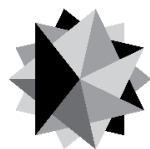


Affin Hwang Aiiman Balanced Fund

Interim Report
30 September 2021

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
AmanahRaya Trustee Berhad (766894-T)

AFFIN HWANG AIIMAN BALANCED FUND

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2021

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FUND INFORMATION

Fund Name	Affin Hwang Aiman 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) is incidental and will be subject to the availability of income

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 30 SEPTEMBER 2021

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	6,247	9,007
5,001 to 10,000	1,229	8,948
10,001 to 50,000	754	12,541
50,001 to 500,000	50	5,790
500,001 and above	4	6,409
Total	8,284	42,695

* Note: Excluding Manager's stock

FUND PERFORMANCE DATA

Category	As at 30 Sep 2021 (%)	As at 30 Sep 2020 (%)	As at 30 Sep 2019 (%)
Portfolio composition			
Quoted equities – local			
- Construction	-	1.95	0.96
- Consumer products & services	2.15	2.34	1.75
- Energy	1.76	7.09	6.14
- Financial Services	3.38	2.46	3.12
- Healthcare	-	7.95	4.29
- Industrial products & services	19.62	3.42	5.91
- Preference share	0.67	0.48	0.48
- Properties	5.78	3.80	4.42
- REITs	-	6.26	6.47
- Technology	13.46	9.35	4.28
- Telecommunications & media	4.67	-	1.77
- Transportation & logistics	2.05	-	-
- Utilities	-	1.97	6.89
- Warrant	0.22	-	-
Total quoted equities – local	53.76	47.07	46.48
Unquoted sukuk – local	40.65	43.42	51.47
Exchange traded fund – local	1.65	1.52	0.99
Cash & cash equivalent	3.94	7.99	1.06
Total	100.00	100.00	100.00
Total NAV (RM'million)	24.151	28.104	35.348
NAV per Unit (RM)	0.5656	0.6056	0.4912
Unit in Circulation (million)	42.697	46.407	71.959
Highest NAV	0.6053	0.6282	0.5099
Lowest NAV	0.5417	0.4543	0.4880
Return of the Fund (%)	0.97	35.11	2.79
- Capital Growth (%)	-4.49	32.84	-0.24
- Income Distribution (%)	3.69	1.71	3.04
Gross Distribution per Unit (sen)	2.00	1.00	1.50
Net Distribution per Unit (sen)	2.00	1.00	1.50
Management Expense Ratio (%) ¹	0.86	0.87	0.85
Portfolio Turnover Ratio (times) ²	0.68	0.31	0.24

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

¹The MER of the Fund was lower than previous year due to lower expenses incurred for the Fund during the financial period.

²The PTR of the Fund was higher than previous year due to higher average sum of total acquisition and disposal for the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
20 Jul 2021	21 Jul 2021	0.5623	0.0200	0.5426

No unit split were declared for the financial year ended 30 September 2021.

Performance Review

For the period 1 April 2021 to 30 September 2021, the Fund registered a -0.97% return compared to the benchmark return of -1.89%. The Fund thus outperformed the Benchmark by 0.92%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2021 was RM0.5656 while the NAV as at 31 March 2021 was RM0.5922. During the period under review, the Fund has declared a gross income distribution of RM0.0200 per unit.

Since commencement, the Fund has registered a return of 168.93% compared to the benchmark return of 46.34%, outperforming by 122.59%. The Fund has met its investment objective.

Table 1: Performance of the Fund

	6 Months (1/4/21 - 30/9/21)	1 Year (1/10/20 - 30/9/21)	3 Years (1/10/18 - 30/9/21)	5 Years (1/10/16 - 30/9/21)	Since Commencement (13/11/01 - 30/9/21)
Fund	(0.97%)	(0.00%)	30.08%	46.78%	168.93%
Benchmark	(1.89%)	(1.68%)	2.19%	6.87%	46.34%
Outperformance	0.92%	1.68%	27.89%	39.91%	122.59%

Source of Benchmark: Bloomberg & Maybank

Table 2: Average Total Return

	1 Year (1/10/20 - 30/9/21)	3 Years (1/10/18 - 30/9/21)	5 Years (1/10/16 - 30/9/21)	Since Commencement (13/11/01 - 30/9/21)
Fund	(0.00%)	9.15%	7.97%	5.10%
Benchmark	(1.68%)	0.73%	1.34%	1.93%
Outperformance	1.68%	8.42%	6.63%	3.17%

