

Affin Hwang Aiiman Income Plus Fund

Interim Report
28 February 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

Interim Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 28 February 2017

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MANAGER'S REPORT

(1) MANAGER'S VIEW ON PORTFOLIO AND MARKET

Fund Type, Category, Objective, Distribution Policy and Benchmark

Fund Type	Income
Category	Sukuk
Objective	To provide a steady income stream over the medium to long-term period through investments primarily in Shariah-compliant debentures or Sukuk.
Distribution Policy	The Fund endeavours to distribute income, if any, on a quarterly basis. However, the amount of income available for distribution may fluctuate from year to year.
Benchmark	12-month Maybank General Investment Account (GIA) rate

Performance of the Fund (1 September 2016 to 28 February 2017)

For the period 1 September 2016 to 28 February 2017, the Fund has registered a 0.90% return as compared to the benchmark return of 1.75%. The Fund underperformed the benchmark by 0.85 percentage points. The Net Asset Value (NAV) per unit as at 28 February 2017 was RM0.5701 while the NAV per unit 31 August 2016 was RM0.5743. The Fund has declared a gross income distribution of RM0.0093 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 100.77% versus the benchmark of 72.83%. This represents an outperformance of 27.94 percentage points. The Fund will continue to be managed in a manner to fulfill its objective.

Table 1: Performance of the Fund

	6 Months (1/9/16 - 28/2/17)	1 Year (1/3/16 - 28/2/17)	3 Years (1/3/14 - 28/2/17)	5 Years (1/3/12 - 28/2/17)	Since Commencement (17/7/04 - 28/2/17)
Fund	0.90%	4.96%	13.63%	20.01%	100.77%
Benchmark	1.75%	3.78%	11.18%	18.39%	72.83%
Outperformance / (Underperformance)	(0.85%)	1.18%	2.45%	1.62%	27.94%

Source of Benchmark: Bursa Malaysia & Maybank

Table 2: Average Total Return

	1 Year (1/3/16 - 28/2/17)	3 Years (1/3/14 - 28/2/17)	5 Years (1/3/12 - 28/2/17)	Since Commencement (17/7/04 - 28/2/17)
Fund	4.96%	4.35%	3.71%	5.67%
Benchmark	3.78%	3.59%	3.43%	4.43%
Outperformance / (Underperformance)	1.18%	0.76%	0.28%	1.24%

Source of Benchmark: Bursa Malaysia & Maybank

Table 3: Annual Total Return

	FYE 2016 (01/9/15 - 31/8/16)	FYE 2015 (01/9/14 - 31/8/15)	FYE 2014 (01/9/13 - 31/8/14)	FYE 2013 (01/9/12 - 31/8/13)	FYE 2012 (01/9/11 - 31/8/12)
Fund	6.83%	2.89%	3.09%	2.36%	6.40%
Benchmark	4.01%	3.39%	3.20%	3.19%	3.20%
Outperformance / (Underperformance)	2.82%	(0.50%)	(0.11%)	(0.83%)	3.20%

Source of Benchmark: Bursa Malaysia & Maybank

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

Strategies Employed (1 September 2016 to 28 February 2017)

On the back of improving outlook on domestic markets, the Manager had kept the Fund's exposure moderately higher at the end of the period under review. The Manager took up the opportunities to increase Fund's exposure during the market sold down into quality issuances.

Asset Allocation

As at 28 February 2017, the Sukuk exposure of the Fund in the portfolio stood at 89.83%, while the balance was held in cash. For a snapshot of the Fund's asset mix during the period under review as at 28 February 2017, kindly refer to Figure 2.

Figure 2: Summary of Asset Allocation

Asset Allocation	28 Feb 2017	29 Feb 2016	28 Feb 2015
Sukuk	89.83%	88.12%	92.77%
Cash	10.17%	11.88%	7.23%
Total	100.00%	100.00%	100.00%

The Fund remained invested within the range of 85% - 95% during the period under review mostly in AA rated sukuk.

Review of Market (1 September 2016 to 28 February 2017)

The market remained volatile throughout the period under review with politics and policy moves remained influential to the market movements. It started off with the shocking vote by the United Kingdom (“UK”) to exit the European Union through the Brexit referendum, which led global financial markets to an immediate negative reaction. This was followed by the unexpected win by Donald Trump in the US Presidential election in November. The outcome had resulted in a bull run for the US equity market at the expense of outflows from emerging markets and bonds as investors shifted their focus back to US. The US Federal Reserve also decided to hike interest rate in December 2016 and guided another three hikes to take place in year 2017 – mainly backed by the improving economic condition in US.

The US 10-Year Treasury yield spiked up to 2.36% from 1.57% during the period under review. This was mainly driven by market expectation of US recovery cycle, given Trump’s pro-growth agenda and his tax cut policy. The shift in investors’ focus towards US equity had also contributed to foreign outflows from the regional bond markets.

Back home, we had seen a drastic net outflow in foreign holdings of Malaysia Government Securities (“MGS”) for three consecutive months, as investors were more optimistic with the recovery of US. Foreign holding of MGS shrank from a high of 52% to 45% in the fourth quarter of 2016. The outflow then moderated and the foreign holding stabilised at 44.7%. Ringgit, on the other hand, saw a slight recovery in February but remained weak at RM 4.44 to the US Dollar. On a brighter note, the fear of 10-Year MGS redemption were well absorbed by the locals, as the yield stabilised at 4.04, down 9 basis points as at end of February. We had also see a sign of recovery of foreign interest in local market, as the currency is deemed relatively cheap when taking into account the economic fundamental.

Malaysian economy remained resilient with growth expected to be supported by fiscal spending. The central bank’s pre-emptive move to address the slowing pace of growth with a surprise decision to cut its Overnight Policy Rates (“OPR”) by 25 basis points in July was taken positively by investors. The OPR remained at 3.00% at the end of period under review with analysts expecting the rates to be held steady through 2017.

Pipeline for infrastructure projects remained robust, with the RM55 billion East Coast Rail Line expected to kick-off next year, and spread over 3-phases and expected to stretch over the course of 5 years. Saudi Aramco has also confirmed the co-investment of a USD27billion in RAPID oil refinery and petrochemical project with Petronas during the King Salman visits in Malaysia. The RAPID project is expected to begin operations in the first quarter of 2019. The 2017 budget showed signs of support for domestic demand as well as initiative to assist the low income group such as an increase in BR1M payout and rebate for purchases of national automobiles.

