

# Affin Hwang Aiiman Income Plus Fund

Annual Report  
31 August 2017

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



**AFFIN HWANG**  
CAPITAL

MANAGER  
Affin Hwang Asset Management Berhad (429786-T)

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

# AFFIN HWANG AIIMAN INCOME PLUS FUND

## Annual Reports and Audited Financial Statements For the Financial Year Ended 31 August 2017

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## FUND INFORMATION

Fund Name	Affin Hwang Aiman Income Plus Fund
Fund Type	Income
Fund Category	Sukuk
Investment Objective	To provide steady income stream over the medium to long-term period through investments primarily in Sukuk
Benchmark	The performance benchmark to be used by the Manager in measuring the performance of the Fund will be 12-month Maybank General Investment Account rate (GIA) which is readily available at any Maybank's branches
Distribution Policy	The Fund will distribute income, if any, on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 AUGUST 2017

Size of holdings (units)	No. of unitholders	No. of units held * ('000)
5,000 and below	47	121
5,001 to 10,000	53	414
10,001 to 50,000	105	2,235
50,001 to 500,000	67	12,526
500,001 and above	50	1,375,432
<b>Total</b>	<b>322</b>	<b>1,390,728</b>

\* Note : Excluding Manager's stock

## FUND PERFORMANCE DATA

Category	As at 31 Aug 2017 (%)	As at 31 Aug 2016 (%)	As at 31 Aug 2015 (%)
Portfolio composition			
<b>Unquoted sukuk</b>	94.08	93.18	100.00
<b>Cash &amp; cash equivalent</b>	5.92	6.82	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Total NAV (RM'million)	796.946	462.028	257.074
NAV per Unit (RM)	0.5730	0.5743	0.5611
Unit in Circulation (million)	1,390.896	804.458	458.166
Highest NAV	0.5763	0.5743	0.5662
Lowest NAV	0.5611	0.5520	0.5531
Return of the Fund (%) <sup>iii</sup>	2.76	2.35	2.89
- Capital Growth (%) <sup>i</sup>	-0.23	2.35	1.063
- Income Distribution (%) <sup>ii</sup>	3.00	4.378	1.806
Gross Distribution per Unit (sen)	1.68	2.40	1.0
Net Distribution per Unit (sen)	1.68	2.40	1.0
Management Expense Ratio (%) <sup>1</sup>	1.12	1.15	1.10
Portfolio Turnover Ratio (times) <sup>2</sup>	0.89	1.06	0.95

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

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

An illustration of the above would be as follow:-

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

$$\begin{aligned} \text{Capital Return}^i &= \{ \text{NAV per Unit @ 31/08/17} \div \text{NAV per Unit @ 31/08/16}^* - 1 \} \times 100 \\ &= (0.5730 \div 0.5743 - 1) \times 100 \\ &= \underline{\underline{-0.23\%}} \end{aligned}$$

$$\begin{aligned} \text{Income Return @ ex-date} &= \{ \text{Income distribution per Unit} \div \text{NAV per Unit on ex- date} \} + 1 \\ &= \{ 0.0050 \div 0.5713 @ 19/09/16 \} + 1 = 1.0088 \\ &= \{ 0.0043 \div 0.5661 @ 21/12/16 \} + 1 = 1.0077 \\ &= \{ 0.0045 \div 0.5656 @ 28/03/17 \} + 1 = 1.0080 \\ &= \{ 0.0030 \div 0.5686 @ 13/06/17 \} + 1 = 1.0053 \end{aligned}$$

$$\begin{aligned} \text{Total Income Return}^{ii} &= \{ \text{Income distribution per Unit} \div \text{NAV per Unit on ex-date} \} \times 100 \\ &= \{ 1.0088 \times 1.0077 \times 1.0080 \times 1.0053 \} - 1 \times 100 \\ &= \underline{\underline{3.00\%}} \end{aligned}$$

$$\begin{aligned} \text{Return of the Fund}^{iii} &= \{ (1 + \text{Capital Return} \times (1 + \text{Income Return})) - 1 \} \times 100 \\ &= \{ (1 + (-0.23\%)) \times (1 + 3.00\%) \} - 1 \} \times 100 \\ &= \underline{\underline{2.76\%}} \end{aligned}$$

\* Source – HSBC Trustee

<sup>1</sup>The Fund's MER remained relatively unchanged, albeit marginally lower during the period under review.

<sup>2</sup> The PTR of the Fund was lower than previous year due to higher average NAV of the Fund for the financial year.

Table 1: Performance of the Fund

	<b>1 Year (1/9/16 - 31/8/17)</b>	<b>3 Years (1/9/14 - 31/8/17)</b>	<b>5 Years (1/9/12 - 31/8/17)</b>	<b>Since Commencement (17/7/04 - 31/8/17)</b>
<b>Fund</b>	<b>2.76%</b>	<b>12.96%</b>	<b>19.20%</b>	<b>104.47%</b>
<b>Benchmark</b>	<b>3.46%</b>	<b>11.26%</b>	<b>18.49%</b>	<b>75.74%</b>
<b>Outperformance / (Underperformance)</b>	<b>(0.70%)</b>	<b>1.70%</b>	<b>0.71%</b>	<b>28.73%</b>

Source of Benchmark: Bursa Malaysia &amp; Maybank

Table 2: Average Total Return

	<b>1 Year (1/9/16 - 31/8/17)</b>	<b>3 Years (1/9/14 - 31/8/17)</b>	<b>5 Years (1/9/12 - 31/8/17)</b>	<b>Since Commencement (17/7/04 - 31/8/17)</b>
<b>Fund</b>	<b>2.76%</b>	<b>4.14%</b>	<b>3.57%</b>	<b>5.60%</b>
<b>Benchmark</b>	<b>3.46%</b>	<b>3.62%</b>	<b>3.45%</b>	<b>4.39%</b>
<b>Outperformance / (Underperformance)</b>	<b>(0.70%)</b>	<b>0.52%</b>	<b>0.12%</b>	<b>1.21%</b>

Source of Benchmark: Bursa Malaysia &amp; Maybank

Table 3: Annual Total Return

	<b>FYE 2017 (01/9/16 - 31/8/17)</b>	<b>FYE 2016 (01/9/15 - 31/8/16)</b>	<b>FYE 2015 (01/9/14 - 31/8/15)</b>	<b>FYE 2014 (01/9/13 - 31/8/14)</b>	<b>FYE 2013 (01/9/12 - 31/8/13)</b>
<b>Fund</b>	<b>2.76%</b>	<b>6.83%</b>	<b>2.89%</b>	<b>3.09%</b>	<b>2.36%</b>
<b>Benchmark</b>	<b>3.46%</b>	<b>4.01%</b>	<b>3.39%</b>	<b>3.20%</b>	<b>3.19%</b>
<b>Outperformance / (Underperformance)</b>	<b>(0.70%)</b>	<b>2.82%</b>	<b>(0.50%)</b>	<b>(0.11%)</b>	<b>(0.83%)</b>

Source of Benchmark: Bursa Malaysia &amp; Maybank

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

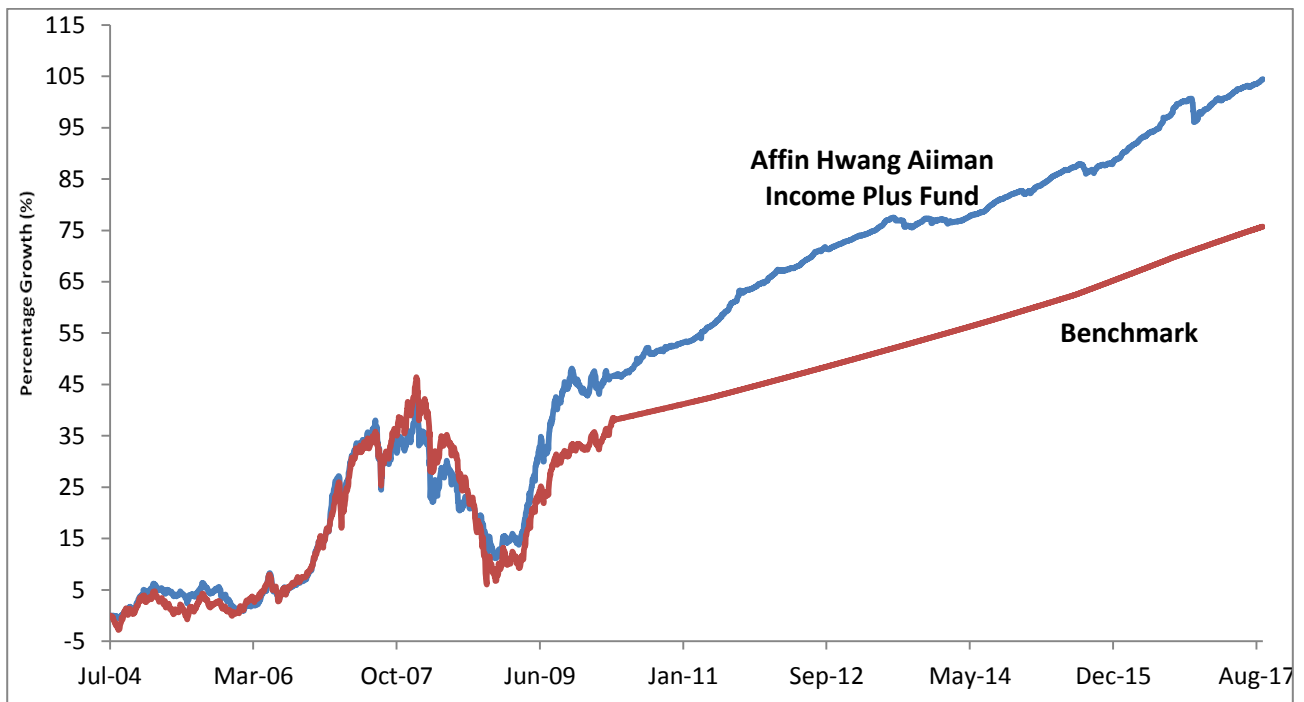
# MANAGER'S REPORT

## Performance Review

For the period 1 September 2016 to 31 August 2017, the Fund has registered a 2.76% return as compared to the benchmark return of 3.46%. The Fund underperformed the benchmark by 0.70 percentage points. The Net Asset Value (NAV) per unit as at 31 August 2017 was RM0.5730 while the NAV per unit 31 August 2016 was RM0.5743. The Fund has declared a gross income distribution of RM0.0168 per unit during the period under review. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