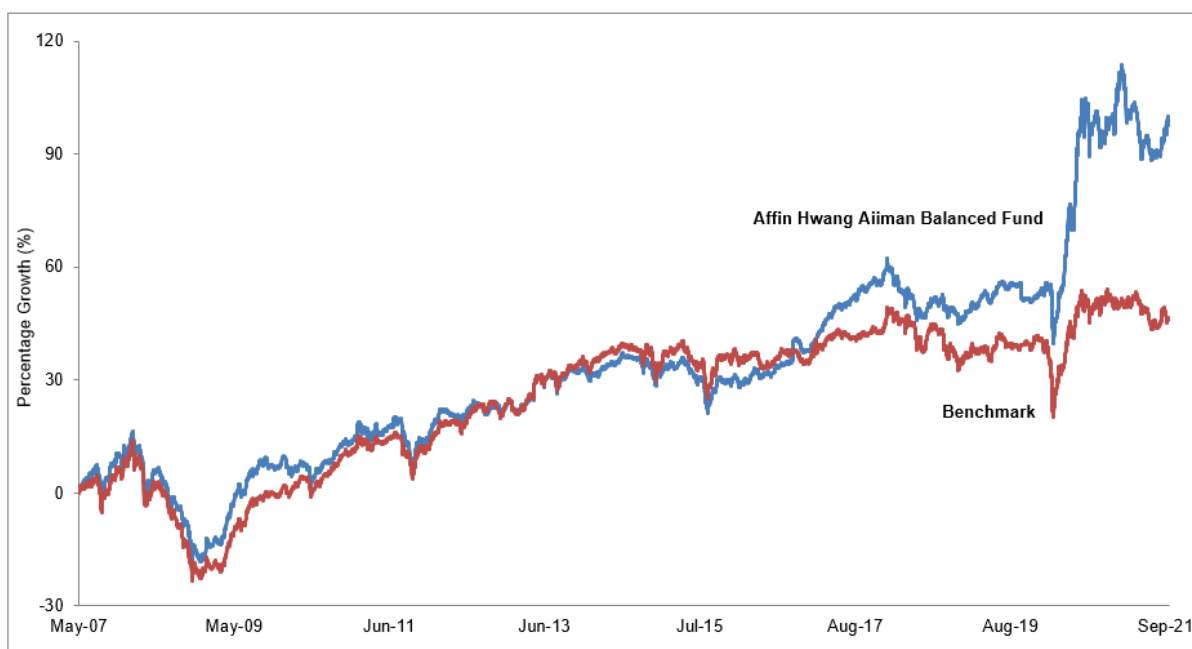
Source of Benchmark: Bloomberg & Maybank

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)
Fund	36.43%	(3.09%)	(1.46%)	4.15%	11.26%
Benchmark	16.73%	(6.98%)	(5.79%)	3.31%	3.15%
Outperformance	19.70%	3.89%	4.33%	0.84%	8.11%

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 30 September 2021, the asset allocation of the Fund stood at 53.76% in equities, 40.65% in Sukuk, 1.65% in exchange traded fund (ETF) while the balance was held in cash and cash equivalent. During the period under review, the Manager had added allocations into sectors like industrials, technology and telecommunications and media while sector like REITs and healthcare were stripped off from the Fund's portfolio exposures. Over the same period, the Manager also maintain little exposures of 1.65% into local ETF – Tradeplus Shariah Gold Tracker while the Fund's Sukuk exposure was slightly lower. Cash and cash equivalent on the other hand was reduced due to deployment within the equities space.

Strategies Employed

The Fund remained focus on providing investors with a balanced exposure into both equities and fixed income opportunities.

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from trade tensions. With the extreme volatility in markets, we raised our cash holdings and went into a defensive stance in our allocation. As the sell-down accelerated, we then slowly deployed back into the market with a focus on quality. We continue to keep close monitor on market development amidst the rare double whammy of global pandemic and oil price collapse. We also kept a moderate cash level as we seek for potential opportunities in the market to deploy.

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. 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 were 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 period.

Global equities endured a mixed session in March as US-China tensions boiled over dampening sentiment. 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. Banks are enjoying higher trading fees and lower provision costs as the economy gradually regains its footing.

Global markets shrugged off inflation fears to climb higher in June as investors start to buy-in to the Fed’s dovish testimony. The S&P 500 and Nasdaq index rose, buoyed by stimulus optimism after early indication of bipartisan support of the proposed US\$1.2 trillion infrastructure bill in the US Congress. US Fed Chair, Jerome Powell testified in the House of Representatives to reiterate the central bank’s view that inflation is transitory and that the FOMC will not rush to hike rates. The yield on the 10-year Treasury note tumbled as the Fed affirmed that it would not pre-emptively hike rates before signs of a recovery.

In Asia, the MSCI Asia ex-Japan index was marginally weaker in June as sentiment was dampened on geopolitical tensions and consolidation seen in China’s economy. The Group of Seven (“G7”) nations and North Atlantic Treaty Organisation (“NATO”) held its annual summit with political leaders from US and Europe vowing to toughen its stance on China.

China had also reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, which came below consensus expectations of 9.2%. Weaker upstream production as well as a power shortage in the Yunan province which is an aluminium production hub led to lower factory output. May retail sales which rose 12.4% y-o-y also fell market expectations of 14.0%. However, weaker economic data could push back any chance of further tightening in China as policymakers look to sustain growth.

Asia was dragged by the weakness in the Chinese market in July. Once again, China saw regulators cracking down on businesses, this time targeting the education sector. Authorities had banned the provision of holiday and weekend tutoring, and further said that they will no longer approve the establishment of new tuition centres. Instead, tutoring companies are being asked to register as non-profit institutions.

In Asia, the MSCI Asia ex-Japan index reversed course by climbing slightly higher. Regulatory noise still dominated headlines in China amidst calls for more oversight in the electric vehicle (EV) industry. The Fed is currently adopting a wait-and-see approach to the Delta variants impact and its implication on job data, highlighting that inflation is transitory and it was more harmful to react amidst the temporary surge in inflation.

The local equity market’s performance was muted relative to regional peers. In the February result season, the tech sector was largely reporting earnings that beat expectations on the back of robust demand. Meanwhile, Finance Minister clarified in an interview that the government is not looking to impose capital gains tax on stocks. The government was 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 rose 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, demand was seen returning in March, as more investors – including insurance players and asset managers – are seen nibbling into the market given the more attractive yield levels.

