992	2.86
<u>Health Care</u>				
Duopharma Biotech Bhd	383,603	438,110	529,372	1.71
Hartalega Holdings Bhd	85,900	457,346	590,992	1.91
IHH Healthland Bhd	119,500	662,640	616,620	2.00
Kossan Rubber Industries Bhd	106,100	447,380	544,293	1.76
Top Glove Corporation Bhd	139,700	659,384	889,889	2.88
	834,803	2,664,860	3,171,166	10.26

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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 2020 are as follows:  
(continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Industrial Product and Services</u>				
Petronas Chemicals Group Bhd	93,500	657,305	461,890	1.50
Scientex Bhd	86,700	315,342	645,915	2.09
Sunway Bhd	366,001	571,000	567,302	1.84
VS Industry Bhd	74,500	107,735	56,247	0.18
	<u>620,701</u>	<u>1,651,382</u>	<u>1,731,354</u>	<u>5.61</u>
<u>Preference Share</u>				
SP Setia Bhd Group -PA	200,000	214,520	149,000	0.48
<u>Property</u>				
Matrix Concepts Holdings Bhd	301,250	600,290	469,950	1.52
Paramount Corporation Bhd	266,000	392,232	183,540	0.59
UOA Development Bhd	320,000	784,009	496,000	1.61
	<u>887,250</u>	<u>1,776,531</u>	<u>1,149,490</u>	<u>3.72</u>
<u>REITs</u>				
Axis Real Estate Invt Trust	551,913	832,714	1,004,482	3.25
KLCCP Stapled Group Stapled Security	125,700	957,994	979,203	3.17
	<u>677,613</u>	<u>1,790,708</u>	<u>1,983,685</u>	<u>6.42</u>
<u>Technology</u>				
GHL Systems Bhd	445,000	679,119	747,600	2.42
My EG Services Bhd	519,300	656,084	498,528	1.62
	<u>964,300</u>	<u>1,335,203</u>	<u>1,246,128</u>	<u>4.04</u>



## AFFIN HWANG AII MAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (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 2020 are as follows:  
(continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Transport &amp; Logistics</u>				
MISC Bhd	87,100	720,492	646,282	2.09
<u>Utilities</u>				
Tenaga Nasional Bhd	104,800	1,391,175	1,251,312	4.06
Total Shariah-compliant quoted equities – local	<u>4,742,067</u>	13,681,391	<u>12,947,328</u>	<u>41.93</u>
Accumulated unrealised loss on Shariah-compliant quoted equities – local		<u>(734,063)</u>		
Total Shariah-compliant quoted equities – local		<u>12,947,328</u>		

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(b) Unquoted sukuk – local

(i) Unquoted sukuk – local as at 31 March 2021 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
5.20% AmBank Islamic Bhd Call: 15.03.2022 (A1)	500,000	510,632	509,847	1.93
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	1,000,000	1,075,717	1,060,682	4.01
5.90% MEX II Sdn Bhd 27.04.2029 (C)	1,000,000	1,078,480	474,201	1.79
6.30% MEX II Sdn Bhd 29.04.2033 (C)	3,000,000	3,315,452	1,157,605	4.37
5.29% MMC Corp Bhd 26.04.2023 (AA-)	500,000	512,460	527,267	1.99
5.70% MMC Corp Bhd 24.03.2028 (AA-)	500,000	500,468	535,313	2.02
5.40% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	300,000	304,927	320,352	1.21
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	500,000	505,131	546,271	2.06
5.70% Tanjung Bi Energy Issuer Bhd 16.03.2027 (AA3)	500,000	506,050	555,594	2.10
4.75% UEM Sunrise Bhd 22.03.2024 (AA-)	500,000	511,705	508,171	1.92
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	511,872	523,584	1.98
6.00% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,329	544,157	2.06
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	250,000	257,089	288,141	1.09
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	1,000,000	1,021,190	1,027,779	3.88
5.80% WCT Holdings Bhd Call: 27.09.2024 (A)	1,000,000	1,000,477	1,014,447	3.83
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,029,989	1,070,345	4.04
Total unquoted sukuk – local	12,550,000	13,157,968	10,663,756	40.28
Accumulated unrealised loss on unquoted sukuk – local		(2,494,212)		
Total unquoted sukuk – local		10,663,756		

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(b) Unquoted sukuk – local (continued)