Since inception, the Fund has registered a return of 104.47% versus the benchmark of 75.74%. This represents an outperformance of 28.73 percentage points. The Fund has met its objective of providing steady income stream over the medium to long-term period and will continue to be managed in a manner to fulfil its objective.

Figure 1: Movement of the Fund versus the Benchmark



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

*Benchmark: 12-month Maybank General Investment Account (GIA) rate*

### **Income Distribution / Unit Split**

Affin Hwang Asset Management Berhad recently declared a gross distribution of RM0.0168 per Unit for investors of the Affin Hwang Aiiman Income Plus Fund over the period under review.

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

<b>Cum Date</b>	<b>Ex-Date</b>	<b>Cum-distribution (RM)</b>	<b>Distribution per Unit (RM)</b>	<b>Ex-distribution (RM)</b>
16 Sep 2016	19 Sep 2016	0.5762	0.0050	0.5713
20 Dec 2016	21 Dec 2016	0.5661	0.0043	0.5620
27 Mar 2017	28 Mar 2017	0.5701	0.0045	0.5656
12 Jun 2017	13 Jun 2017	0.5714	0.0030	0.5686

No unit split were declared for the financial year ended 31 August 2017.

### **Asset Allocation**

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

Figure 2: Asset allocation of the Fund

	<b><u>31 Aug 2017</u></b>	<b><u>31 Aug 2016</u></b>	<b><u>31 Aug 2015</u></b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Unquoted Sukuk	94.08	93.18	100.00
Cash & Cash equivalent	5.92	6.82	0.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

There were no significant changes in the Fund's asset allocation over the period under review.

### **Strategies Employed**

During the period under review, the Manager primarily invested in Sukuk with the remaining balance of the Fund's NAV invested in liquid asset. The Manager had maintained a nimble stance over the period under review – reduced its market exposure in the fourth quarter ahead of the US Presidential elections due to the lack of clarity. However, the Manager has then took up the opportunities to increase Fund's exposure during the market sold down into quality issuances.

### **Market Review**

Regional markets were seen recovering from the sell-down suffered in the earlier part of the period under review. The broad-based improvement in economic data across global markets flowing in from December 2016 had boosted investors' sentiment, leading to the better performance for the global financial markets since the start of 2017.

The improving economic conditions has then led to the December 2016, March 2017 and June 2017 rate hikes, with market anticipating another rate hike in for 2017. Alongside the improving market conditions, Fed has hinted on its plan to reduce the bulky USD 4 trillion balance sheet. US 10-year Treasury yield has then spiked up from a low of 1.57% to 2.12% during the period under review.

However, sentiment was dampened with the concerns over political instability in the US and the Trump administration's ability to push through its policies, as well as the heightening of geopolitical tension between North Korea and US.

On the local scene, the resilience Malaysian economy continued to show positive improvements for the year, with the 2Q2017 GDP rising 5.8% year-on-year, after a 5.6% climb in 1Q2017. The better-than-expectation growth was mainly driven by the private consumption and government spending. More so, Malaysian exports have also benefitted from the strong global demand and weaker Ringgit.

Foreign investors have turned net buyers of MGS with MYR2.1B inflows in August, as the MGS closed 10bps lower to 3.89%. However, the overall foreign holdings declined by MYR0.7b, due to the maturity-driven outflows from GII. Nonetheless, local market has regained foreign investor's confidence after the huge selloff in 4Q2016.

### **Investment Outlook**

Global financial markets are expected to remain robust, supported by the broader improvement in economic data with upward revisions in corporate earnings boosting investors' sentiment. We opine that markets are stable, but not entirely secure.

The Fed unwinding of balance sheet might cause some spill over effect to global bond markets. As such, we will be maintaining a tactically cautious stance, maintaining a moderate duration, whilst we look out for opportunities through new issuances, as of quality.

### **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.

However, in the Affin Hwang Aiiman Income Plus Fund Prospectus dated 22 September 2017, the information in relation to the Transfer Facility and Switching Facility have been amended as follows:

### **Switching Facility**

Switching facility enables you to switch into any of our funds (or its classes), provided that the fund (or its class) is denominated in MYR, and it is subject to the terms and conditions applicable for the respective funds. However, you must meet the minimum holding of 500 Units of the Fund and the minimum investment amount of the fund (or its class) that you intend to switch into.

The minimum amount per switch of the Fund is 1,000 Units (or such other amount as may be determined by us from time to time).

### **Transfer Facility**

You are allowed to transfer your Units, whether fully or partially, to another person/corporation by completing a transaction form and returning it to us on a Business Day. However, such transfer application is subject to our internal policy and procedure. We may reject your request at our absolute discretion.

You must maintain at least 500 Units in the Fund (the minimum holdings requirement) after the transfer is effected to remain as a Unit Holder of the Fund.

The transfer facility is not applicable for EPF investors.

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

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

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

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



## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN INCOME PLUS FUND**

We have acted as Trustee of **Affin Hwang Aiiman Income Plus Fund** ("the Fund") for the financial year ended 31 August 2017. To the best of our knowledge, **Affin Hwang Asset Management Berhad** ("the Management Company"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements;  
and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, a total distribution of 1.68 sen per unit (gross) has been distributed to the Unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

**Tan Bee Nie**  
Head, Trustee Operations

Kuala Lumpur  
13 October 2017

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

We have acted as the Shariah Adviser of Affin Hwang Aiiman Income Plus Fund. Our responsibility is to ensure that the procedures and processes employed by Affin Hwang Asset Management Berhad and the provisions of the Deed dated 5 May 2004 as amended by the First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007, Third Supplemental Deed dated 23 September 2008, Fourth Supplemental Deed dated 20 November 2008, Fifth Supplemental Deed dated 26 March 2010, Sixth Supplemental Deed dated 18 January 2012 and Seventh Supplemental Deed dated 27 June 2014 are in accordance with Shariah principles.

In our opinion, Affin Hwang Asset Management has managed and administered Affin Hwang Aiiman Income Plus Fund in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 August 2017.

In addition, we also confirm that the investment portfolio of the Fund comprises securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC"). As for the securities which are not certified by the SACSC, we have reviewed the said securities and opine that these securities are designated as Shariah-compliant.

For **Amanie Advisors Sdn Bhd**

**DATUK DR MOHD DAUD BAKAR**  
Executive Chairman

Kuala Lumpur  
13 October 2017

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>INVESTMENT INCOME</b>			
Profit income	4	32,523,634	14,828,509
Net (loss)/gain on financial assets at fair value through profit or loss	9	(2,555,737)	12,337,866
		<u>29,967,897</u>	<u>27,166,375</u>
<b>EXPENSES</b>			
Management fee	5	(7,269,978)	(3,351,459)
Trustee fee	6	(519,862)	(234,602)
Auditors' remuneration		(8,000)	(6,600)
Tax agent's fee		(3,850)	(3,550)
Other expenses		(478,456)	(226,426)
		<u>(8,280,146)</u>	<u>(3,822,637)</u>
<b>NET PROFIT BEFORE TAXATION</b>		21,687,751	23,343,738
<b>TAXATION</b>	7	-	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>21,687,751</u>	<u>23,343,738</u>
Net profit after taxation is made up of the following:			
Realised amount		30,235,651	13,714,746
Unrealised amount		(8,547,900)	9,628,992
		<u>21,687,751</u>	<u>23,343,738</u>