Fiscal deficit is expected to breach above the government's target of 6.0%. With the unveiled PEMULIH stimulus package, we could see the debt ceiling be raised to 65.0% from 60.0%. This could translate to more government bond supplies, which may put further pressure on Malaysia's sovereign rating.

On the monetary policy side, Bank Negara Malaysia ("BNM") kept Overnight Policy Rates ("OPR") at 1.75% in its monetary policy meeting in July. The central bank remained slightly optimistic on Malaysia's growth outlook on the back of various support measures in place, vaccine rollouts, as well as stronger export numbers.

Political risks abated slightly with the appointment of Datuk Seri Ismail Sabri Yaakob as the 9th Prime Minister after securing the majority support of 114 MPs. The next Parliament sitting is slated in September which Datuk Seri Ismail Sabri will face a test of majority support through a vote of confidence. With political stability expected until the next General Election (GE) due by 2023, the local market could see further support on the back of continued vaccination roll-outs. The gradual reopening of more economic sectors also point to economic growth improving in the coming quarters.

During its quarterly GDP briefing, BNM said that Malaysia's GDP grew 16.1% y-o-y in the 2Q'21, although it contracted 2% on a q-o-q basis. The central bank also revised its full-year GDP growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021.

Prime Minister Datuk Seri Ismail Sabri Yaakob unveiled his cabinet line-up with familiar faces at the helm. Foreigners turned net buyers in the last week of August with net inflows rising to the tune of RM960 million which is the strongest weekly inflow since 2019.

On a separate note, Bank Negara Malaysia is slated to hold its next Monetary Policy Committee meeting on 9 September 2021. Despite recently revising its 2021 GDP forecast to a lowered range of 3.0-4.0%, we expect the central bank to keep rates unchanged at 1.75% amid several supportive drivers including: (i) healthy vaccination rollouts, (ii) robust external demand, and (iii) gradual reopening of sectors and economies.

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 in Asia ex-Japan. 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. Selected Chinese consumer names which are less likely to be pressured by regulatory headwinds were deemed more favourable.

Back home, economic recovery continues to progress as international borders slowly start to reopen. On COVID-19 developments, over 90% of Malaysia's adult population has been vaccinated. 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. Weights in politically sensitive stocks have also been trimmed as the situation remains fluid.

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 that the Investment Committee of the fund has reviewed that such transactions are in the best interest of the fund and transacted on an arm's length and fair value basis.

TRUSTEE'S REPORT
For the Six Months Financial Period Ended 30 September 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 six months financial period ended 30 September 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 the applicable Guidelines of Unit Trust Funds for the six month financial period ended 30 September 2021.

We are of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and other regulatory requirement.
- (c) The distribution of income made by AFFIN HWANG AIIMAN 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
15 November 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
15 November 2021

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	<u>Note</u>	6 months financial period ended <u>30.9.2021</u> RM	6 months financial period ended <u>30.9.2020</u> RM
INVESTMENT INCOME			
Dividend income		107,703	176,908
Profit income from financial assets at amortised cost		6,674	24,280
Profit income from financial assets at fair value through profit and loss		332,281	331,585
Net gain on financial assets at fair value through profit or loss	8	476,032	9,045,420
		<u>922,690</u>	<u>9,578,193</u>
EXPENSES			
Management fee	4	(196,071)	(222,100)
Trustee fee	5	(10,467)	(11,994)
Auditors' remuneration		(4,020)	(5,265)
Tax agent's fee		-	(2,196)
Transaction costs		(109,131)	(67,490)
Other expenses		(17,260)	(17,976)
		<u>(336,949)</u>	<u>(327,021)</u>
NET PROFIT BEFORE TAXATION		585,741	9,251,172
Taxation	6	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>585,741</u>	<u>9,251,172</u>
Net profit after taxation is made up of the following:			
Realised amount		(15,105)	5,781,168
Unrealised amount		600,846	3,470,004
		<u>585,741</u>	<u>9,251,172</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

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	<u>Note</u>	<u>2021</u> RM	<u>2020</u> RM
ASSETS			
Cash and cash equivalents	9	1,031,045	2,260,069
Amount due from Manager			
- creation of units		-	34,633
- management fee rebate receivable		101	109
Dividend receivables		3,500	31,622
Financial assets at fair value through profit or loss	8	23,199,582	25,863,273
TOTAL ASSETS		<u>24,234,228</u>	<u>28,189,706</u>
LIABILITIES			
Amount due to Manager			
- management fee		29,617	34,431
- cancellation of units		2,830	-
Amount due to Trustee		1,580	1,836
Auditors' remuneration		5,520	5,265
Tax agent's fee		9,040	11,236
Other payable and accruals		34,551	32,857
TOTAL LIABILITIES		<u>83,138</u>	<u>85,625</u>
NET ASSET VALUE OF THE FUND		<u>24,151,090</u>	<u>28,104,081</u>
EQUITY			
Unitholders' capital		15,890,097	17,883,864
Retained earnings		8,260,993	10,220,217
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>24,151,090</u>	<u>28,104,081</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>42,697,000</u>	<u>46,407,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5656</u>	<u>0.6056</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