Oil price recovered from the lowest level of USD26 per barrel to a high of USD54 per barrel in January 2017. This was mainly driven by the OPEC agreement, where the cartel agreed to reduce its collective output by 1.2 million barrels a day. Other major non-OPEC producers, including Russia, had also agreed to lower their production by 600,000 barrels a day. However, the increasing production from the US is rapidly undermining the effort OPEC made in cutting output. The jump in US shale production had continued to pressure the oil price – it then deteriorated to USD 50 per barrel.

Investment Outlook

We expect the market to see some stability from here, given that the expectations of Fed rate hike path has largely been priced in by the market. Also, we expect Bank Negara Malaysia to maintain its rates in the near term as expectations for growth and inflation outlook remain within expectations.

As such, the Manager will be maintaining a relatively moderate duration for the portfolio – duration will be maintained at 5 to 6 years. We will be maintaining a tactically cautious stance in the near term, and take part in new issuances as well as oversold paper as we continue to focus on quality.

(2) 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.

(3) BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 28 FEBRUARY 2017

Size of holdings (Units)	No. of Unitholders	No. of Units held* ('000)
5,000 and below	50	140
5,001 to 10,000	47	378
10,001 to 50,000	109	2,423
50,001 to 500,000	103	24,186
500,001 and above	71	1,312,466
Total	380	1,339,593

*Note: Excluding Manager's Stock

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 year under review.

INCOME DISTRIBUTION

Affin Hwang Asset Management Berhad recently declared a net distribution of RM0.0093 per Unit to investors of Affin Hwang Aiiman Income Plus Fund during the period under review.

The NAV per Unit prior and subsequent to the distribution was as follows:-

Cum Date	Ex-Date	Cum-distribution	Distribution per Unit (RM)	Ex-distribution
<i>15 Sep 2016</i>	<i>19 Sep 2016</i>	<i>0.5762</i>	<i>0.0050</i>	<i>0.5713</i>
<i>20 Dec 2016</i>	<i>21 Dec 2016</i>	<i>0.5661</i>	<i>0.0043</i>	<i>0.5620</i>

FUND PERFORMANCE DATA

Source: HSBC Trustee	As at 28 Feb 2017	As at 29 Feb 2016	As at 28 Feb 2015
Total NAV (RM'million)	763.678	341.808	241.923
NAV per Unit (RM)	0.5701	0.5620	0.5596
Units in Circulation (million)	1,339.595	608.149	432.345
Highest NAV	0.5763	0.5627	0.5596
Lowest NAV	0.5611	0.5520	0.5531
Return of the Fund (%) ⁱⁱⁱ	0.90	2.71	1.70
- Capital Return (%) ⁱ	-0.73	0.16	0.79
- Income Return (%) ⁱⁱ	1.65	2.54	0.90
Gross Distribution per Unit (sen)	0.93	1.40	0.50
Net Distribution per Unit (sen)	0.93	1.40	0.50
Management Expenses Ratio (%) ¹	0.56	0.57	0.53
Portfolio Turnover Ratio (times) ²	0.50	0.37	0.33

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

$$\begin{aligned} \text{Capital Return}^i &= \{ \text{NAV per Unit @ 28/02/17} \div \text{NAV per Unit @ 31/08/16} \}^* - 1 \} \times 100 \\ &= \{ 0.5701 \div 0.5743 - 1 \} \times 100 \\ &= \underline{\underline{-0.73\%}} \end{aligned}$$

$$\begin{aligned} \text{Income Return @ ex-date} &= \{ \text{Income distribution per Unit} \div \text{NAV per Unit on ex-date} \} + 1 \\ &= \{ 0.0050 \div 0.5713 @ 19/09/16 \} + 1 = 1.0088 \\ &= \{ 0.0043 \div 0.5620 @ 21/12/16 \} + 1 = 1.0077 \end{aligned}$$

$$\begin{aligned} \text{Total Income Return}^{ii} &= [\{ \text{Income Return @ ex-date} \times \text{Income Return @ ex-date} \} - 1] \times 100 \\ &= [\{ 1.0088 \times 1.0077 \} - 1] \times 100 \\ &= \underline{\underline{1.65\%}} \end{aligned}$$

$$\begin{aligned} \text{Return of the Fund}^{iii} &= [\{ (1 + \text{Capital Return}) \times (1 + \text{Total Income Return}) \} - 1] \times 100 \\ &= [\{ (1 + (-0.73\%)) \times (1 + 1.65\%) \} - 1] \times 100 \\ &= \underline{\underline{0.90\%}} \end{aligned}$$

*Source: HSBC Trustee

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

¹ The MER of the Fund remained relatively unchanged over the period under review, albeit marginally lower than previous year.

² The Fund's PTR was higher against 2016 due to increased portfolio activity during the period under review.

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 period ended 28 February 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 period, a total distribution of 0.93 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
19 April 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 period ended 28 February 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
19 April 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

	Note	6 months financial period ended <u>28.2.2017</u>	6 months financial period ended <u>29.2.2016</u>
	RM	RM	
INVESTMENT INCOME			
Profit income	4	14,209,147	5,801,840
Net gain/ (loss) on financial assets at fair value through profit or loss	9	(3,958,879)	2,874,259
		<u>10,250,268</u>	<u>8,676,099</u>
EXPENSES			
Management fee	5	(3,246,674)	(1,312,220)
Trustee fee	6	(231,186)	(91,855)
Auditors' remuneration		(3,273)	(3,291)
Tax agent's fee		(1,985)	(1,771)
Other expenses		(215,087)	(86,713)
		<u>(3,698,205)</u>	<u>(1,495,850)</u>
NET PROFIT BEFORE TAXATION		6,552,063	7,180,249
TAXATION	7	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>6,552,063</u>	<u>7,180,249</u>
Net profit after taxation is made up of the following:			
Realised amount		13,614,644	4,630,697
Unrealised amount		(7,062,581)	2,549,552
		<u>6,552,063</u>	<u>7,180,249</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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