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

**STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>ASSETS</b>			
Cash and cash equivalents	10	46,951,735	31,247,862
Amount due from Manager - creation of units		249,152	731,262
Amount due from dealer		4,661,630	-
Financial assets at fair value through profit or loss	9	749,942,400	430,499,608
<b>TOTAL ASSETS</b>		<u>801,804,917</u>	<u>462,478,732</u>
<b>LIABILITIES</b>			
Amount due to Manager - management fee		678,614	377,094
Amount due to Trustee		47,503	26,397
Amount due to dealer		4,062,822	-
Auditors' remuneration		8,000	6,600
Tax agent's fee		9,800	9,650
Other payables and accruals		51,734	31,124
<b>TOTAL LIABILITIES</b>		<u>4,858,473</u>	<u>450,865</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>796,946,444</u>	<u>462,027,867</u>
<b>EQUITY</b>			
Unitholders' capital		779,535,907	445,802,966
Retained earnings		17,410,537	16,224,901
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>796,946,444</u>	<u>462,027,867</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>1,390,896,000</u>	<u>804,458,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5730</u>	<u>0.5743</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 September 2016	445,802,966	16,224,901	462,027,867
Total comprehensive income for the financial year	-	21,687,751	21,687,751
Distributions (Note 8)	-	(20,502,115)	(20,502,115)
Movement in unitholders' capital:			
Creation of units arising from applications	593,361,291	-	593,361,291
Creation of units from distributions	17,726,545	-	17,726,545
Cancellation of units	(277,354,895)	-	(277,354,895)
Balance as at 31 August 2017	<u>779,535,907</u>	<u>17,410,537</u>	<u>796,946,444</u>
Balance as at 1 September 2015	250,841,359	6,232,740	257,074,099
Total comprehensive income for the financial year	-	23,343,738	23,343,738
Distributions (Note 8)	-	(13,351,577)	(13,351,577)
Movement in unitholders' capital:			
Creation of units arising from applications	226,839,792	-	226,839,792
Creation of units from distributions	10,925,358	-	10,925,358
Cancellation of units	(42,803,543)	-	(42,803,543)
Balance as at 31 August 2016	<u>445,802,966</u>	<u>16,224,901</u>	<u>462,027,867</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of Shariah-compliant investments		495,968,390	271,532,251
Purchase of Shariah-compliant investments		(816,017,123)	(439,553,401)
Profit from short term Shariah-based deposits and unquoted sukuk		29,975,030	13,239,664
Management fee paid		(6,968,458)	(3,198,256)
Trustee fee paid		(498,756)	(223,878)
Payment for other fees and expenses		(468,146)	(221,750)
Net cash used in operating activities		<u>(298,009,063)</u>	<u>(158,425,370)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from creation of units		593,843,401	228,474,130
Payments for cancellation of units		(277,354,895)	(42,974,526)
Payment for distribution		(2,775,570)	(2,426,219)
Net cash generated from financing activities		<u>313,712,936</u>	<u>183,073,385</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		15,703,873	24,648,015
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>31,247,862</u>	<u>6,599,847</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	10	<u><u>46,951,735</u></u>	<u><u>31,247,862</u></u>

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

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

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

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

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

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

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

The Fund has applied the following amendments for the first time for the financial year beginning on 1 September 2016:

- Amendments to MFRS 101 ‘Presentation of financial statements’ – Disclosure initiative
- Annual Improvements to MFRS 2012 – 2014 Cycle

The adoption of these amendments did not have any impact on the current financial year or any prior period and is not likely to affect future periods.

(b) The new standards and amendments to the published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows:

(i) Financial year beginning on/after 1 September 2017

- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’ (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

(ii) Financial year beginning on/after 1 September 2018

- MFRS 15 ‘Revenue from contracts with customers’ (effective from 1 January 2018) replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction contracts’ and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)

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

(b) The new standards and amendments to published standards that are applicable to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(ii) Financial year beginning on/after 1 September 2018 (continued)

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading).

A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Fund will apply this standard when effective. This standard is not expected to have a significant impact on the Fund's financial statements.



## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

### **B INCOME RECOGNITION**

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

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

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

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

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

The Fund designates its investment in unquoted sukuk as financial assets at fair value through profit or loss at inception.

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

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's financing and receivables comprise cash and cash equivalents, amount due from Manager, and amount due from dealer.

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

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)

### F 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 MFRS 139, 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 de-recognised 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.

Unquoted sukuk securities 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 SC as per the SC 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:

- (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.

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

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

#### (iii) Impairment

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

#### (iii) Impairment (continued)

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

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

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

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

### **G 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.

### **H AMOUNTS DUE FROM/(TO) DEALER**

Amounts due from and to dealers 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.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective profit method, less provision for impairment for amounts due from dealers. A provision for impairment of amounts due from dealers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant dealer.

Significant financial difficulties of the dealer, probability that the dealer will enter bankruptcy or financial re-organisation, and default in payments are considered indicators that the amount due from dealers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, profit income is recognised using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (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 assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if 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 SEGMENT REPORTING**

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

### **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.

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 Guidelines on Unit Trust Funds.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017**

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

The Unit Trust Fund was constituted under the name HwangDBS Dana Fahim (the "Fund") pursuant to the execution of a Deed dated 5 May 2004, First Supplemental Deed dated 29 December 2005, Second Supplemental Deed dated 18 June 2007 and Third Supplemental Deed dated 23 September 2008. The Fund has changed its name from HwangDBS Dana Fahim to HwangDBS AIIMAN Balanced Fund as amended by the Fourth Supplemental Deed dated 20 November 2008, from HwangDBS AIIMAN Balanced Fund to HwangDBS AIIMAN Income Plus Fund as amended by the Fifth Supplemental Deed dated 26 March 2010 and from HwangDBS AIIMAN Income Plus Fund to Hwang AIIMAN Income Plus Fund as amended by the Sixth Supplemental Deed dated 18 January 2012 and from Hwang AIIMAN Income Plus Fund to Affin Hwang Aiiman Income Plus Fund as amended by the Seventh Supplemental Deed dated 27 June 2014 (the "Deeds") entered into between Affin Hwang Asset Management Berhad (the "Manager"), HSBC (Malaysia) Trustee Berhad (the "Trustee") and the registered unitholders of the Fund.

The Fund commenced operations on 28 June 2004 and will continue its operations until terminated by the Trustee as provided under Clause 3.1 of the Deed.

The Fund may invest in a multitude of Malaysian-issued sukuk whether issued by the Malaysian Government or private companies and any other investments not otherwise prohibited by the SC's Shariah Advisory Council and/or the Shariah Adviser from time to time and provided they are designated as "Shariah-compliant". As our Shariah Adviser, Amanie Advisors Sdn Bhd will also advise on the selection of investment tools to ensure compliance with Shariah requirements. All investments will be subjected to the SC's Guidelines on Unit Trust Funds, the Deeds and the objective of the Fund.

All investments will be subjected to the Securities Commission's ("SC") Guidelines on Unit Trust Funds, the Deeds, and the objectives of the Fund

The main objective of the Fund is to provide a steady income stream over the medium to long-term period through investments primarily in Shariah-compliant debentures or sukuk.

The Manager is a company incorporated in Malaysia. The principal activities of the Manager are establishment and management of unit trust funds and private retirement schemes as well as providing fund management services to private clients.

The financial statements were authorised for issue by the Manager on 13 October 2017.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

Financial instruments are as follows:

	<u>Note</u>	<u>Financing and receivables</u> RM	<u>Financial assets at fair value through profit or loss</u> RM	<u>Total</u> RM
<u>2017</u>				
Unquoted sukuk	9	-	749,942,400	749,942,400
Cash and cash equivalents	10	46,951,735	-	46,951,735
Amount due from Manager				
- creation of units		249,152	-	249,152
Amount due from dealer		4,661,630	-	4,661,630
Total		<u>51,862,517</u>	<u>749,942,400</u>	<u>801,804,917</u>
<u>2016</u>				
Unquoted sukuk	9	-	430,499,608	430,499,608
Cash and cash equivalents	10	31,247,862	-	31,247,862
Amount due from Manager				
- creation of units		731,262	-	731,262
Total		<u>31,979,124</u>	<u>430,499,608</u>	<u>462,478,732</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

Market risk

(a) Price risk

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

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

	<u>2017</u> RM	<u>2016</u> RM
<b>Shariah-compliant unquoted investments</b>		
Unquoted sukuk designated at fair value through profit or loss*	749,942,400	430,499,608

\* Includes interest receivable of RM8,989,078 (2016: RM4,988,781)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 5% and decreased by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the unquoted securities, having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	<u>Impact on profit</u> <u>after taxation/NAV</u> RM
<u>2017</u>		
-5%	703,905,656	(37,047,666)
0%	740,953,322	-
+5%	778,000,988	37,047,666
<u>2016</u>		
-5%	404,235,286	(21,275,541)
0%	425,510,827	-
+5%	446,786,368	21,275,541

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

Market risk (continued)

(b) Interest rate risk

In general, when interest rates rise, unquoted sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest 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 interest 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 interest 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 interest rate movements. Prices of unquoted sukuk move inversely to interest rate movements, therefore as interest 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 interest rate movements.

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

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 interest rates. The analysis is based on the assumptions that the interest rate increased and decreased by 1% (100 basis points) with all other variables held constant.

<u>% Change in interest rate</u>	<u>Impact on profit after taxation/ NAV</u>	
	<u>2017</u> RM	<u>2016</u> RM
+ 1%	(2,213,036)	(1,264,637)
- 1%	2,224,033	1,271,304

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



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

#### Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of profit, principals and proceeds from realisation of Shariah-compliant investments. The Manager manages the credit risk by undertaking credit evaluation to minimise such risk.