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2021	17,928,739	8,548,772	26,477,511
Total comprehensive income for the financial period	-	585,741	585,741
Distribution (Note 7)	-	(873,520)	(873,520)
Movement in unitholders' capital:			
Creation of units arising from applications	1,933,438	-	1,933,438
Creation of units arising from distribution	873,520	-	873,520
Cancellation of units	(4,845,600)	-	(4,845,600)
Balance as at 30 September 2021	<u>15,890,097</u>	<u>8,260,993</u>	<u>24,151,090</u>
Balance as at 1 April 2020	29,350,232	1,526,055	30,876,287
Total comprehensive income for the financial period	-	9,251,172	9,251,172
Distribution (Note 7)	-	(557,010)	(557,010)
Movement in unitholders' capital:			
Creation of units arising from applications	7,955,340	-	7,955,340
Creation of units arising from distribution	557,010	-	557,010
Cancellation of units	(19,978,718)	-	(19,978,718)
Balance as at 30 September 2020	<u>17,883,864</u>	<u>10,220,217</u>	<u>28,104,081</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

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	<u>Note</u>	6 months financial period ended <u>30.9.2021</u> RM	6 months financial period ended <u>30.9.2020</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		19,176,355	17,458,631
Purchase of Shariah-compliant investments		(16,621,286)	(6,624,955)
Profit from short term Shariah-based deposits and unquoted sukuk		370,169	393,519
Dividend received		111,734	332,564
Management fee rebate received		624	745
Management fee paid		(201,390)	(227,428)
Trustee fee paid		(10,750)	(12,279)
Payment for other fees and expenses		(27,331)	(27,102)
		<hr/>	<hr/>
Net cash flows generated from operating activities		2,798,125	11,293,695
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		1,933,337	7,920,598
Payments for cancellation of units		(4,854,662)	(19,981,441)
		<hr/>	<hr/>
Net cash flows used in financing activities		(2,921,325)	(12,060,843)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(123,200)	(767,148)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		1,154,245	3,027,217
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	1,031,045	2,260,069
		<hr/> <hr/>	<hr/> <hr/>

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

AFFIN HWANG AIIMAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 period. It also requires the Manager to exercise their judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

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

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

- 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 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

B INCOME RECOGNITION

Dividend income

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

Profit income

Profit income 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 sales of investments

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

For unquoted sukuk, realised gains and losses on sale of unquoted sukuk 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 for Shariah-compliant investments and on cost adjusted for accretion of discount or amortisation of premium on investments for unquoted sukuk.

C DISTRIBUTION

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

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 period.

Withholding taxes on investment income from investment are not “income tax” in nature and are recognised and 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 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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, amount due from Manager and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

The Fund classifies amount due to Manager, amount due to trustee, auditors’ remuneration, tax agent’s fee and other payables and accruals as financial liabilities measured at amortised cost.

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

(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. Transaction costs are expensed in the statement of comprehensive income.

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

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

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

AFFIN HWANG AIIAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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 is not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (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.

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG AIIAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

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.

AFFIN HWANG AIIMAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

I 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 are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

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

Units are created and cancelled at the unitholder's option 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.

J CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

K 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 UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 05 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”). 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.

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 Deeds:

- (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 Trusts; and
- (xi) Any other form of investment 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 authorised securities and other investments which complies 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 15 November 2021.

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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</u> RM
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,031,045	-	1,031,045
Amount due from Manager				
- management fee rebate receivable		101	-	101
Dividend receivables		3,500	-	3,500
Shariah-compliant quoted equities	8	-	12,981,665	12,981,665
Unquoted sukuk	8	-	9,820,477	9,820,477
Exchanged-traded fund	8	-	397,440	397,440
Total		<u>1,034,646</u>	<u>23,199,582</u>	<u>24,234,228</u>
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		29,617	-	29,617
- cancellation of units		2,830	-	2,830
Amount due to Trustee		1,580	-	1,580
Auditors' remuneration		5,520	-	5,520
Tax agent's fee		9,040	-	9,040
Other payables and accruals		34,551	-	34,551
Total		<u>83,138</u>	<u>-</u>	<u>83,138</u>
<u>2020</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	2,260,069	-	2,260,069
Amount due from Manager				
- creation of units		34,633	-	34,633
- management fee rebate receivable		109	-	109
Dividend receivables		31,622	-	31,622
Shariah-compliant quoted equities	8	-	13,230,925	13,230,925
Unquoted sukuk	8	-	12,203,804	12,203,804
Exchanged-traded fund	8	-	428,544	428,544
Total		<u>2,326,433</u>	<u>25,863,273</u>	<u>28,189,706</u>

AFFIN HWANG AII MAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u> (continued)				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		34,431	-	34,431
Amount due to Trustee		1,836	-	1,836
Auditors' remuneration		5,265	-	5,265
Tax agent's fee		11,236	-	11,236
Other payables and accruals		32,857	-	32,857
		<u>85,625</u>	<u>-</u>	<u>85,625</u>
Total		<u>85,625</u>	<u>-</u>	<u>85,625</u>

The Fund is exposed to a variety of risks which include market risk (including price risk and profit rate risk), credit risk, liquidity 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
Shariah-compliant quoted investments		
Quoted equities	12,981,665	13,230,925
Exchange-traded fund	397,440	428,544
	<u>13,379,105</u>	<u>13,659,469</u>
Shariah-compliant unquoted investments		
Unquoted sukuk*	<u>9,820,477</u>	<u>12,203,804</u>

* Includes profit receivable of RM190,823 (2020: RM202,174)

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

Market risk (continued)

(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 quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after <u>tax/NAV</u> RM
<u>2021</u>		
-7.5%	21,283,102	(1,725,657)
0%	23,008,759	-
+7.5%	24,734,416	1,725,657
	<u> </u>	<u> </u>
<u>2020</u>		
-7.5%	23,736,517	(1,924,582)
0%	25,661,099	-
+7.5%	27,585,681	1,924,582
	<u> </u>	<u> </u>

(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 till 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 rate 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 depend 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 of default by an issuer.