ASSETS	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
Financial assets at fair value through profit or loss	9	686,038,067	301,199,280
Cash and cash equivalents	10	72,236,116	35,102,654
Amount due from Manager - creation of units		12,743,401	10,097,226
TOTAL ASSETS		<u>771,017,584</u>	<u>346,399,160</u>
LIABILITIES			
Amount due to Manager - management fee		580,530	239,762
Auditors' remuneration		3,273	3,291
Amount due to trustee		40,637	16,783
Amount due to dealers		6,662,129	4,301,414
Tax agent's fee		7,935	7,871
Other payables and accruals		44,738	21,781
TOTAL LIABILITIES		<u>7,339,242</u>	<u>4,590,902</u>
NET ASSET VALUE OF THE FUND		<u>763,678,342</u>	<u>341,808,258</u>
EQUITY			
Unitholders' capital		750,725,670	334,829,551
Retained earnings		12,952,672	6,978,707
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>763,678,342</u>	<u>341,808,258</u>
NUMBER OF UNITS IN CIRCULATION	11	<u>1,339,595,000</u>	<u>608,149,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.5701</u>	<u>0.5620</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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 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 period	-	6,552,063	6,552,063
Distribution (Note 8)	-	(9,824,292)	(9,824,292)
Movement in unitholders' capital:			
Creation of units arising from applications	467,695,302	-	467,695,302
Creation of units arising from distribution	8,514,640	-	8,514,640
Cancellation of units	(171,287,238)	-	(171,287,238)
Balance as at 28 February 2017	<u>750,725,670</u>	<u>12,952,672</u>	<u>763,678,342</u>
Balance as at 1 September 2015	250,841,359	6,232,740	257,074,099
Total comprehensive income for the financial period	-	7,180,249	7,180,249
Distribution (Note 8)	-	(6,434,282)	(6,434,282)
Movement in unitholders' capital:			
Creation of units arising from applications	87,967,398	-	87,967,398
Creation of units arising from distribution	5,520,117	-	5,520,117
Cancellation of units	(9,499,323)	-	(9,499,323)
Balance as at 29 February 2016	<u>334,829,551</u>	<u>6,978,707</u>	<u>341,808,258</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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

	<u>Note</u>	6 months financial period ended <u>28.2.2017</u> RM	6 months financial period ended <u>29.2.2016</u> RM
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		207,686,050	72,722,092
Purchase of Shariah-compliant investments		(458,451,471)	(118,063,849)
Profit from short term Shariah-based deposits and unquoted sukuk		12,139,359	5,671,737
Management fee paid		(3,043,238)	(1,296,349)
Trustee fee paid		(216,946)	(90,745)
Payment for other fees and expenses		(211,773)	(91,380)
Net cash (used in)/generated from operating activities		<u>(242,098,019)</u>	<u>(41,148,494)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from creation of units		455,683,163	80,235,772
Payments for cancellation of units		(171,287,238)	(9,670,306)
Payment for distributions		(1,309,652)	(914,165)
Net cash generated from/(used in) financing activities		<u>283,086,273</u>	<u>69,651,301</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		40,988,254	28,502,807
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>31,247,862</u>	<u>6,599,847</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	10	<u><u>72,236,116</u></u>	<u><u>35,102,64</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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 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 2017:

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

The adoption of these amendments did not have any impact on the current period 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:

- 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.
- Financial year beginning on/after 1 September 2018
 - MFRS 15 'Revenue from contracts with customers' (effective 1 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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 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)

- Financial year beginning on/after 1 September 2018 (continued)
 - Revenue is recognised when a customer obtains control of goods or services, and thus has the ability to direct the use of and obtain the benefits from the goods or services. 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 these standards when effective. These standards are not expected to have a significant impact on the Fund's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)

B INCOME RECOGNITION

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

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

C DIVIDEND 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 period.

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 and amount due from Manager.

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 dealers, auditors' remuneration, tax agent's fee, other payables and accruals as other financial liabilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 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 derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

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

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 denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA"). 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 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 deposit.

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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 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' or a 'held to maturity' investment has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

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

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in 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 purposes of cash flows, cash and cash equivalents comprise cash and bank balances and 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) DEALERS

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 dealer. A provision for impairment of amounts due from dealer 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 reorganisation, and default in payments are considered indicators that the amount due from dealer 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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)

H AMOUNTS DUE FROM/(TO) DEALERS (CONTINUED)

The effective profit method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the profit income or loans expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts

I UNITHOLDERS' CAPITAL

The unit holders' 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 unit holder exercises the right to put the unit back to the Fund.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on the Manager's best knowledge of current events and actions, actual results could differ from those estimates.

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 contents on the estimates, certain key variables that are anticipated to have material impacts 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name HwangDBS Dana Fahim 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 AIIAMAN Balanced Fund (the "Fund") as amended by the Fourth Supplemental Deed dated 20 November 2008, from HwangDBS AIIAMAN Balanced Fund to HwangDBS AIIAMAN Income Plus Fund as amended by the Fifth Supplemental Deed dated 26 March 2010 and from HwangDBS AIIAMAN Income Plus Fund to Hwang AIIAMAN Income Plus Fund as amended by the Sixth Supplemental Deed dated 18 January 2012 and from Hwang Aiiaman Income Plus Fund to Affin Hwang Aiiaman 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.

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 19 April 2017.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

<u>2017</u>	<u>Note</u>	<u>Financing and receivables</u> RM	<u>Financial asset at fair value through profit or loss</u> RM	<u>Total</u> RM
Unquoted sukuk	9	-	686,038,067	686,038,067
Cash and cash equivalents	10	72,236,116	-	72,236,116
Amount due from Manager - creation of units		12,743,401	-	12,743,401
Total		84,979,517	686,038,067	771,017,584

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

Financial instruments are as follows (continued):

	<u>Note</u>	<u>Financing and receivables</u> RM	<u>Financial asset at fair value through profit or loss</u> RM	<u>Total</u> RM
<u>2016</u>				
Unquoted sukuk	9	-	301,199,280	301,199,280
Cash and cash equivalents	10	35,102,654	-	35,102,654
Amount due from Manager - creation of units		10,097,226	-	10,097,226
Total		<u>45,199,880</u>	<u>301,199,280</u>	<u>346,399,160</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, profit rate risk) liquidity risk, credit risk, capital risk and reclassification of Shariah status risk.