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

Credit risk arising from placements of short term 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 ratings assigned to the issuer so that necessary steps can be taken if the rating falls below those prescribed by the Deeds and Securities Commission's Guidelines on Unit Trust Funds.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

Credit risk (continued)

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

<u>2017</u>	Cash Unquoted <u>Sukuk</u> RM	and cash equivalents RM	Other <u>assets*</u> RM	<u>Total</u> RM
Consumer Goods				
- AA2	23,377,035	-	-	23,377,035
- AA3	16,552,242	-	-	16,552,242
Financials				
- AAA	35,239,218	27,897,618	-	63,136,836
- AA1	5,092,458	9,048,980	-	14,141,438
- AA2	25,599,906	10,005,137	-	35,605,043
- AA3	21,493,740	-	-	21,493,740
- AA-	27,610,819	-	-	27,610,819
- NR	47,978,019	-	-	47,978,019
Government				
- SOV	57,765,198	-	-	57,765,198
Healthcare				
- AA	7,167,498	-	-	7,167,498
Industrials				
- AAA	58,019,448	-	-	58,019,448
- AA+	31,302,417	-	-	31,302,417
- AA2	15,393,587	-	-	15,393,587
- AA3	31,756,180	-	-	31,756,180
- AA	12,409,841	-	-	12,409,841
- AA-	77,141,438	-	-	77,141,438
- NR	25,922,631	-	-	25,922,631
Oil & Gas				
- AAA	5,777,977	-	-	5,777,977
Quasi – GOV				
- AAA	5,047,821	-	-	5,047,821
Telecommunications				
- AAA	3,096,074	-	-	3,096,074
- AA+	37,465,243	-	-	37,465,243
Utilities				
- AAA	44,279,730	-	-	44,279,730
- AA+	10,145,901	-	-	10,145,901
- AA1	25,429,979	-	-	25,429,979
- AA2	17,167,364	-	-	17,167,364
- AA3	30,108,534	-	-	30,108,534
- AA	4,043,079	-	-	4,043,079
- AA-	37,272,790	-	-	37,272,790
- NR	10,286,233	-	-	10,286,233
Others				
- A2	-	-	4,661,630	4,661,630
- NR	-	-	249,152	249,152
	<u>749,942,400</u>	<u>46,951,735</u>	<u>4,910,782</u>	<u>801,804,917</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

Credit risk (continued)

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

	Unquoted <u>sukuk</u> RM	Cash and cash <u>equivalents</u> RM	Other <u>assets*</u> RM	<u>Total</u> RM
<u>2016</u>				
Consumer Goods				
- AA1	2,042,019	-	-	2,042,019
- AA2	24,813,585	-	-	24,813,585
- AA3	13,580,437	-	-	13,580,437
Financials				
- AAA	25,264,653	26,236,209	-	51,500,862
- AA1	5,115,158	-	-	5,115,158
- AA2	11,902,389	-	-	11,902,389
- AA3	20,825,118	5,011,653	-	25,836,771
- AA-	20,130,400	-	-	20,130,400
- NR	13,399,441	-	-	13,399,441
Government				
- SOV	31,926,266	-	-	31,926,266
Industrials				
- AAA	25,488,348	-	-	25,488,348
- AA+	12,104,600	-	-	12,104,600
- AA2	6,176,946	-	-	6,176,946
- AA	15,597,913	-	-	15,597,913
- AA3	23,068,041	-	-	23,068,041
- AA-	52,891,295	-	-	52,891,295
Industrials (continued)				
- NR	19,682,372	-	-	19,682,372
Oil & Gas				
- AAA	5,948,534	-	-	5,948,534
Telecommunications				
- AA+	987,478	-	-	987,478
Utilities				
- AAA	18,743,542	-	-	18,743,542
- AA+	10,153,901	-	-	10,153,901
- AA1	3,091,288	-	-	3,091,288
- AA2	12,180,130	-	-	12,180,130
- AA3	24,366,663	-	-	24,366,663
- AA-	26,904,164	-	-	26,904,164
- NR	4,114,927	-	-	4,114,927
Others				
- NR	-	-	731,262	731,262
	<u>430,499,608</u>	<u>31,247,862</u>	<u>731,262</u>	<u>462,478,732</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

Credit risk (continued)

\* Other assets consists of amount due from Manager and amount due from dealer.

The financial assets of the Fund are neither past due nor impaired.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining sufficient level of Shariah-based liquid assets to meet anticipated payment and cancellations of unit by unitholders. Shariah-based liquid assets comprise cash at bank, short term Islamic deposits with licensed financial institutions and other Shariah-compliant 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>2017</u>			
Amount due to Manager			
- management fee	678,614	-	678,614
Amount due to Trustee	47,503	-	47,503
Amount due to dealer	4,062,822	-	4,062,822
Auditors' remuneration	-	8,000	8,000
Tax agent's fee	-	9,800	9,800
Other payables and accruals	43,567	8,167	51,734
	<u>4,832,506</u>	<u>25,967</u>	<u>4,858,473</u>
<u>2016</u>			
Amount due to Manager			
- management fee	377,094	-	377,094
Amount due to Trustee	26,397	-	26,397
Auditors' remuneration	-	6,600	6,600
Tax agent's fee	-	9,650	9,650
Other payables and accruals	24,209	6,915	31,124
	<u>427,700</u>	<u>23,165</u>	<u>450,865</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (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 Shariah compliant investment activities of the Fund.

#### Reclassification of Shariah status risk

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

### 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)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (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>2017</u>				
Financial assets at fair value through profit or loss				
- unquoted sukuk	-	749,942,400	-	749,942,400
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>2016</u>				
Financial assets at fair value through profit or loss				
- unquoted sukuk	-	430,499,608	-	430,499,608
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

Financial instruments that trade in markets that are 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. 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.

The carrying values of cash and cash equivalents, amount due from Manager, amount due from dealer and all current liabilities are a reasonable approximation of the fair values due their short term nature.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**4 PROFIT INCOME**

	<u>2017</u> RM	<u>2016</u> RM
Profit from short term Shariah-based deposits with licensed financial institutions	2,102,542	780,261
Profit from unquoted sukuk	30,421,092	14,048,248
	<u>32,523,634</u>	<u>14,828,509</u>

**5 MANAGEMENT FEE**

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

For the financial year ended 31 August 2017, the management fee is recognised at a rate of 1.00% (2016: 1.00%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Fund's prospectus.

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

**6 TRUSTEE FEE**

In accordance with the prospectus, the Trustee is entitled to an annual fee at a rate not exceeding 0.30% per annum on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum.

For the financial year ended 31 August 2017, the Trustee fee is recognised at a rate of 0.07% (2016: 0.07%) per annum on the NAV of the Fund, calculated on a daily basis, inclusive of local custodian fee.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**7 TAXATION**

	<u>2017</u> RM	<u>2016</u> RM
Current taxation - local	-	-

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

	<u>2017</u> RM	<u>2016</u> RM
Net profit before taxation	21,687,751	23,343,738
Tax at Malaysian statutory rate of 24% (2016: 24%)	5,205,060	5,602,497
Tax effects of:		
Investment income not subject to tax	(7,192,295)	(6,519,930)
Expenses not deductible for tax purposes	239,800	111,499
Restrictions on tax deductible expenses for unit trust funds	1,747,435	805,934
Tax expense	-	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**8 DISTRIBUTIONS**

	<u>2017</u> RM	<u>2016</u> RM
Distributions to unitholders are from the following sources:		
Profit income	11,580,697	9,974,318
Previous year's realised income	8,921,418	6,232,740
	<hr/>	<hr/>
Gross realised income	20,502,115	16,207,058
Less: Expenses	-	(2,855,481)
	<hr/>	<hr/>
Net distribution amount	<u>20,502,115</u>	<u>13,351,577</u>

Gross/net distribution per unit (sen)

2017

19.09.2016	0.50
21.12.2016	0.43
28.03.2017	0.45
13.06.2017	0.30
	<hr/>
	<u>1.68</u>

2016

08.09.2015	0.40
15.12.2015	1.00
15.03.2016	0.50
27.06.2016	0.50
	<hr/>
	<u>2.40</u>

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

The distribution made for the financial year includes an amount of RM8,921,418 (2016: RM6,232,740) from previous year's realised income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

	<u>2017</u> RM	<u>2016</u> RM
Designated at fair value through profit or loss		
- unquoted sukuk	749,942,400	430,499,608
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised gain on sale of investment	4,540,470	2,088,240
- unrealised (loss)/gain on changes of fair value	(7,096,207)	10,249,626
	<u>(2,555,737)</u>	<u>12,337,866</u>

(a) Unquoted sukuk

(i) Unquoted sukuk as at 31 August 2017 are as follows:

	<u>Quantity</u>	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<b>UNQUOTED SUKUK</b>				
4.64% Besraya Malaysia Sdn Bhd 26.07.2019 (AA3)	1,000,000	1,010,738	1,010,879	0.13
5.12% UniTapah Sdn Bhd 12.06.2020 (AA2)	2,500,000	2,569,164	2,580,230	0.32
5.39% UniTapah Sdn Bhd 12.12.2022 (AA2)	5,000,000	5,229,714	5,273,269	0.66
5.59% UniTapah Sdn Bhd 12.12.2024 (AA2)	3,000,000	3,199,892	3,219,606	0.40
5.69% UniTapah Sdn Bhd 12.12.2025 (AA2)	5,000,000	5,402,199	5,409,556	0.68
7.25% Gas District Cooling Putrajaya 02.12.2022 (AAA)	5,000,000	5,743,594	5,777,977	0.73
4.39% GII 07.07.2023 (SOV)	22,000,000	23,102,456	22,776,610	2.86
4.045% GII 15.08.2024 (SOV)	5,000,000	5,045,657	5,030,843	0.63
3.699% GII 15.11.2022 (SOV)	7,000,000	7,146,156	7,051,634	0.88
4.258% GII 26.07.2027 (SOV)	15,000,000	15,302,681	15,319,217	1.92
4.943% GII 06.12.2028 (SOV)	7,000,000	7,678,655	7,586,894	0.95
4.72% Besraya Malaysia Sdn Bhd 28.07.2020 (AA3)	7,000,000	7,057,748	7,093,982	0.89
4.80% Besraya Malaysia Sdn Bhd 28.07.2021 (AA3)	2,500,000	2,511,507	2,540,332	0.32
4.88% RHB Islamic Bank Bhd Call: 27.04.2022 (AA3)	4,000,000	4,067,919	4,071,479	0.51
5.10% TNB Western Energy Bhd 30.01.2025 (AAA)	9,000,000	9,389,288	9,407,621	1.18
4.105% TNB Northern Energy Bhd 29.11.2024 (AAA)	5,000,000	4,942,052	4,957,471	0.62
5.14% TNB Western Energy Bhd 30.07.2025 (AAA)	8,500,000	8,895,583	8,908,904	1.12

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 31 August 2017 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b>UNQUOTED SUKUK (CONTINUED)</b>				
5.04% Besraya Malaysia Sdn Bhd 26.07.2024 (AA3)	5,000,000	5,112,095	5,144,314	0.65
5.12% Besraya Malaysia Sdn Bhd 28.07.2025 (AA3)	5,000,000	5,136,224	5,170,148	0.65
5.35% Encorp Systembilt Bhd 18.11.2026 (AA2)	2,500,000	2,659,357	2,663,492	0.33
4.28% TNB Northern Energy Bhd 29.05.2028 (AAA)	2,500,000	2,454,379	2,455,574	0.31
5.28% Besraya Malaysia Sdn Bhd 28.07.2027 (AA3)	2,000,000	2,061,415	2,087,346	0.26
4.455% TNB Northern Energy Bhd 29.11.2030 (AAA)	4,000,000	3,897,086	3,916,661	0.49
4.8% Lafarge Cement Sdn Bhd 13.01.2020 (AA2)	6,500,000	6,558,745	6,586,225	0.83
4.85% Perbadanan Kemajuan Negeri Selangor 31.05.2020 (AA3)	10,000,000	10,148,666	10,146,475	1.27
4.63% UMW Holdings Bhd 22.06.2020 (AA2)	4,500,000	4,543,632	4,545,838	0.57
4.25% UEM Sunrise Bhd 21.12.2017 (AA-)	1,000,000	1,008,582	1,008,444	0.13
4.60% UEM Sunrise Bhd 13.12.2018 (AA-)	3,750,000	3,785,614	3,795,833	0.48
4.90% BGSM Management Sdn Bhd 27.12.2018 (AA3)	2,500,000	2,534,294	2,540,840	0.32
5.25% Bumitama Agri Ltd 18.03.2019 (AA3)	6,000,000	6,203,023	6,211,757	0.78
5.00% Bumitama Agri Ltd 02.09.2019 (AA3)	10,000,000	10,378,687	10,340,485	1.30
4.47% Kesas Sdn Bhd 10.10.2019 (AA2)	4,000,000	4,077,330	4,088,420	0.51
4.70% UMW Holdings Bhd 15.02.2021 (AA2)	5,000,000	4,979,819	5,021,545	0.63
5.10% GULF Investment Corp 16.03.2021 (AAA)	8,700,000	8,965,818	8,941,805	1.12
5.10% MEX II Sdn Bhd 29.04.2021 (AA-)	5,000,000	5,183,372	5,159,427	0.65
5.02% UMW Holdings Bhd 04.10.2021 (AA2)	2,000,000	2,052,263	2,066,620	0.26
4.85% Celcom Networks Sdn Bhd 28.10.2021 (AA+)	9,000,000	9,189,376	9,205,492	1.16
4.85% UEM Edgenta Bhd 26.04.2022 (AA)	7,000,000	7,128,143	7,167,498	0.90

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 31 August 2017 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b>UNQUOTED SUKUK (CONTINUED)</b>				
4.8% Cahya Mata Sarawak Bhd 05.05.2022 (AA3)	8,500,000	8,696,205	8,709,179	1.09
4.83% UMW Holdings Bhd 22.06.2022 (AA2)	2,500,000	2,526,458	2,534,138	0.32
6.60% BGSM Management Sdn Bhd 27.12.2019 (AA3)	2,000,000	2,106,506	2,117,807	0.27
5.4% BEWG M Sdn Bhd 19.07.2023 (AA)	2,000,000	2,013,019	2,021,459	0.25
4.80% Anih Bhd 29.11.2018 (AA)	5,000,000	5,101,987	5,100,966	0.64
4.81% Tanjung Bin Energy Issuer Bhd 14.09.2018 (AA3)	7,000,000	7,201,276	7,200,207	0.90
4.54% Tanjung Bin Power Sdn Bhd 16.08.2019 (AA2)	5,000,000	5,041,523	5,035,451	0.63
3.75% Celcom Transmission Malaysia 29.08.2019 (AA+)	6,000,000	5,942,172	5,918,029	0.74
4.53% Al-'Aqar Capital Sdn Bhd 04.05.2018 (AA2)	4,000,000	4,062,907	4,046,787	0.51
4.35% First Resources Ltd 05.06.2020 (AA2)	3,000,000	3,019,446	3,014,515	0.38
4.65% Kesas Sdn Bhd 08.10.2021 (AA2)	2,000,000	2,044,919	2,055,450	0.26
4.85% First Resources Ltd 27.10.2021 (AA2)	2,000,000	2,053,193	2,044,291	0.26
4.8% UEM Sunrise Bhd 08.04.2022 (AA-)	4,000,000	4,087,303	4,089,468	0.51
5.15% Jimah East Power Sdn Bhd 03.06.2022 (AA-)	5,000,000	5,185,196	5,201,982	0.65
4.27% Danalinfra Nasional Bhd 24.05.2024 (NR)	4,250,000	4,299,222	4,299,222	0.54
5.5% BEWG M Sdn Bhd 19.07.2024 (AA)	2,000,000	2,013,260	2,021,620	0.25
5.05% Celcom Networks Sdn Bhd 29.08.2024 (AA+)	5,000,000	5,016,549	5,046,225	0.63
4.66% Tanjung Bin Power Sdn Bhd 14.08.2020 (AA2)	12,000,000	12,158,019	12,131,913	1.52
4.55% Kapar Energy Ventures Sdn Bhd 05.07.2021 (AA+)	10,000,000	10,127,815	10,145,901	1.27
4.68% Westports Holdings Bhd 01.04.2022 (AA+)	4,000,000	4,123,819	4,134,633	0.52
4.5% Putrajaya Holdings Sdn Bhd 26.05.2025 (AAA)	4,000,000	4,062,822	4,062,862	0.51
5.4% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	1,500,000	1,517,488	1,525,194	0.19

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 31 August 2017 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b>UNQUOTED SUKUK (CONTINUED)</b>				
5.00% Anih Bhd 27.11.2020 (AA)	5,000,000	5,189,601	5,157,668	0.65
5.08% Tanjung Bin Energy Issuer Bhd 16.03.2021 (AA3)	1,500,000	1,560,306	1,566,107	0.20
4.63% Teknologi Tenaga Perlis Consor 30.07.2021 (AA1)	2,000,000	2,043,167	2,026,358	0.25
4.75% Westports Holdings Bhd 03.04.2023 (AA+)	3,500,000	3,584,149	3,626,059	0.45
4.58% Putrajaya Holdings Sdn Bhd 26.05.2026 (AAA)	9,750,000	9,874,307	9,896,121	1.24
5.5% Tadau Energy Sdn Bhd 27.07.2026 (AA3)	5,000,000	5,061,796	5,091,723	0.64
4.16% Pengurusan Air SPV Bhd 11.11.2021 (AAA)	4,000,000	4,074,437	4,032,426	0.51
5.10% GULF Investment Corp 20.06.2022 (AAA)	1,000,000	1,010,682	1,013,550	0.13
4.1% Aman Sukuk Bhd 08.03.2023 (AAA)	5,000,000	5,099,899	5,028,161	0.63
4.85% Kimanis Power Sdn Bhd 14.06.2023 (AA-)	5,000,000	5,157,540	5,124,036	0.64
4.55% Putrajaya Holdings Sdn Bhd 19.09.2023 (AAA)	2,500,000	2,579,228	2,576,096	0.32
4.25% Konsortium Lebu Raya UT KL Sdn Bhd 01.12.2023 (AA-)	4,000,000	3,928,920	3,963,144	0.50
4.78% Aman Sukuk Bhd 30.05.2024 (AAA)	7,250,000	7,503,664	7,466,994	0.94
4.75% Public Islamic Bank Bhd Call: 10.06.2019 (AA1)	5,000,000	5,074,758	5,092,458	0.64
4.8% Hong Leong Islamic Bank Bhd Call: 17.06.2019 (AA2)	5,000,000	5,080,885	5,070,458	0.64
5.45% BGSM Management Sdn Bhd 28.06.2024 (AA3)	2,500,000	2,605,407	2,617,139	0.33
5.00% Sarawak Energy Bhd 04.07.2024 (AA1)	1,000,000	1,040,821	1,037,202	0.13
4.55 Telekom Malaysia Bhd 07.10.2024 (AAA)	3,000,000	3,129,783	3,096,074	0.39
4.4% Putrajaya Holdings Sdn Bhd 24.04.2025 (AAA)	5,000,000	5,052,363	5,063,403	0.64
4.47% Aman Sukuk Bhd 08.05.2025 (AAA)	4,000,000	4,065,066	4,046,304	0.51
4.63% Pengurusan Air SPV Bhd 26.09.2025 (NR)	5,000,000	5,273,603	5,188,277	0.65
5.42% Jimah East Power Sdn Bhd 04.06.2025 (AA-)	1,000,000	1,013,067	1,058,697	0.13