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 to movements in prices of unquoted sukuk held by the Fund as a result of movement in profit rates. 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>	<u>2020</u>
	RM	RM
+ 2% (2020: + 2%)	(72,535)	(74,784)
- 2% (2020: - 2%)	73,878	75,608

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

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.

The settlement terms of amount due from brokers/dealers 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.

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 UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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>2021</u>				
Consumer Discretionary				
- A1	285,753	-	-	285,753
Energy				
- AA-	552,639	-	-	552,639
Financials				
- A3	508,088	-	-	508,088
- AA-	1,083,638	-	-	1,083,638
- AA3	-	240,793	-	240,793
- AAA	-	790,252	-	790,252
Industrials				
- A	1,014,696	-	-	1,014,696
- C	2,106,656	-	-	2,106,656
Others				
- NR	-	-	101	101
Real Estate				
- AA-	525,159	-	-	525,159
Technology				
- NR	-	-	3,500	3,500
Telecommunications				
- AAA	216,039	-	-	216,039
Utilities				
- AA-	1,073,567	-	-	1,073,567
- AA1	1,059,002	-	-	1,059,002
- AA3	1,395,240	-	-	1,395,240
	<u>9,820,477</u>	<u>1,031,045</u>	<u>3,601</u>	<u>10,855,123</u>

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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: (continued)

	Unquoted <u>sukuk</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2020</u>				
Consumer Goods				
- A1	291,651	-	-	291,651
Financials				
- AAA	-	2,187,165	-	2,187,165
- AA3	-	72,904	-	72,904
- AA-	1,677,544	-	-	1,677,544
- NR	-	-	34,742	34,742
Industrials				
- AA-	1,038,834	-	-	1,038,834
- A	4,940,442	-	-	4,940,442
Oil & Gas				
- AA-	579,054	-	-	579,054
Property				
- NR	-	-	6,025	6,025
REITs				
- NR	-	-	10,961	10,961
Technology				
- NR	-	-	3,064	3,064
Utilities				
- AA3	1,465,719	-	-	1,465,719
- AA1	1,117,174	-	-	1,117,174
- AA-	1,093,386	-	-	1,093,386
- NR	-	-	11,572	11,572
	<u>12,203,804</u>	<u>2,260,069</u>	<u>66,364</u>	<u>14,530,237</u>

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2021</u>			
Amount due to Manager			
- management fee	29,617	-	29,617
- cancellation of units	2,830	-	2,830
Amount due to Trustee	1,580	-	1,580
Auditors' remuneration	-	5,520	5,520
Tax agent's fee	-	9,040	9,040
Other payables and accruals	-	34,551	34,551
	<u>34,027</u>	<u>49,111</u>	<u>83,138</u>
<u>2020</u>			
Amount due to Manager			
- management fee	34,431	-	34,431
Amount due to Trustee	1,836	-	1,836
Auditors' remuneration	-	5,265	5,265
Tax agent's fee	-	11,236	11,236
Other payables and accruals	-	32,857	32,857
	<u>36,267</u>	<u>49,358</u>	<u>85,625</u>

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

(i) Fair value hierarchy

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

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

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

AFFIN HWANG AIFM BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

The following table analyses within the fair value hierarchy the Fund's financial assets (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				
- Shariah-compliant quoted equities	12,981,665	-	-	12,981,665
- unquoted sukuk	-	9,820,477	-	9,820,477
- exchanged-traded fund	397,440	-	-	397,440
	<u>13,379,105</u>	<u>9,820,477</u>	<u>-</u>	<u>23,199,582</u>
<u>2020</u>				
Financial assets at fair value through profit or loss				
- Shariah-compliant quoted equities	13,230,925	-	-	13,230,925
- unquoted sukuk	-	12,203,804	-	12,203,804
- exchanged-traded fund	428,544	-	-	428,544
	<u>13,659,469</u>	<u>12,203,804</u>	<u>-</u>	<u>25,863,273</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 exchanged-traded fund. The Fund does not adjust the quoted prices for these instruments.

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 include 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, amount due from Manager, dividend receivables, and all current liabilities are a reasonable approximation of the fair values due to their short-term nature.

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

4 MANAGEMENT FEE

In accordance with the Deeds, 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 6 months financial period ended 30 September 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 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 Deeds, the Trustee is entitled to a fee of 0.08% per annum on the NAV of the Fund, calculated on a daily basis.

For the 6 months financial period ended 30 September 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 Prospectus.