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

Market risk

(a) Price risk

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

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

	<u>2017</u> RM	<u>2016</u> RM
Shariah-compliant unquoted investments		
Unquoted sukuk designated at fair value through profit or loss*	<u>686,038,067</u>	<u>301,199,280</u>

* Include profit receivable RM7,674,235 (2016: RM3,151,184)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

Market risk (continued)

(a) Price risk (continued)

The following table summarises the sensitivity of the Fund's profit after taxation and net asset value to price risk 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</u> <u>profit after</u> <u>tax/NAV</u> RM
<u>2017</u>		
-5%	644,445,640	(33,918,192)
0%	678,363,832	-
+5%	712,282,024	33,918,192
	<u><u> </u></u>	<u><u> </u></u>
<u>2016</u>		
-5%	283,145,691	(14,902,405)
0%	298,048,096	-
+5%	312,950,501	14,902,405
	<u><u> </u></u>	<u><u> </u></u>

(b) Interest rate risk

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(b) Interest rate risk (continued)

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

The table below summarises the sensitivity of the Fund's net asset value to movements in prices of unquoted sukuk held by the Fund as a result of movement in profit rate. The analysis is based on the assumptions that the profit rate increased and decreased by 1% (100 basis points) with all other variables held constant.

<u>% movement in profit rate</u>	<u>Impact on profit after tax/NAV</u>	
	<u>2017</u> RM	<u>2016</u> RM
+ 1%	(2,138,879)	(904,484)
- 1%	2,150,017	908,694

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

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of profit, principals and proceeds from realisation of 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 SC'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 SC's Guidelines on Unit Trust Funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

Credit risk (continued)

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

	<u>Unquoted sukuk</u> RM	<u>Cash and cash equivalent</u> RM	<u>Amount due from manager</u> RM	<u>Total</u> RM
<u>2017</u>				
Consumer Goods				
- AA+	4,020,486	-	-	4,020,486
- AA1	2,010,235	-	-	2,010,235
- AA2	36,949,069	-	-	36,949,069
- AA3	16,533,906	-	-	16,533,906
Financials				
- AAA	38,773,596	15,017,657	-	53,791,253
- AA1	7,651,481	27,192,075	-	34,843,556
- AA2	5,071,742	10,013,151	-	15,084,893
- AA3	23,215,194	-	-	23,215,194
- AA-	18,581,623	-	-	18,581,623
- A1	-	20,013,233	-	20,013,233
- NR	26,323,026	-	-	26,323,026
Government				
- AAA	2,018,245	-	-	2,018,245
- SOV	54,680,739	-	-	54,680,739
Industrial				
- AAA	65,572,427	-	-	65,572,427
- AA+	25,861,740	-	-	25,861,740
- AA2	7,661,778	-	-	7,661,778
- AA	12,458,656	-	-	12,458,656
- AA3	28,468,606	-	-	28,468,606
- AA-	72,173,090	-	-	72,173,090
- NR	17,662,343	-	-	17,662,343
Oil & Gas				
- AAA	5,836,490	-	-	5,836,490
Real Estate				
- AAA	14,134,609	-	-	14,134,609
- AA2	18,276,772	-	-	18,276,772
- AA3	3,040,922	-	-	3,040,922
- AA-	4,290,801	-	-	4,290,801
Telecommunications				
- AAA	12,862,256	-	-	12,862,256
- AA+	22,638,943	-	-	22,638,943

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

Credit risk (continued)

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

	Unquoted <u>sukuk</u> RM	Cash and cash <u>equivalent</u> RM	Amount due from <u>manager</u> RM	<u>Total</u> RM
<u>2017</u>				
Utilities				
- AAA	35,952,831	-	-	35,952,831
- AA1	3,062,838	-	-	3,062,838
- AA+	10,084,062	-	-	10,084,062
- AA2	17,148,802	-	-	17,148,802
- AA3	28,106,318	-	-	28,106,318
- AA-	34,540,479	-	-	34,540,479
- NR	10,373,962	-	-	10,373,962
Others				
- NR	-	-	12,743,401	12,743,401
	<u>686,038,067</u>	<u>72,236,116</u>	<u>12,743,401</u>	<u>771,017,584</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

Credit risk (continued)

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

	Unquoted <u>sukuk</u> RM	Cash and cash <u>equivalent</u> RM	Amount due from <u>manager</u> RM	<u>Total</u> RM
<u>2016</u>				
Consumer Goods				
- AAA	2,006,443	-	-	2,006,443
- AA1	1,984,377	-	-	1,984,377
- AA2	19,640,163	-	-	19,640,163
- AA3	13,474,584	-	-	13,474,584
- AA-	2,007,355	-	-	2,007,355
Financials				
- AAA	23,165,788	15,092,135	-	38,257,923
- AA1	5,076,107	-	-	5,076,107
- AA2	11,674,331	20,010,519	-	31,684,850
- AA3	18,207,405	-	-	18,207,405
- AA-	1,508,996	-	-	1,508,996
- Others	2,574,386	-	-	2,574,386
Industrial				
- AAA	21,831,711	-	-	21,831,711
- AA2	6,125,057	-	-	6,125,057
- AA3	20,305,212	-	-	20,305,212
- AA+	7,865,175	-	-	7,865,175
- AA	17,559,345	-	-	17,559,345
- AA-	16,066,497	-	-	16,066,497
- Others	8,004,084	-	-	8,004,084
Oil & Gas				
- AAA	5,885,258	-	-	5,885,258
Quasi-Gov				
- AA+	5,016,261	-	-	5,016,261
Utilities				
- AAA	3,636,180	-	-	3,636,180
- AA1	2,025,578	-	-	2,025,578
- AA2	12,060,329	-	-	12,060,329
- AA3	20,655,374	-	-	20,655,374
- AA+	10,108,408	-	-	10,108,408
- AA-	27,235,995	-	-	27,235,995
- NR	4,045,497	-	-	4,045,497
Government				
- SOV	5,124,251	-	-	5,124,251
Telecommunications				
- AA+	6,329,133	-	-	6,329,133
Others				
- NR	-	-	10,097,226	10,097,226
	<u>301,199,280</u>	<u>35,102,654</u>	<u>10,097,226</u>	<u>346,399,160</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

Credit risk (continued)

All financial assets of the fund are neither past due nor impaired.

Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower NAV of the Fund. 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, short term Shariah-based 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 RM</u>	<u>Between one month to one year RM</u>	<u>Total RM</u>
<u>2017</u>			
Amount due to Manager			
- management fee	580,530	-	580,530
Amount due to Trustee	40,637	-	40,637
Amount due to brokers	6,662,129	-	6,662,129
Auditors' remuneration	-	3,273	3,273
Tax agent's fee	-	7,935	7,935
Other payables and accruals	37,270	7,468	44,738
	<u>7,320,566</u>	<u>18,676</u>	<u>7,339,242</u>
<u>2016</u>			
Amount due to Manager			
- management fee	239,762	-	239,762
Amount due to Trustee	16,783	-	16,783
Amount due to brokers	4,301,414	-	4,301,414
Auditors' remuneration	-	3,291	3,291
Tax agent's fee	-	7,871	7,871
Other payables and accruals	15,393	6,388	21,781
	<u>4,573,352</u>	<u>17,550</u>	<u>4,590,902</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 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 investment activities of the Fund.

Reclassification of Shariah status risk

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

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date.

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

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

(i) Fair value hierarchy

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

3 FAIR VALUE ESTIMATION (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.

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2017</u>				
Financial assets at fair value through profit or loss at inception - unquoted sukuk	-	686,038,067	-	686,038,067
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2016</u>				
Financial assets at fair value through profit or loss at inception - unquoted sukuk	-	301,199,280	-	301,199,280
	<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. These include investment-grade corporate bonds, floating rate notes, commercial papers and forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

4 PROFIT FROM SHARIAH-COMPLIANT INVESTMENTS

	6 months financial period ended <u>28.2.2017</u> RM	6 months financial period ended <u>29.2.2016</u> RM
Profit from		
- short term Shariah-based deposits	1,193,123	219,477
- unquoted sukuk	<u>13,016,024</u>	<u>5,582,363</u>
	<u>14,209,147</u>	<u>5,801,840</u>

5 MANAGEMENT FEE

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

For the financial period ended 28 February 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 daily basis.

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 Deeds, 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 period ended 28 February 2017, the Trustee fee is recognised at a rate of 0.07% (2016: 0.07%) per annum on the NAV of the Fund, inclusive of local custodian fee, subject to a minimum fee of RM18,000 per annum, calculated on daily basis.

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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

7 TAXATION

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

	6 months financial period ended <u>28.02.2017</u> RM	6 months financial period ended <u>29.02.2016</u> RM
Net profit before taxation	6,552,063	7,180,249
Tax at Malaysian statutory rate of 24% (2016: 24%)	1,572,495	1,723,260
Tax effects of:		
Investment income exempt from tax	(2,460,064)	(2,082,264)
Expenses not deductible for tax purposes	107,225	42,922
Restriction on tax deductible expenses for unit trust funds	780,344	316,082
Tax expense	<u>-</u>	<u>-</u>

8 DISTRIBUTIONS

	6 months financial period ended <u>28.02.2017</u> RM	6 months financial period ended <u>29.02.2016</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	12,280,365	7,721,138
Less: Expenses	(2,456,073)	(1,286,856)
Net distribution income	<u>9,824,292</u>	<u>6,434,282</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

8 DISTRIBUTIONS (CONTINUED)

	<u>Gross/net distribution per unit</u> sen
<u>2017</u>	
19.09.2016	0.50
21.12.2016	0.43
	<hr/>
	0.93
	<hr/> <hr/>
<u>2016</u>	
08.09.2015	0.40
15.12.2015	1.00
	<hr/>
	1.40
	<hr/> <hr/>

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

Included in distribution for the financial period is an amount of RM12,280,365 (2016: RM7,721,138) made from previous year's realised income.

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 at inception		
- unquoted sukuk	686,038,067	301,199,280
	<hr/>	<hr/>
Net (loss)/gain on assets at fair value through profit or loss		
- realised gain on sale of investment	2,488,036	82,928
- change in unrealised (loss)/gain	(6,446,914)	2,791,331
	<hr/>	<hr/>
	(33,958,878)	2,874,259
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk

(i) Unquoted sukuk as at 28 February 2017 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>SUKUK</u>				
4.80% Lafarge Cement Sdn Bhd (13.01.2020) (AA2)	1,500,000	1,509,271	1,515,736	0.20
5.25% Bumitama Agri Ltd Bhd (18.03.2019) (AA3)	6,000,000	6,220,689	6,212,731	0.81
5.00% Bumitama Agri Ltd (02.09.2019) (AA3)	10,000,000	10,405,799	10,321,175	1.35
5.10% GULF Investment Corp (16.03.2021) (AAA)	8,700,000	8,966,496	8,927,812	1.17
5.10% GULF Investment Corp (20.06.2022) (AAA)	1,000,000	1,010,446	1,010,860	0.13
5.12% UniTapah Sdn Bhd (12.06.2020) (AA2)	500,000	509,381	516,301	0.07
5.39% UniTapah Sdn Bhd (12.12.2022) (AA2)	3,000,000	3,134,028	3,160,285	0.41
5.59% UniTapah Sdn Bhd (12.12.2024) (AA2)	3,000,000	3,208,621	3,215,807	0.42
5.73% UniTapah Sdn Bhd (12.06.2026) (AA2)	5,000,000	5,129,295	5,430,675	0.71
5.82% UniTapah Sdn Bhd (11.06.2027) (AA2)	1,750,000	1,805,682	1,916,910	0.25
7.25% Gas District Cooling Putrajaya (02.12.2022) (AAA)	5,000,000	5,798,214	5,836,490	0.76
4.64 % Besraya Malaysia Sdn Bhd (26.07.2019) (AA3)	1,000,000	1,011,675	1,010,097	0.13
4.72% Besraya Malaysia Sdn Bhd (28.07.2020) (AA3)	7,000,000	7,056,731	7,084,561	0.93
4.80% Besraya Malaysia Sdn Bhd (28.07.2021) (AA3)	2,500,000	2,509,534	2,535,659	0.33
4.75% Maybank Islamic Bhd (Call: 05.04.2019) (AA1)	2,500,000	2,564,675	2,564,675	0.34
4.95% RHB Islamic Bank Bhd (Call: 15.05.2019) (AA3)	5,000,000	5,093,835	5,114,077	0.67
5.10% TNB Western Energy Bhd (30.01.2025) (AAA)	9,000,000	9,405,994	9,427,248	1.23
5.14% TNB Western Energy Bhd (30.07.2025) (AAA)	4,500,000	4,711,061	4,726,502	0.62
5.01% Cagamas MBS Berhad (08.08.2017) (AAA)	2,000,000	2,013,825	2,018,245	0.26
5.04% Besraya Malaysia Sdn Bhd (26.07.2024) (AA3)	5,000,000	5,114,232	5,120,372	0.67
4.28% TNB Northern Energy Bhd (29.05.2028) (AAA)	2,500,000	2,450,805	2,449,495	0.32