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 31 August 2017 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b>UNQUOTED SUKUK (CONTINUED)</b>				
4.63% Pengurusan Air SPV Bhd 05.02.2026 (NR)	5,000,000	5,196,145	5,097,956	0.64
4.60% Danga Capital Bhd 23.02.2026 (AAA)	5,000,000	5,026,968	5,047,821	0.63
5.22% UMW Holdings Bhd 02.10.2026 (AA2)	4,000,000	4,105,666	4,150,088	0.52
5.27% Celcom Networks Sdn Bhd 28.10.2026 (AA+)	11,750,000	12,111,336	12,215,210	1.53
4.50% Bank Pembangunan Malaysia Bhd 04.11.2026 (AAA)	15,000,000	15,221,918	15,159,818	1.90
5.05% YTL Power International Bhd 03.05.2027 (AA1)	21,750,000	22,114,119	22,366,419	2.81
5.2% Celcom Networks Sdn Bhd 27.08.2027 (AA+)	5,000,000	5,041,103	5,080,287	0.64
4.22% Manjung Island Energy Bhd 25.11.2022 (AAA)	10,500,000	10,687,573	10,601,073	1.33
5.05% Kimanis Power Sdn Bhd 08.08.2023 (AA-)	5,000,000	5,171,782	5,138,253	0.64
4.58% Westports Holdings Bhd 23.10.2024 (AA+)	8,000,000	8,198,989	8,153,255	1.02
4.75% Konsortium Lebuhraya UT KL Sdn Bhd 2.12.2024 (AA-)	5,000,000	5,160,586	5,085,062	0.64
5.24% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2027 (AA-)	1,500,000	1,531,842	1,553,703	0.19
4.68% Malaysia Airports Capital Bhd 16.12.2022 (AAA)	10,000,000	10,258,999	10,250,382	1.29
4.25% Aman Sukuk Bhd 12.04.2024 (AAA)	1,500,000	1,502,886	1,506,471	0.19
4.50% Axis REIT Sukuk Bhd Call: 13.07.2022 (AAA)	10,000,000	10,133,031	10,124,045	1.27
4.43% Westports Holdings Bhd 01.04.2025 (AA+)	2,750,000	2,765,060	2,777,987	0.35
5.8% MEX II Sdn Bhd 28.04.2028 (AA-)	5,000,000	5,457,501	5,395,510	0.68
5.25% Westports Holdings Bhd 03.05.2024 (AA+)	5,000,000	5,292,356	5,299,371	0.66
4.64% Plus Bhd 10.01.2025 (AAA)	2,000,000	2,071,860	2,046,607	0.26
5.90% MEX II Sdn Bhd 27.04.2029 (AA-)	2,000,000	2,134,416	2,172,714	0.27
5.58% Anih Bhd 28.11.2025 (AA)	2,000,000	2,156,722	2,151,207	0.27
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	7,000,000	7,422,274	7,567,051	0.95
4.84% Westports Holdings Bhd 22.10.2027 (AA+)	4,000,000	4,142,855	4,098,503	0.51

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 31 August 2017 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b><u>UNQUOTED SUKUK (CONTINUED)</u></b>				
4.75% Konsortium Lebu Raya UT KL Sdn Bhd 02.12.2027 (AA-)	8,500,000	8,581,573	8,559,861	1.07
5.38% Westports Malaysia Sdn Bhd 30.04.2026 (AA+)	3,000,000	3,210,209	3,212,609	0.40
5.70% Tanjung Bin Energy Issuer Bhd 16.03.2027 (AA3)	1,500,000	1,595,841	1,642,428	0.21
5.4% Kimanis Power Sdn Bhd 06.08.2027 (AA-)	3,000,000	3,147,842	3,152,732	0.40
4.56% Prasarana Malaysia Bhd 15.11.2028 (NR)	5,000,000	5,183,180	5,070,388	0.64
4.75% Konsortium Lebu Raya UT KL Sdn Bhd 01.12.2028 (AA-)	7,750,000	7,823,600	7,765,442	0.97
4.75% Bank Pembangunan Malaysia Bhd 12.09.2029 (NR)	3,500,000	3,612,110	3,627,342	0.46
5.82% Jimah East Power Sdn Bhd 04.12.2030 (AA-)	3,000,000	3,296,855	3,279,575	0.41
4.75% Prasarana Malaysia Bhd 26.02.2031 (NR)	3,000,000	3,009,399	3,001,532	0.38
4.5% PTPTN 25.07.2031 (NR)	2,000,000	2,008,877	1,947,097	0.24
4.95% GovCo Holdings Bhd 20.02.2032 (NR)	3,500,000	3,504,747	3,548,007	0.45
4.86% PTPTN 12.03.2032 (NR)	9,500,000	9,716,303	9,722,098	1.22
4.95% Danalinfra Nasional Bhd 19.03.2032 (NR)	4,000,000	4,130,797	4,139,004	0.52
4.94% Lembaga Pembiayaan Perumahan SA 16.04.2032 (NR)	3,500,000	3,564,897	3,603,292	0.45
4.93% PTPTN 17.08.2032 (NR)	8,600,000	8,626,701	8,665,154	1.09
5.80% Tanjung Bin Energy Issuer Bhd 16.03.2028 (AA3)	5,000,000	5,455,937	5,515,824	0.69
4.75% Konsortium Lebu Raya UT KL Sdn Bhd 30.11.2029 (AA-)	5,000,000	4,977,225	4,977,262	0.62
5.85% Jimah East Power Sdn Bhd 04.06.2031 (AA-)	10,000,000	11,031,848	10,934,541	1.37
6.20% Jimah East Power Sdn Bhd 04.12.2031 (AA-)	3,000,000	3,408,855	3,382,974	0.42
6.20% MEX II Sdn Bhd 29.04.2032 (AA-)	2,000,000	2,101,101	2,208,885	0.28
6.30% MEX II Sdn Bhd 29.04.2033 (AA-)	20,000,000	21,385,255	22,192,359	2.78
5.86% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2033 (AA-)	3,000,000	3,258,690	3,251,265	0.41

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 31 August 2017 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b><u>UNQUOTED SUKUK (CONTINUED)</u></b>				
6.40% MEX II Sdn Bhd 28.04.2034 (AA-)	5,000,000	5,580,203	5,583,416	0.70
5.25% Konsortium Lebuhraya UT KL Sdn Bhd 02.12.2032 (AA-)	4,000,000	4,098,567	4,078,356	0.51
6.04% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2035 (AA-)	2,500,000	2,558,938	2,741,098	0.34
4.62% Lembaga Pembiayaan Perumahan SA 19.09.2036 (NR)	7,500,000	7,637,275	7,342,863	0.92
6.23% Lebuhraya DUKE Fasa 3 Sdn Bhd 21.08.2037 (AA-)	5,000,000	5,570,240	5,551,781	0.70
5.63% Projek Lebuhraya Usahasama Bhd 11.01.2036 (AAA)	5,650,000	5,990,062	6,076,047	0.76
4.85% PTPTN 26.07.2041 (NR)	6,000,000	6,045,277	5,845,941	0.73
4.86% Jambatan Kedua Sdn Bhd 26.07.2041 (NR)	1,000,000	975,905	974,770	0.12
6.43% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2039 (AA-)	5,000,000	5,502,089	5,619,227	0.71
4.9% Lembaga Pembiayaan Perumahan SA 21.09.2046 (NR)	3,750,000	3,826,796	3,676,225	0.46
4.95% Danalinfra Nasional Bhd 19.10.2046 (NR)	8,500,000	8,654,467	8,437,715	1.06
Total unquoted sukuk	<u>727,200,000</u>	<u>749,735,124</u>	<u>749,942,400</u>	<u>94.08</u>
Accumulated unrealised gain on unquoted sukuk		<u>207,276</u>		
Total unquoted sukuk		<u>749,942,400</u>		



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 31 August 2016 are as follows:

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b><u>UNQUOTED SUKUK</u></b>				
4.35% Al-'Aqar Capital Sdn Bhd 06.05.2020 (AAA)	5,000,000	5,025,585	5,027,839	1.09
4.53% Al-'Aqar Capital Sdn Bhd 04.05.2018 (AA2)	4,000,000	4,071,781	4,042,980	0.88
4.78% Aman Sukuk Bhd 30.05.2024 (AAA)	4,000,000	4,119,207	4,201,521	0.91
4.08% Aman Sukuk Bhd 26.07.2024 (AAA)	4,000,000	3,897,740	3,981,336	0.86
4.25% Aman Sukuk Bhd 20.10.2023 (AAA)	5,500,000	5,590,762	5,613,170	1.22
4.47% Aman Sukuk Bhd 08.05.2025 (AAA)	4,000,000	4,065,486	4,121,214	0.89
5.1% Anih Bhd 29.11.2021 (AA)	5,000,000	5,213,967	5,249,071	1.14
4.8% Anih Bhd 29.11.2018 (AA)	5,000,000	5,131,788	5,137,908	1.11
5% Anih Bhd 27.11.2020 (AA)	5,000,000	5,224,070	5,210,934	1.13
4.5% Axis REIT Sukuk Bhd Call: 13.07.2022 (AAA)	10,000,000	10,145,985	10,228,244	2.21
4.75% Bank Pembangunan Malaysia Bhd 12.09.2029 (NR)	3,500,000	3,613,717	3,718,447	0.81
4.62% Benih Restu Bhd 05.06.2025 (AA2)	5,000,000	5,051,824	5,104,610	1.11
5.28% Besraya Malaysia Sdn Bhd 28.07.2027 (AA3)	2,000,000	2,065,337	2,104,986	0.46
4.64% Besraya Malaysia Sdn Bhd 26.07.2019 (AA3)	1,000,000	1,013,710	1,018,109	0.22
4.72% Besraya Malaysia Sdn Bhd 28.07.2020 (AA3)	2,000,000	2,021,798	2,042,252	0.44

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 31 August 2016 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b>UNQUOTED SUKUK (CONTINUED)</b>				
4.8% Besraya Malaysia Sdn Bhd 28.07.2021 (AA3)	2,500,000	2,511,507	2,559,857	0.55
5.04% Besraya Malaysia Sdn Bhd 26.07.2024 (AA3)	5,000,000	5,122,599	5,172,964	1.12
4.9% BGSM Management Sdn Bhd 27.12.2018 (AA3)	9,000,000	9,156,572	9,202,734	1.99
6.6% BGSM Management Sdn Bhd 27.12.2019 (AA3)	7,000,000	7,488,425	7,547,144	1.63
5% Bumitama Agri Ltd 02.09.2019 (AA3)	10,000,000	10,438,393	10,438,385	2.26
5.25% Bumitama Agri Ltd 18.03.2019 (AA3)	3,000,000	3,129,141	3,142,052	0.68
5.01% Cagamas Bhd 08.08.2017 (AAA)	2,000,000	2,022,993	2,029,869	0.44
3.75% Celcom Transmission Malaysia 29.08.2019 (AA+)	1,000,000	980,478	987,478	0.21
4.79% Danalnfra Nasional Bhd 27.11.2034 (NR)	2,500,000	2,580,777	2,590,174	0.56
5.02% Danalnfra Nasional Bhd 03.05.2046 (NR)	1,500,000	1,525,325	1,548,377	0.34
6.05% East Klang Valley Expressway 27.01.2034 (AAA)	2,000,000	2,043,510	2,258,291	0.49
6.15% East Klang Valley Expressway 29.01.2035 (AAA)	1,000,000	1,025,633	1,130,719	0.24
4.45% First Resources Ltd 31.07.2017 (AA2)	4,500,000	4,526,900	4,535,528	0.98
4.3% First Resources Ltd 08.12.2017 (AA2)	4,000,000	4,042,157	4,048,472	0.88
4.35% First Resources Ltd 05.06.2020 (AA2)	3,000,000	3,015,640	3,030,625	0.66
4.85% First Resources Ltd 27.10.2021 (AA2)	2,000,000	2,057,363	2,068,171	0.45
4.215% Gamuda Bhd 26.10.2018 (AA3)	8,000,000	8,107,130	8,126,965	1.76
7.25% Gas District Cooling Putrajaya 02.12.2022 (AAA)	5,000,000	5,850,408	5,948,534	1.29
4.4% GovCo Holdings Bhd 05.06.2026 (NR)	5,000,000	5,140,125	5,136,338	1.11
5.1% GULF Investment Corp 16.03.2021 (AAA)	5,700,000	5,857,379	5,925,513	1.28
5.1% GULF Investment Corp 20.06.2022 (AAA)	1,000,000	1,010,619	1,025,510	0.22

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 31 August 2016 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b><u>UNQUOTED SUKUK (CONTINUED)</u></b>				
4.24% HSBC Amanah Malaysia Bhd 27.03.2020 (AAA)	1,000,000	1,018,238	1,027,678	0.22
5.42% Jimah East Power Sdn Bhd 04.06.2025 (AA-)	2,000,000	2,025,838	2,133,518	0.46
5.77% Jimah East Power Sdn Bhd 04.12.2029 (AA-)	3,000,000	3,077,746	3,279,579	0.71
6.28% Jimah East Power Sdn Bhd 03.12.2032 (AA-)	19,000,000	20,902,543	21,491,067	4.65
4.55% Kapar Energy Ventures Sdn Bhd 05.07.2021 (AA+)	10,000,000	10,140,879	10,153,901	2.20
4.47% KESAS Sdn Bhd 10.10.2019 (AA2)	4,000,000	4,079,920	4,109,850	0.89
4.65% KESAS Sdn Bhd 08.10.2021 (AA2)	2,000,000	2,046,466	2,067,096	0.45
4% Konsortium Lebu Raya UT KL Sdn Bhd 02.12.2019 (AA-)	5,000,000	4,967,341	5,023,413	1.09
4.75% Konsortium Lebu Raya UT KL Sdn Bhd 01.12.2028 (AA-)	7,500,000	7,572,675	7,609,068	1.65
4.75% Konsortium Lebu Raya UT KL Sdn Bhd 02.12.2027 (AA-)	2,000,000	1,964,278	2,040,925	0.44
4.58% Kuala Lumpur Kepong Bhd 12.08.2025 (AA1)	2,000,000	2,005,019	2,042,019	0.44
6.04% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2035 (AA-)	7,000,000	7,169,769	7,534,585	1.63
6.43% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2039 (AA-)	10,000,000	10,258,506	11,081,155	2.40
4.39% Malaysia Investment Issue 07.07.2023 (SOV)	14,500,000	15,345,582	15,379,866	3.33
4.07% Malaysia Investment Issue 30.09.2026 (SOV)	12,500,000	12,772,105	13,174,064	2.85
4.943% Malaysia Investment Issue 06.12.2028 (SOV)	3,000,000	3,270,477	3,372,336	0.73
4.12% Manjung Island Energy Bhd 25.11.2020 (AAA)	5,000,000	5,040,875	5,086,324	1.10
5.9% MEX II Sdn Bhd 27.04.2029 (AA-)	1,000,000	1,037,037	1,094,045	0.24
6.2% MEX II Sdn Bhd 29.04.2032 (AA-)	2,000,000	2,103,219	2,212,146	0.48
6.3% MEX II Sdn Bhd 29.04.2033 (AA-)	25,000,000	26,773,445	27,734,884	6.00
4.4% Pengurusan Air SPV Bhd 17.06.2026 (NR)	4,000,000	4,036,647	4,114,927	0.89
4.6% Perbadanan Kemajuan Negeri Selangor 25.05.2018 (AA3)	3,000,000	3,039,528	3,052,334	0.66

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 31 August 2016 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b><u>UNQUOTED SUKUK (CONTINUED)</u></b>				
4.5% Perbadanan Tabung Pendidikan Tinggi Nasional 25.7.2031 (NR)	2,000,000	2,008,877	2,021,997	0.44
4.85% Perbadanan Tabung Pendidikan Tinggi Nasional 26.07.2041 (NR)	2,500,000	2,511,959	2,522,659	0.55
4.75% Prasarana Malaysia Bhd 26.02.2031 (NR)	10,000,000	10,035,284	10,354,708	2.24
4.64% Plus Bhd 10.01.2025 (AAA)	2,000,000	2,078,575	2,084,327	0.45
4.72% Plus Bhd 12.01.2026 (AAA)	2,000,000	2,008,837	2,097,770	0.45
4.75% Public Islamic Bank Bhd Call: 10.06.2019 (AA1)	5,000,000	5,085,548	5,115,158	1.11
5% Sarawak Energy Bhd 04.07.2024 (AA1)	1,000,000	1,044,854	1,050,802	0.23
4.56% Prasarana Malaysia Bhd 15.11.2028 (NR)	5,000,000	5,190,403	5,189,113	1.12
5.7% Tanjung Bin Energy Issuer Bhd 16.03.2027 (AA3)	2,000,000	2,103,105	2,233,084	0.48
4.81% Tanjung Bin Energy Issuer Bhd 14.09.2018 (AA3)	7,000,000	7,243,187	7,243,117	1.57
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	7,000,000	7,446,277	7,677,511	1.66
5.8% Tanjung Bin Energy Issuer Bhd 16.03.2028 (AA3)	5,000,000	5,478,559	5,636,524	1.22
5.08% Tanjung Bin Energy Issuer Bhd 16.03.2021 (AA3)	1,500,000	1,566,668	1,576,427	0.34
4.54% Tanjung Bin Power Sdn Bhd 16.08.2019 (AA2)	5,000,000	5,056,672	5,064,401	1.10
4.66% Tanjung Bin Power Sdn Bhd 14.08.2020 (AA2)	7,000,000	7,120,434	7,115,729	1.54
4.63% Teknologi Tenaga Perlis Consor 30.07.2021 (AA1)	2,000,000	2,051,746	2,040,486	0.44
4.62% Temasek Eksklusif Sdn Bhd 20.11.2019 (AA3)	2,000,000	2,032,485	2,042,908	0.44
6% TF Varlik Kiralama AS 28.06.2019 (AA3)	1,000,000	1,016,157	1,022,906	0.22
4.28% TNB Northern Energy Bhd 29.05.2028 (AAA)	2,500,000	2,448,944	2,495,406	0.54
5.1% TNB Western Energy Bhd 30.01.2025 (AAA)	8,500,000	8,906,998	9,029,216	1.95
5.14% TNB Western Energy Bhd 30.07.2025 (AAA)	2,000,000	2,065,802	2,132,596	0.46