(ii) Unquoted sukuk – local as at 31 March 2020 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
5.05% Fortune Premiere Sdn Bhd 05.09.2025(AA-)	500,000	501,591	525,616	1.71
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	1,000,000	1,079,237	1,072,622	3.47
5.90% MEX II Sdn Bhd 27.04.2029 (AA-)	1,000,000	1,084,069	972,765	3.15
6.30% MEX II Sdn Bhd 29.04.2033 (AA-)	3,000,000	3,330,047	2,829,070	9.16
5.29% MMC Corp Bhd 26.04.2023 (AA-)	500,000	512,808	521,997	1.69
5.70% MMC Corp Bhd 24.03.2028 (AA-)	500,000	500,468	518,598	1.68
5.15% Perbadanan Kemajuan N Selangor 10.08.2023 (AA3)	1,000,000	1,007,216	1,046,786	3.39
5.40% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	300,000	305,352	315,363	1.02
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	500,000	505,891	540,926	1.75
5.70% Tanjung Bin Energy Issuer Bhd 16.03.2027 (AA3)	500,000	506,703	549,959	1.78
5.10% TNB Western Energy Bhd 30.01.2025 (AAA)	500,000	515,696	536,147	1.74
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	512,081	536,864	1.74
6.00% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,535	543,170	1.76
6.35% UMW Holdings Bhd 20.04.2028 (A1)	250,000	257,089	282,669	0.92
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	1,000,000	1,020,509	1,034,664	3.35
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	500,000	523,025	522,257	1.69

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(b) Unquoted sukuk – local (continued)

(ii) Unquoted sukuk – local as at 31 March 2020 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u> (continued)				
5.80% WCT Holdings Bhd 27.09.2024 (A)	1,000,000	1,000,795	998,995	3.24
5.05% YTL Power Int'l Bhd 03.05.2027 (AA1)	1,000,000	1,031,288	1,072,725	3.47
Total unquoted sukuk – local	<u>14,050,000</u>	<u>14,710,400</u>	<u>14,421,193</u>	<u>46.71</u>
Accumulated unrealised loss on unquoted sukuk – local		<u>(289,207)</u>		
Total unquoted sukuk – local		<u>14,421,193</u>		

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

(c) Exchange-traded funds - local

(i) Exchange-traded fund – local as at 31 March 2021 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
TradePlus Shariah Gold Tracker	172,800	305,086	388,800	1.47
Total exchange-traded funds - local	<u>172,800</u>	<u>305,086</u>	<u>388,800</u>	<u>1.47</u>
Accumulated unrealised gain on exchange-traded funds - local		<u>83,714</u>		
Total exchange-traded funds - local		<u>388,800</u>		

(ii) Exchange-traded fund – local as at 31 March 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
TradePlus Shariah Gold Tracker	172,800	305,086	388,800	1.26
Total exchange-traded funds - local	<u>172,800</u>	<u>305,086</u>	<u>388,800</u>	<u>1.26</u>
Accumulated unrealised gain on exchange-traded funds - local		<u>83,714</u>		
Total exchange-traded funds - local		<u>388,800</u>		

## AFFIN HWANG AII MAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	71,374	54,284
Short term Shariah-based deposits with licensed financial institution	1,082,871	2,972,933
	<u>1,154,245</u>	<u>3,027,217</u>

The weighted average effective profit rates per annum and weighted average maturity of Shariah-based deposits with licensed financial institutions are as follows:

	<u>2021</u> %	<u>2020</u> %
Shariah-based deposits with licensed financial institutions	<u>1.65</u>	<u>2.50</u>

Shariah-based deposits with licensed financial institutions have an average maturity of 1 day (2020: 1 day).

#### 10 NUMBER OF UNITS IN CIRCULATION

	<u>2021</u> No. of units	<u>2020</u> No. of units
At the beginning of the financial year	67,733,000	76,106,000
Creation of units arising from applications during the financial year	17,865,957	405,000
Creation of units arising from distribution during the financial year	2,468,850	3,268,552
Cancellation of units during the financial year	<u>(41,581,807)</u>	<u>(12,046,552)</u>
At the end of the financial year	<u>46,486,000</u>	<u>67,733,000</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 11 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant as at 31 March 2021, which comprises:

- a) Equity securities and exchange-traded fund listed in Bursa Malaysia which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission;
- b) Sukuk as per the list of sukuk available at Bond Info Hub and Fully Automated System For Issuing/Tendering of Bank Negara Malaysia; and
- c) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investment and/or instruments.