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
SUKUK (CONTINUED)				
5.28% Besraya Malaysia Sdn Bhd (28.07.2027) AA3	2,000,000	2,061,769	2,081,430	0.27
4.60% Perbadanan Kemajuan N Selangor (25.05.2018) (AA3)	3,000,000	3,037,898	3,040,922	0.40
3.90% UMW Holdings Bhd (28.06.2017) (AA+)	4,000,000	4,023,291	4,020,486	0.53
3.60% Celcom Networks Sdn Bhd (29.08.2017) (AA+)	3,500,000	3,484,068	3,489,320	0.46
3.75% HSBC Amanah Malaysia Bhd (28.09.2017) (AAA)	5,000,000	5,066,551	5,072,360	0.66
4.215% Gamuda Bhd (26.10.2018) (AA3)	10,500,000	10,646,217	10,636,487	1.39
4.60% UEM Sunrise Bhd (13.12.2018) (AA-)	4,250,000	4,288,448	4,290,801	0.56
4.90% BGSM Management Sdn Bhd (27.12.2018) (AAA)	9,500,000	9,645,836	9,643,997	1.26
4.14% Rantau Abang Capital (28.08.2019) (AAA)	5,000,000	5,046,287	5,021,167	0.66
4.47% KESAS SDN BHD (10.10.2019) (AA2)	4,000,000	4,077,947	4,092,121	0.54
4.24% HSBC Amanah Malaysia Bhd (27.03.2020) (AAA)	1,000,000	1,018,005	1,018,695	0.13
4.70% UMW Holdings Bhd (15.02.2021) (AA2)	5,000,000	4,973,729	4,969,064	0.65
5.10% MEX II Sdn Bhd (29.04.2021) (AA-)	5,000,000	5,192,184	5,152,034	0.67
5.02% UMW Holdings Bhd (04.10.2021) (AA2)	5,000,000	5,115,935	5,109,875	0.67
4.36 % Putrajaya Holdings Sdn Bhd (21.12.2021) (AAA)	350,000	353,848	355,762	0.05
4.76% Tanjung Bin Energy Issuer Bhd (16.03.2018) (AA3)	5,000,000	5,114,992	5,134,385	0.67
4.00% Konsortium Lebu Raya UT KL SB (02.12.2019) (AA-)	5,000,000	4,977,632	4,989,217	0.65
6.60% BGSM Management Sdn Bhd (27.12.2019) (AA3)	7,000,000	7,431,003	7,444,163	0.97
4.80% Anih Bhd (29.11.2018) (AA)	5,000,000	5,115,990	5,116,643	0.67

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
SUKUK (CONTINUED)				
4.81% Tanjung Bin Energy Issuer Bhd (14.09.2018) (AA3)	7,000,000	7,217,675	7,207,202	0.94
4.54% Tanjung Bin Power Sdn Bhd (16.08.2019) (AA2)	5,000,000	5,047,659	5,029,285	0.66
3.75% Celcom Transmission Malaysia (29.08.2019) (AA+)	6,000,000	5,926,242	5,895,316	0.77
4.53% Al-'Aqar Capital Sdn Bhd (04.05.2018) (AA2)	4,000,000	4,066,046	4,036,794	0.53
4.35% Al-'Aqar Capital Sdn Bhd (06.05.2020) (AAA)	4,000,000	4,017,701	4,005,964	0.52
4.65% KESAS SDN BHD (08.10.2021) (AA2)	2,000,000	2,045,344	2,053,921	0.27
4.31% Putrajaya Holdings Sdn Bhd (29.07.2022) (AAA)	5,000,000	4,965,017	5,039,972	0.66
5.30% MEX II Sdn Bhd (28.04.2023) (AA-)	1,000,000	1,032,557	1,041,540	0.14
5.12% UMW Holdings Bhd (04.10.2023) (AA2)	4,000,000	4,093,041	4,091,922	0.54
4.66% Tanjung Bin Power Sdn Bhd (14.08.2020) (AA2)	12,000,000	12,175,317	12,119,517	1.59
4.55% Kapar Energy Ventures SB (05.07.2021) (AA+)	10,000,000	10,130,998	10,084,062	1.32
4.68% Westports Holdings Bhd (01.04.2022) (AA+)	5,000,000	5,159,615	5,167,436	0.68
4.41% Putrajaya Holdings Sdn Bhd (28.07.2023) (AAA)	5,000,000	5,018,274	5,057,369	0.66
5.00% Anih Bhd (27.11.2020) (AA)	5,000,000	5,205,988	5,179,864	0.68
5.08% Tanjung Bin Energy Issuer Bhd (16.03.2021) (AA3)	1,500,000	1,562,382	1,567,734	0.21
4.63% Teknologi Tenaga Perlis Consor (30.07.2021) (AA1)	2,000,000	2,046,662	2,024,617	0.27
4.75% Westports Holdings Bhd (03.04.2023) (AA+)	3,500,000	3,584,852	3,624,508	0.47
4.48% Putrajaya Holdings Sdn Bhd (29.07.2024) (AAA)	5,000,000	5,011,940	5,064,147	0.66
5.05% Pengurusan Air SPV Bhd (05.11.2019) (AAA)	4,500,000	4,676,806	4,678,932	0.61