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

6 TAXATION

	6 months financial period ended <u>30.9.2021</u> RM	6 months financial period ended <u>30.9.2020</u> RM
Current taxation	-	-

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

6 TAXATION (CONTINUED)

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

	6 months financial period ended 30.9.2021 RM	6 months financial period ended 30.9.2020 RM
Net profit before taxation	585,741	9,251,172
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	140,578	2,220,281
Tax effects of:		
Investment income not subject to tax	(221,446)	(2,298,766)
Expenses not deductible for tax purposes	31,237	22,353
Restrictions on tax deductible expenses for Unit Trust Funds	49,631	56,132
Tax expense	-	-

7 DISTRIBUTION

	6 months financial period ended 30.9.2021 RM	6 months financial period ended 30.9.2020 RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	873,520	557,010
Gross realised income	873,520	557,010
Less: Expenses	-	-
Net distribution amount	873,520	557,010
Gross/Net distribution per unit (sen)	2.0000	1.0000
Ex-date	21.7.2021	15.7.2020

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

Included in distributions for the financial period is an amount of RM873,520 (2020: RM557,010) made from previous year's realised income.

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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	12,981,665	13,230,925
- unquoted sukuk – local	9,820,477	12,203,804
- exchange-traded fund - local	397,440	428,544
	<u>23,199,582</u>	<u>25,863,273</u>
Net gain on financial assets at fair value through profit or loss		
- realised (loss)/gain on sale of investments	(244,389)	5,486,510
- unrealised gain on changes of fair value	719,798	3,558,262
- management fee rebate on collective investment scheme#	623	648
	<u>476,032</u>	<u>9,045,420</u>

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

(a) Shariah-compliant quoted equities – local

(i) Shariah-compliant quoted equities – local as at 30 September 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>Consumer Products & Services</u>				
Malayan Flour Mills Bhd	682,000	673,848	518,320	2.15
<u>Energy</u>				
Wah Seong Corporation Bhd	626,400	396,164	425,952	1.76
<u>Financial Services</u>				
Bank Islam Malaysia Bhd	208,500	608,617	608,617	2.52
Syarikat Takaful Malaysia	49,371	204,479	207,852	0.86
	<u>257,871</u>	<u>813,096</u>	<u>816,469</u>	<u>3.38</u>

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 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 & Services</u>				
ATA IMS Bhd	213,300	554,580	558,846	2.31
Kobay Technology Bhd	96,200	476,113	471,380	1.95
Scientex Bhd	176,900	693,520	808,433	3.35
Scope Industries Bhd	1,534,500	516,142	552,420	2.29
SKP Resources Bhd	371,750	626,286	680,303	2.82
Solarvest Holdings Bhd	415,200	590,116	539,760	2.23
Supercomnet Technologies Bhd	211,600	411,252	374,532	1.55
V.S. Industry Bhd	474,000	418,138	753,660	3.12
	<u>3,493,450</u>	<u>4,286,147</u>	<u>4,739,334</u>	<u>19.62</u>
<u>Preference Share</u>				
SP Setia Bhd Group -PA	200,000	214,520	161,000	0.67
	<u>200,000</u>	<u>214,520</u>	<u>161,000</u>	<u>0.67</u>
<u>Property</u>				
Eco World Development Grp Bhd	876,000	603,841	692,040	2.87
SP Setia Bhd Group	575,800	620,416	702,476	2.91
	<u>1,451,800</u>	<u>1,224,257</u>	<u>1,394,516</u>	<u>5.78</u>
<u>Technology</u>				
Genetec Technology Bhd	26,900	464,214	967,862	4.01
Inari Amertron Bhd	140,000	379,132	515,200	2.13
Kronologi Asia Bhd	827,200	574,841	512,864	2.12
NCT Alliance Bhd	1,407,500	699,186	738,937	3.06
Revenue Group Bhd	277,300	641,272	515,778	2.14
	<u>2,678,900</u>	<u>2,758,645</u>	<u>3,250,641</u>	<u>13.46</u>
<u>Telecommunications & Media</u>				
Axiata Group Bhd	61,200	236,719	239,292	0.99
Opcom Holdings Bhd	401,900	229,158	438,071	1.81
Telekom Malaysia Bhd	79,300	485,558	452,010	1.87
	<u>542,400</u>	<u>951,435</u>	<u>1,129,373</u>	<u>4.67</u>

AFFIN HWANG AII MAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 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>Transportation & Logistics</u>				
MISC Bhd	72,000	488,952	493,920	2.05
<u>Warrant</u>				
V.S. Industry Bhd - Warrant	94,800	-	52,140	0.22
Total Shariah-compliant quoted equities – local	<u>10,099,621</u>	<u>11,807,064</u>	<u>12,981,665</u>	<u>53.76</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>1,174,601</u>		
Total Shariah-compliant quoted equities – local		<u>12,981,665</u>		

AFFIN HWANG AIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 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>Construction</u>				
Gamuda Bhd	157,300	548,194	548,977	1.95
<u>Consumer Products & Services</u>				
Guan Chong Bhd	202,200	609,269	657,150	2.34
<u>Energy</u>				
Dialog Group Bhd	249,500	781,148	948,100	3.37
Velesto Energy Bhd	4,265,500	574,845	533,187	1.90
Yinson Holdings Bhd	91,600	573,361	512,044	1.82
	4,606,600	1,929,354	1,993,331	7.09
<u>Financial Services</u>				
Syarikat Takaful Malaysia	140,800	629,779	691,328	2.46
<u>Health Care</u>				
Hartalega Holdings Bhd	27,500	146,415	445,500	1.59
Supermax Corp Bhd	111,100	126,702	934,351	3.32
Top Glove Corp Bhd	102,900	161,896	854,070	3.04
	241,500	435,013	2,233,921	7.95
<u>Industrial Products & Services</u>				
Sunway Bhd	235,301	367,094	320,009	1.14
V.S. Industry Bhd	283,700	312,978	641,162	2.28
	519,001	680,072	961,171	3.42
<u>Preference Share</u>				
SP Setia Bhd Group -PA	200,000	214,520	136,000	0.48
<u>Property</u>				
Matrix Concepts Holdings Bhd	301,250	600,290	509,113	1.81
UOA Development Bhd	350,200	828,705	560,320	1.99
	651,450	1,428,995	1,069,433	3.80