#### 12 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transactions with the top 10 brokers and dealers for the financial year ended 31 March 2021 are as follows:

<u>Name of brokers and dealers</u>	<u>Value of trade</u> RM	<u>Percentage</u> of total trade %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> of total brokerage %
Affin Hwang Investment Bank Bhd#	24,229,375	34.64	55,269	33.92
UOB Kay Hian Securities (M) Sdn Bhd	9,177,733	13.12	22,992	14.11
CLSA Securities Malaysia Sdn Bhd	5,613,885	8.02	12,829	7.87
Public Investment Bank Bhd	3,944,704	5.64	9,862	6.05
Macquarie Capital Securities (M) Sdn Bhd	3,345,393	4.78	8,406	5.16
Malayan Banking Bhd	3,257,517	4.66	8,144	5.00
RHB Investment Bank Bhd	2,919,102	4.17	3,763	2.31
CGS – Cimb Securities Sdn Bhd	2,384,456	3.41	5,961	3.66
Credit Suisse Securities (M) Sdn Bhd	2,377,414	3.40	5,953	3.65
Kenanga Investment Bank Bhd	2,152,563	3.08	5,381	3.30
Others	10,550,466	15.08	24,377	14.97
	<u>69,952,608</u>	<u>100.00</u>	<u>162,937</u>	<u>100.00</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 12 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

(ii) Details of transactions with the top 10 brokers and dealers for the financial year ended 31 March 2020 are as follows:

<u>Name of brokers and dealers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#	14,487,831	37.78	30,036	39.92
RHB Investment Bank Bhd#	4,019,749	10.48	6,921	9.20
Standard Chartered Bank Malaysia Bhd	2,589,750	6.75	-	-
UOB Kay Hian Securities (M) Sdn Bhd	2,539,730	6.62	6,350	8.44
Public Investment Bank Bhd	2,316,873	6.04	5,792	7.70
Malayan Banking Bhd	2,298,660	6.00	3,810	5.06
CLSA Securities Malaysia Sdn. Bhd	1,478,430	3.86	2,366	3.14
Credit Suisse Securities (Malaysia) Sdn. Bhd	1,391,189	3.63	3,478	4.62
Kenanga Investment Bank Bhd	1,369,362	3.57	3,423	4.55
KAF Seagroatt & Campbell Securities Bhd	1,213,297	3.16	3,033	4.03
Others	4,643,940	12.11	10,034	13.34
	<u>38,348,811</u>	<u>100.00</u>	<u>75,243</u>	<u>100.00</u>

# Included in transactions with dealers and brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM24,229,375 (2020: RM14,487,831). The Manager is of the opinion that the transactions with the related company have been entered at agreed terms between the related parties.

# Included in the transactions with dealers are cross trades conducted between the Fund and other funds; and private mandates managed by the Manager amounting to:

<u>Name of dealers</u>	<u>2021</u> RM	<u>2020</u> RM
Affin Hwang Investment Bank Bhd	2,102,900	1,950,510
RHB Investment Bank Bhd	509,350	251,300
	<u>2,612,250</u>	<u>2,201,810</u>



## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

#### 12 TRANSACTIONS WITH BROKERS AND DEALERS (CONTINUED)

The cross trades are conducted between the Funds and other fund; and private mandates managed by the Manager as follows:

	<u>2021</u> RM	<u>2020</u> RM
Affin Hwang Aiiman Income Plus Fund	2,612,250	1,335,300
Private mandates managed by the Manager	-	866,510
	<u>2,612,250</u>	<u>2,201,810</u>

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

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

<u>Related parties</u>	<u>Relationships</u>
Lembaga Tabung Angkatan Tentera (“LTAT”)	Ultimate holding corporate body of the Manager
Affin Bank Berhad (“ABB”)	Penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Hwang Asset Management Berhad	The Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager

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

	<u>2021</u>	<u>2020</u>
	No. of units	No. of units
<u>The Manager:</u>		
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	38,912	2,893
	<u>22,164</u>	<u>1,319</u>
<u>Subsidiary of the Manager:</u>		
AIIMAN Asset Management Sdn Bhd (The units are held beneficially)	77,931	-
	<u>44,389</u>	<u>-</u>

## AFFIN HWANG AIIMAN BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONTINUED)

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

	<u>2021</u> %	<u>2020</u> %
MER	<u>1.72</u>	<u>1.69</u>

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis was RM29,093,443 (2020: RM34,809,783).

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

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>1.20</u>	<u>0.57</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial year = RM29,892,358 (2020: RM16,316,884)  
total disposal for the financial year = RM40,060,248 (2020: RM23,031,927)

#### 16 NET ASSET VALUE

The differences between the audited Net Asset Value (“NAV”) of the Fund and the published NAV are due to different valuation methodologies.

#### 17 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

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

## **AFFIN HWANG AIIMAN BALANCED FUND**

### **STATEMENT BY THE MANAGER**

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 38 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 2021 and of its financial performance, changes in equity and cash flows for the financial year ended 31 March 2021 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards.

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

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

Kuala Lumpur  
17 May 2021

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Balanced Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 March 2021, and of its financial performance and its cash flows for the financial 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 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 38.

### Basis for opinion

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

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

### Independence and other ethical responsibilities

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

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

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

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

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

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

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 determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional 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 of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

OTHER MATTERS

This report is made solely to the unit holders 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  
17 May 2021

## **DIRECTORY OF SALES OFFICE**

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