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 31 August 2016 are as follows: (continued)

	<u>Quantity</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<b><u>UNQUOTED SUKUK (CONTINUED)</u></b>				
4.25% UEM Sunrise Bhd 21.12.2017 (AA-)	1,500,000	1,509,693	1,514,660	0.33
4.7% UMW Holdings Bhd 15.02.2021 (AA2)	2,000,000	2,004,378	2,006,318	0.43
3.9% UMW Holdings Bhd 28.06.2017 (AA2)	4,000,000	4,019,815	4,019,861	0.87
5.73% UniTapah Sdn Bhd 12.06.2026 (AA2)	5,000,000	5,133,520	5,427,545	1.17
5.82% UniTapah Sdn Bhd 11.06.2027 (AA2)	1,750,000	1,807,397	1,913,023	0.41
5.12% UniTapah Sdn Bhd 12.06.2020 (AA2)	500,000	510,042	518,841	0.11
4.95% WCT Holdings Bhd 22.10.2021 (AA-)	4,000,000	4,105,850	4,087,738	0.88
5.17% WCT Holdings Bhd 23.10.2023 (AA-)	3,000,000	3,067,057	3,089,076	0.67
4.43% Westports Holdings Bhd 01.04.2025 (AA+)	2,750,000	2,761,950	2,798,838	0.61
4.84% Westports Holdings Bhd 22.10.2027 (AA+)	4,000,000	4,149,445	4,160,414	0.90
4.58% Westports Holdings Bhd 23.10.2024 (AA+)	3,000,000	3,054,328	3,081,818	0.67
4.68% Westports Holdings Bhd 23.10.2025 (AA+)	2,000,000	2,037,315	2,063,530	0.45
Total unquoted sukuk	<u>409,700,000</u>	<u>423,196,125</u>	<u>430,499,608</u>	<u>93.18</u>
Accumulated unrealised gain on unquoted sukuk		<u>7,303,483</u>		
Total unquoted sukuk		<u>430,499,608</u>		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**10 CASH AND CASH EQUIVALENTS**

	<u>2017</u> RM	<u>2016</u> RM
Cash and bank balances	56,474	69,047
Short term Shariah-based deposits with licensed financial institutions	46,895,261	31,178,815
	<u>46,951,735</u>	<u>31,247,862</u>

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

	<u>2017</u> %	<u>2016</u> %
Short term Shariah-based deposits with licensed financial institutions	<u>3.04</u>	<u>2.92</u>

Short term Shariah-based deposits with licensed financial institutions have an average maturity of 5 days (2016: 1 day).

**11 NUMBER OF UNITS IN CIRCULATION**

	<u>2017</u> No. of units	<u>2016</u> No. of units
At the beginning of the financial year	804,458,000	458,166,000
Creation of units arising from applications during the financial year	1,041,768,157	402,866,074
Creation of units arising from distributions during the financial year	31,277,721	19,572,401
Cancellation of units during the financial year	<u>(486,607,878)</u>	<u>(76,146,475)</u>
At the end of the financial year	<u>1,390,896,000</u>	<u>804,458,000</u>

**12 SHARIAH INFORMATION OF THE FUND**

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

- (a) Sukuk as per the list of approved sukuk issued by the Securities Commission; and
- (b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**13 TRANSACTIONS WITH DEALERS**

- (a) Details of sale and purchase transactions with the top 10 dealers for the financial year ended 31 August 2017 are as follows:

<u>Name of dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
Affin Hwang Investment Bank Bhd#	330,638,280	25.44
RHB Investment Bank Bhd#	290,700,845	22.37
Hong Leong Group*	186,584,675	14.36
CIMB Group*	118,651,060	9.13
Maybank Group*#	114,070,960	8.78
Ambank Group*	105,865,800	8.15
Bank Muamalat Malaysia Bhd#	69,390,070	5.34
Standard Chartered Bank Malaysia Bhd	40,045,600	3.08
Bank Islam Malaysia Bhd	16,378,200	1.26
JP Morgan Chase Bank Bhd	15,299,000	1.18
Others	12,081,500	0.91
	<u>1,299,705,990</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**13 TRANSACTIONS WITH DEALERS (CONTINUED)**

- (b) Details of sale and purchase transactions with the top 10 dealers for the financial year ended 31 August 2016 are as follows:

<u>Value</u> <u>Name of dealers</u>	<u>Percentage</u> <u>of trade</u> RM	<u>of total trade</u> %
RHB Investment Bank Bhd#	182,413,774	25.48
CIMB Group*	129,475,455	18.08
Affin Hwang Investment Bank Bhd#	126,071,512	17.61
Bank Muamalat Malaysia Bhd#	99,115,776	13.84
Maybank Group*#	93,466,747	13.05
Hong Leong Group*	38,145,533	5.33
Ambank (M) Bhd	30,267,004	4.23
Kenanga Investment Bank Bhd	8,000,000	1.12
Standard Chartered Bank Malaysia Bhd	7,000,800	0.98
Bank Islam Malaysia Bhd	2,029,185	0.28
	<u>715,985,786</u>	<u>100.00</u>

Note: \*Group wide

Included in transactions with dealers are trades in the stockbroking industry with Affin Hwang Investment Bank Berhad, a company related to the Manager amounting to RM330,638,280 (2016: RM126,071,51).

The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between related parties.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

**13 TRANSACTIONS WITH DEALERS (CONTINUED)**

# 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>2017</u> RM	<u>2016</u> RM
<u>Dealers</u>		
Affin Hwang Investment Bank Bhd	45,690,150	20,217,100
Bank Muamalat Malaysia Bhd	17,121,750	8,346,300
Maybank Group*	17,379,550	15,171,750
RHB Investment Bank Bhd	35,533,050	20,325,100
	<u>115,724,500</u>	<u>64,060,250</u>

The cross trades are conducted between the Fund and other funds; and a private mandate managed by the Manager as follows:

	<u>2017</u> RM	<u>2016</u> RM
Affin Hwang Income Fund I	7,985,000	-
Affin Hwang Aiiman Select Income Fund	3,784,400	3,810,250
Affin Hwang Wholesale Fund I	1,015,400	-
Affin Hwang Bond Fund	8,863,200	-
Affin Hwang Select Bond Fund	7,046,700	-
Affin Hwang Enhanced Deposit Fund	666,133	-
Affin Hwang Select Cash Fund	8,338,667	-
Affin Hwang Institutional Bond Fund	8,291,900	-
Affin Hwang Aiiman Global Sukuk Fund	997,500	-
Affin Hwang Select Income Fund	10,124,750	-
Affin Hwang Fixed Maturity Income Fund XII	4,993,750	-
Affin Hwang Fixed Maturity Income Fund XIII	5,000,900	-
Private mandate managed by the Manager	48,616,200	60,250,000
	<u>115,724,500</u>	<u>64,060,250</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

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

<u>Related parties</u>	<u>Relationship</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Holdings Berhad ("AHB")	Ultimate holding company of the Manager
Subsidiaries and associates of AHB as disclosed in its financial statements	Subsidiaries and associates of the ultimate holding company of the Manager

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

	<u>2017</u>		<u>2016</u>	
<u>The Manager:</u>	No. of units	RM	No. of units	RM
Affin Hwang Asset Management Berhad (The units are held legally for booking purpose)	168,097	96,320	5,564	3,196

**15 MANAGEMENT EXPENSE RATIO ("MER")**

	<u>2017</u>	<u>2016</u>
	%	%
MER	1.12	1.15

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is RM741,839,561 (2016: RM333,773,050).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2017 (CONTINUED)**

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

	<u>2017</u>	<u>2016</u>
PTR (times)	0.89	1.06
	<u>          </u>	<u>          </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 = RM820,079,945 (2016: RM439,553,401)  
total disposal for the financial year = RM505,888,575 (2016: RM269,444,011)

**17 SEGMENT INFORMATION**

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

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

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

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

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

## **AFFIN HWANG AIIMAN INCOME PLUS FUND**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 10 to 50 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2017 and of its financial performance, changes in equity and cash flows for the financial year ended 31 August 2017 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

**TENG CHEE WAI**  
**EXECUTIVE DIRECTOR**

Kuala Lumpur  
13 October 2017

# **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AFFIN HWANG AIIMAN INCOME PLUS FUND**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### Our opinion

In our opinion, the financial statements of Affin Hwang Aiiman Income Plus Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 August 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 50.

### Basis for opinion

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

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

### Independence and other ethical responsibilities

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

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

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

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

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

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

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

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

#### Responsibilities of the Manager for the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

### **OTHER MATTERS**

This report is made solely to the unitholder of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

Kuala Lumpur  
13 October 2017



## **DIRECTORY OF SALES OFFICE**

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Affin Hwang Asset Management Berhad (429786-T)