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
SUKUK (CONTINUED)				
4.55% Malaysia Airports Capital Bhd (28.08.2020) (AAA)	5,000,000	5,021,799	5,049,373	0.66
4.16% Pengurusan Air SPV Bhd (11.11.2021) (AAA)	4,000,000	4,078,433	4,039,308	0.53
4.10% Aman Sukuk Bhd (08.03.2023) (AAA)	5,000,000	5,098,226	5,055,326	0.66
4.85% Kimanis Power Sdn Bhd (14.06.2023) (AA-)	5,000,000	5,164,412	5,099,358	0.67
4.55% Putrajaya Holdings Sdn Bhd (19.09.2023) (AAA)	2,500,000	2,580,650	2,589,798	0.34
4.25% Konsortium Lebu Raya UT KL SB (01.12.2023) (AA-)	4,000,000	3,920,035	3,936,252	0.52
4.78% Aman Sukuk Bhd (30.05.2024) (AAA)	7,250,000	7,511,616	7,531,642	0.99
4.75% Public Islamic Bank Bhd (Call: 10.06.2019) (AA1)	5,000,000	5,079,129	5,086,806	0.67
4.80% Hong Leong Islamic Bank Bhd (Call:17.06.2019) (AA2)	5,000,000	5,088,505	5,071,742	0.66
4.738% Telekom Malaysia Bhd (27.06.2024) (AAA)	5,000,000	5,137,480	5,170,639	0.68
5.00% Sarawak Energy Berhad (04.07.2024) (AA1)	1,000,000	1,042,924	1,038,221	0.14
4.55% Telekom Malaysia Bhd (07.10.2024) (AAA)	3,000,000	3,134,053	3,094,726	0.41
4.55% Telekom Malaysia Bhd (20.12.2024) (AAA)	4,500,000	4,580,119	4,596,891	0.60
4.47% Aman Sukuk Bhd (08.05.2025) (AAA)	4,000,000	4,064,070	4,071,475	0.53
4.62% Benih Restu Bhd (05.06.2025) (AA2)	2,000,000	2,020,529	2,013,771	0.26
4.58% Kuala Lumpur Kepong Bhd (12.08.2025) (AA1)	2,000,000	2,004,015	2,010,235	0.26
4.63% Pengurusan Air SPV Bhd (26.09.2025) (NR)	5,000,000	5,281,006	5,230,324	0.68
5.42% Jimah East Power Sdn Bhd (04.06.2025) (AA-)	2,000,000	2,025,541	2,124,161	0.28
4.63% Pengurusan Air SPV Bhd (05.02.2026) (NR)	5,000,000	5,204,094	5,143,638	0.67
4.60% Danga Capital Berhad (23.02.2026) (AAA)	3,000,000	3,011,034	3,037,699	0.40

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
SUKUK (CONTINUED)				
5.22% UMW Holdings Bhd (02.10.2026) (AA2)	7,000,000	7,184,420	7,134,232	0.93
5.27% Celcom Networks Sdn Bhd (28.10.2026) (AA+)	12,750,000	13,145,437	13,254,307	1.74
4.50% Bank Pembangunan Malaysia Bhd (04.11.2026) (AAA)	15,000,000	15,216,370	15,206,170	1.99
4.62% Bank Pembangunan Malaysia Bhd (02.03.2027) (AAA)	1,000,000	1,000,000	1,000,000	0.13
4.22% Manjung Island Energy Bhd (25.11.2022) (AAA)	10,500,000	10,689,918	10,631,346	1.39
4.48% Plus Bhd (12.01.2023) (AAA)	3,500,000	3,524,326	3,556,635	0.47
5.05% Kimanis Power Sdn Bhd (08.08.2023) (AA-)	5,000,000	5,181,481	5,116,277	0.67
4.58% Westports Holdings Bhd (23.10.2024) (AA+)	8,000,000	8,202,228	8,147,531	1.07
4.75% Konsortium Lebuhraya Raya UT KL SB (02.12.2024) (AA-)	5,000,000	5,165,386	5,061,111	0.66
5.24% Lebuhraya DUKE Fasa 3 Sdn Bhd (23.08.2027) (AA-)	1,500,000	1,532,407	1,547,162	0.20
5.20% Putrajaya Holdings Sdn Bhd (25.01.2018) (AAA)	4,500,000	4,570,582	4,574,683	0.60
4.68% Malaysia Airports Capital Bhd (16.12.2022) (AAA)	5,000,000	5,163,574	5,119,859	0.67
4.25% Aman Sukuk Bhd (12.04.2024) (AAA)	1,500,000	1,501,262	1,517,192	0.20
4.50% Axis REIT Sukuk Bhd (Call: 13.07.2022) (AAA)	10,000,000	10,136,203	10,128,645	1.33
4.43% Westports Holdings Bhd (01.04.2025) (AA+)	2,750,000	2,762,064	2,773,878	0.36
4.68% Westports Holdings Bhd (23.10.2025) (AA+)	2,000,000	2,037,041	2,043,254	0.27
5.80% MEX II Sdn Bhd (28.04.2028) (AA-)	5,000,000	5,466,614	5,390,787	0.71
4.64% Plus Bhd (10.01.2025) (AAA)	2,000,000	2,074,632	2,045,984	0.27

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
SUKUK (CONTINUED)				
5.90% MEX II Sdn Bhd (27.04.2029) (AA-)	2,000,000	2,135,819	2,169,158	0.28
5.58% Anih Bhd (28.11.2025) (AA)	2,000,000	2,162,129	2,162,149	0.28
5.55% Tanjung Bin Energy Issuer Bhd (15.09.2025) (AA3)	7,000,000	7,428,437	7,571,375	0.99
4.84% Westports Holdings Bhd (22.10.2027) (AA+)	4,000,000	4,145,209	4,105,133	0.54
4.75% Konsortium Lebu Raya UT KL SB (02.12.2027) (AA-)	7,000,000	7,091,346	7,017,795	0.92
5.77% Jimah East Power Sdn Bhd (04.12.2029) (AA-)	3,000,000	3,076,221	3,274,455	0.43
5.70% Tanjung Bin Energy Issuer Bhd (16.03.2027) (AA3)	1,000,000	1,049,738	1,096,415	0.14
4.56% Prasarana Malaysia Bhd (15.11.2028) (NR)	5,000,000	5,185,422	5,080,764	0.67
4.75% Konsortium Lebu Raya UT KL SB (01.12.2028) (AA-)	7,500,000	7,571,181	7,477,516	0.98
4.75% Bank Pembangunan Malaysia Bhd (12.09.2029) (NR)	3,500,000	3,611,794	3,639,871	0.48
4.75% Prasarana Malaysia Bhd (26.02.2031) (NR)	3,000,000	3,088,833	3,014,191	0.39
4.50% PTPTN (25.7.2031) (NR)	2,000,000	2,008,137	1,966,117	0.26
4.95% GovCo Holdings Bhd (20.02.2032) (NR)	3,500,000	3,503,119	3,544,104	0.46
4.98% Bank Pembangunan Malaysia Bhd (02.03.2032) (AAA)	3,500,000	3,500,000	3,500,000	0.46
5.80% Tanjung Bin Energy Issuer Bhd (16.03.2028) (AA3)	5,000,000	5,463,011	5,529,207	0.72
5.85% Jimah East Power Sdn Bhd (04.06.2031) (AA-)	10,000,000	11,051,880	10,983,636	1.44
6.20% Jimah East Power Sdn Bhd (04.12.2031) (AA-)	3,000,000	3,416,833	3,401,845	0.45
6.20% MEX II Sdn Bhd (29.04.2032) (AA-)	2,000,000	2,100,696	2,207,307	0.29
6.28% Jimah East Power Sdn Bhd (03.12.2032) (AA-)	4,000,000	4,393,474	4,540,747	0.59