AFFIN HWANG AII MAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 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>REITs</u>				
Axis Real Estate Investment Trust	551,913	832,714	1,192,132	4.24
KLCCP Stapled Group Stapled Security	73,400	559,401	566,648	2.02
	<u>625,313</u>	<u>1,392,115</u>	<u>1,758,780</u>	<u>6.26</u>
<u>Technology</u>				
Frontken Corp Bhd	245,000	812,144	882,000	3.14
GHL Systems Bhd	445,000	679,119	885,550	3.15
UWC BHD	153,200	732,689	860,984	3.06
	<u>843,200</u>	<u>2,223,952</u>	<u>2,628,534</u>	<u>9.35</u>
<u>Utilities</u>				
Tenaga Nasional Bhd	52,600	698,242	552,300	1.97
Total Shariah-compliant quoted equities – local	<u>8,239,964</u>	<u>10,789,505</u>	<u>13,230,925</u>	<u>47.07</u>
Accumulated unrealised gain on Shariah-compliant quoted equities – local		<u>2,441,420</u>		
Total Shariah-compliant quoted equities – local		<u>13,230,925</u>		

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Unquoted sukuk – local

(i) Unquoted sukuk – local as at 30 September 2021 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
4.50% Bank Muamalat Malaysia Bhd Call: 15.06.2026 (A3)	500,000	506,603	508,088	2.10
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	1,000,000	1,074,204	1,083,638	4.49
5.90% MEX II Sdn Bhd 27.04.2029 (A)	1,000,000	1,075,900	557,003	2.31
6.30% MEX II Sdn Bhd 29.04.2033 (A)	3,000,000	3,308,894	1,549,653	6.42
5.29% MMC Corp Berhad 26.04.2023 (AA-)	500,000	512,277	528,430	2.19
5.70% MMC Corp Berhad 24.03.2028 (AA-)	500,000	500,312	545,137	2.26
5.40% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	300,000	304,793	319,708	1.32
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	500,000	504,586	533,524	2.21
5.70% Tanjung Bin Energy Issuer Bhd 16.03.2027 (AA3)	500,000	505,467	542,008	2.24
4.68% Telekom Malaysia Bhd 31.10.2028 (AAA)	200,000	217,401	216,039	0.89
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	511,834	525,159	2.17
6.00% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,261	552,639	2.29
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	250,000	257,133	285,753	1.18
5.80% WCT Holdings Bhd Call: 27.09.2024 (A)	1,000,000	1,000,636	1,014,696	4.20
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,029,590	1,059,002	4.38
Total unquoted sukuk – local	<u>11,250,000</u>	<u>11,825,891</u>	<u>9,820,477</u>	<u>40.65</u>
Accumulated unrealised loss on unquoted sukuk – local		<u>(2,005,414)</u>		
Total unquoted sukuk – local		<u>9,820,477</u>		

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(b) Unquoted sukuk – local (continued)

(ii) Unquoted sukuk – local as at 30 September 2020 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	1,000,000	1,077,656	1,133,815	4.03
5.90% MEX II Sdn Bhd 27.04.2029 (A)	1,000,000	1,081,462	997,535	3.55
6.30% MEX II Sdn Bhd 29.04.2033 (A)	3,000,000	3,323,340	2,928,400	10.42
5.29% MMC Corp Berhad 26.04.2023 (AA-)	500,000	512,709	534,422	1.90
5.70% MMC Corp Berhad 24.03.2028) (AA-)	500,000	500,234	558,964	1.99
5.40% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	300,000	305,229	327,256	1.16
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	500,000	505,368	560,640	1.99
5.70% Tanjung Bin Energy Issuer Bhd 16.03.2027 (AA3)	500,000	506,066	577,823	2.06
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	512,048	543,729	1.93
6.00% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	516,557	579,054	2.06
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	250,000	257,133	291,651	1.04
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	1,000,000	1,020,914	1,038,834	3.70
5.80% WCT Holdings Bhd Call: 27.09.2024 (A)	1,000,000	1,000,477	1,014,507	3.61
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,030,783	1,117,174	3.98
Total unquoted sukuk – local	<u>11,550,000</u>	<u>12,149,976</u>	<u>12,203,804</u>	<u>43.42</u>
Accumulated unrealised gain on unquoted sukuk – local		<u>53,828</u>		
Total unquoted sukuk – local		<u>12,203,804</u>		

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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

(c) Exchange-traded fund – local

(i) Exchange-traded fund – local as at 30 September 2021 is as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Tradeplus Shariah Gold Tracker	172,800	305,086	397,440	1.65
Total exchange-traded fund – local	<u>172,800</u>	<u>305,086</u>	<u>397,440</u>	<u>1.65</u>
Accumulated unrealised gain on exchange-traded fund – local		<u>92,354</u>		
Total exchange-traded fund – local		<u><u>397,440</u></u>		

(ii) Exchange-traded fund – local as at 30 September 2020 is as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Tradeplus Shariah Gold Tracker	172,800	305,086	428,544	1.52
Total exchange-traded fund – local	<u>172,800</u>	<u>305,086</u>	<u>428,544</u>	<u>1.52</u>
Accumulated unrealised gain on exchange-traded fund – local		<u>123,458</u>		
Total exchange-traded fund – local		<u><u>428,544</u></u>		

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2021</u> RM	<u>2020</u> RM
Cash and bank balances	240,793	72,904
Shariah-based deposits with licensed financial institutions	790,252	2,187,165
	<u>1,031,045</u>	<u>2,260,069</u>

The weighted average effective profits 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>1.65</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 period	46,486,000	67,733,000
Creation of units arising from applications	3,317,000	13,161,957
Creation of units arising from distribution	1,598,390	938,043
Cancellation of units during the financial period	(8,704,390)	(35,426,000)
At the end of the financial period	<u>42,697,000</u>	<u>46,407,000</u>

11 SHARIAH INFORMATION OF THE FUND

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

- a) Equity securities and exchanged-trade 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.

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transactions with the top 10 brokers and dealers for the 6 months financial period ended 30 September 2021 are as follows:

<u>Name of brokers/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#*	12,324,557	35.07	36,507	33.45
CLSA Securities Malaysia Sdn. Bhd	3,539,113	10.07	11,829	10.84
Public Investment Bank Bhd	2,406,959	6.85	8,067	7.39
UOB Kay Hian Securities (M) Sdn Bhd	2,101,632	5.98	7,041	6.45
Kenanga Investment Bank Bhd	1,925,503	5.48	6,704	6.14
Macquarie Capital Securities (M) Sdn. Bhd.	1,852,951	5.27	6,219	5.70
RHB Investment Bank Bhd	1,546,450	4.40	3,789	3.47
Nomura Securities (M) Sdn Bhd	1,537,016	4.38	4,904	4.50
Credit Suisse Securities (M) Sdn. Bhd	1,535,911	4.37	5,411	4.96
Malayan Banking Bhd	1,036,772	2.95	3,503	3.21
Others	5,335,266	15.18	15,157	13.89
	<u>35,142,130</u>	<u>100.00</u>	<u>109,131</u>	<u>100.00</u>

- (ii) Details of transactions with the top 10 brokers and dealers for the 6 months financial period ended 30 September 2020 are as follows:

<u>Name of brokers/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#*	9,713,258	40.28	24,323	36.04
UOB Kay Hian Securities (M) Sdn Bhd	2,983,078	12.37	9,895	14.66
Kenanga Investment Bank Bhd	2,152,563	8.93	6,706	9.94
RHB Investment Bank Bhd	1,787,025	7.41	3,182	4.72
CLSA Securities Malaysia Sdn. Bhd	1,494,231	6.20	3,859	5.72
Macquarie Capital Securities (M) Sdn. Bhd.	1,278,252	5.30	4,318	6.40
Malayan Banking Bhd	1,081,409	4.48	3,467	5.14
Public Investment Bank Bhd	946,909	3.93	3,337	4.94
Alliance Investment Bank Bhd	906,283	3.76	2,538	3.76
Credit Suisse Securities (M) Sdn. Bhd.	719,834	2.98	2,360	3.50
Others	1,048,807	4.36	3,505	5.18
	<u>24,111,649</u>	<u>100.00</u>	<u>67,490</u>	<u>100.00</u>

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS

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 RM12,324,557 (2020: RM9,713,258). The Manager is of the opinion that all transactions with the related companies have been entered into the normal course of business 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>2021</u> RM	<u>2020</u> RM
<u>Name of brokers/dealers</u>		
Affin Hwang Investment Bank Bhd	1,723,360	2,102,900
Bank Muamalat Malaysia Bhd	510,700	-
	<u>2,234,060</u>	<u>2,102,900</u>

The cross trades are conducted between the Funds and other Fund managed by the Manager as follows:

	<u>2021</u> RM	<u>2020</u> RM
Affin Hwang Aiiman Income Plus Fund	724,860	2,102,900
Affin Hwang Aiiman Select Income Fund	506,000	-
Affin Hwang Select Cash Fund	1,003,200	-
	<u>2,234,060</u>	<u>2,102,900</u>

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

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 associated companies of ABB as disclosed in its financial statements	Subsidiary and associated companies of the penultimate holding company of the Manager as disclosed in its financial statements

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

	<u>As at 30.9.2021</u>		<u>As at 30.9.2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	2,535	1,434	45,741	27,701
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Subsidiary and associated companies of the penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	701,247	396,625	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

14 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>30.9.2021</u> RM	6 months financial period ended <u>30.9.2020</u> RM
MER	<u>0.86</u>	<u>0.87</u>

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fees 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 period calculated on a daily basis was RM26,093,862 (2020: RM29,901,459).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>30.9.2021</u>	6 months financial period ended <u>30.9.2020</u>
PTR (times)	<u>0.68</u>	<u>0.31</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM16,058,097 (2020: RM6,605,241)
total disposal for the financial period = RM19,328,421 (2020: RM12,019,897)

16 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in the fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be actively 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 35 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2021 and of its financial performance, changes in equity and cash flows for the financial period ended 30 September 2021 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 November 2021

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