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
SUKUK (CONTINUED)				
6.30% MEX II Sdn Bhd (29.04.2033) (AA-)	25,000,000	26,734,288	27,730,373	3.63
6.05% East Klang Valley Expressway (27.01.2034) (AAA)	2,500,000	2,597,255	2,794,217	0.37
6.15% East Klang Valley Expressway (29.01.2035) (AAA)	1,000,000	1,024,525	1,127,826	0.15
6.04% Lebuh raya DUKE Fasa 3 Sdn Bhd (23.08.2035) (AA-)	2,500,000	2,558,646	2,718,782	0.36
6.13% Lebuh raya DUKE Fasa 3 Sdn Bhd (22.08.2036) (AA-)	3,000,000	3,299,878	3,280,523	0.43
4.62% Lembaga Pembiayaan Perumah SA (19.09.2036) (NR)	7,500,000	7,634,083	7,459,415	0.98
6.23% Lebuh raya DUKE Fasa 3 Sdn Bhd (21.08.2037) (AA-)	5,000,000	5,575,925	5,488,571	0.72
4.85% PTPTN (26.07.2041) (NR)	6,000,000	6,043,116	5,958,330	0.78
4.86% Jambatan Kedua Sdn Bhd (26.07.2041) (NR)	1,000,000	974,808	983,651	0.13
6.43% Lebuh raya DUKE Fasa 3 Sdn Bhd (23.08.2039) (AA-)	5,000,000	5,125,574	5,546,585	0.73
4.90% Lembaga Pembiayaan Perumah SA (21.09.2046) (NR)	3,750,000	3,825,351	3,755,189	0.49
4.95% DanaInfra Nasional Bhd (19.10.2046) (NR)	8,500,000	8,652,162	8,583,737	1.12
4.45% First Resources Ltd (31.07.2017) (AA2)	4,500,000	4,522,032	4,526,610	0.59
4.30% First Resources Ltd (08.12.2017) (AA2)	4,000,000	4,038,643	4,043,676	0.53
4.35% First Resources Ltd (05.06.2020) (AA2)	3,000,000	3,016,738	3,011,580	0.39
4.85% First Resources Ltd (27.10.2021) (AA2)	2,000,000	2,054,843	2,048,339	0.27
6.00% TF Varlik Kiralama AS (28.06.2019) (AA3)	1,000,000	1,014,900	1,012,957	0.13

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(i) Unquoted sukuk as at 28 February 2017 are as follows (continued):

<u>Name of issuer</u>	Nominal <u>value</u> RM	Adjusted <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
<u>SUKUK (CONTINUED)</u>				
4.39% GII (07.07.2023) (SOV)	34,000,000	35,812,439	35,134,830	4.60
4.045% GII (15.08.2024) (SOV)	5,000,000	5,035,322	5,027,822	0.66
3.699% GII (15.11.2022) (SOV)	7,000,000	7,151,542	7,015,059	0.92
4.943% GII (06.12.2028) (SOV)	7,000,000	7,698,500	7,503,028	0.98
Total unquoted sukuk	<u>664,550,000</u>	<u>685,181,499</u>	<u>686,038,067</u>	<u>89.83</u>
Accumulated unrealised gain on unquoted sukuk		<u>856,568</u>		
Total unquoted sukuk		<u>686,038,067</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 29 February 2016 are as follows:

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
SUKUK				
5.17% WCT Holding Bhd (23.10.2023) (AA-)	3,000,000	3,068,204	3,072,521	0.90
5.10% TNB Western Energy Bhd (30.01.2025) (AAA)	1,500,000	1,544,630	1,557,227	0.46
4.45% First Resources LTD (31.07.2017) (AA2)	5,500,000	5,537,311	5,531,083	1.62
5.14% TNB Western Energy (30.07.2025) (AAA)	2,000,000	2,067,891	2,078,953	0.61
4.60% TSH Sukuk Ijarah Sdn Bhd (10.02.2017) (AA-)	2,000,000	2,004,144	2,007,355	0.59
6.28% Jimah East Power Sdn Bhd (03.12.2032) (AA-)	20,000,000	21,770,208	21,987,416	6.43
4.60% Danga Capital Bhd (23.02.2026) (AA+)	5,000,000	5,004,411	5,016,261	1.47
5.38% Westports Malaysia Sdn Bhd (30.04.2026) (AA+)	1,000,000	1,066,281	1,067,292	0.31
4.68% Westport Malaysia Sdn Bhd (23.10.2025) (AA+)	2,000,000	2,037,763	2,024,846	0.59
4.24% HSBC Amanah Malaysia (27.03.2020) (AAA)	1,000,000	1,018,005	1,020,425	0.30
5.10% Anih Bhd (29.11.2021) (AA)	5,000,000	5,225,602	5,189,374	1.52
4.95% WCT Holding Bhd (22.10.2021) (AA-)	4,000,000	4,109,574	4,068,921	1.19
4.65% Kesas Sdn Bhd (08.10.2021) (AA2)	2,000,000	2,046,856	2,050,066	0.60
4.25% Aman Sukuk Bhd (20.10.2023) (AAA)	1,000,000	1,000,357	1,000,400	0.29
4.66% Tanjung Bin Power Sdn Bhd (14.08.2020) (AA2)	7,000,000	7,131,516	7,042,822	2.06
4.64% Besraya Malaysia Sdn Bhd (26.07.2019) (AA3)	1,000,000	1,015,011	1,010,137	0.30
4.50% Axis REIT Sukuk (12.07.2024) (AAA)	10,000,000	10,150,168	10,054,278	2.94
4.75% Konsortium Lebu Utara (02.12.2024) (AA-)	2,000,000	1,987,949	2,001,705	0.59
5.73% Unitapah Sdn Bhd (12.06.2026) (AA2)	5,000,000	5,134,813	5,271,775	1.54
4.85% First Resources LTD (27.10.2021) (AA2)	2,000,000	2,061,595	2,060,005	0.60
4.88% Projek Lebuhraya Usaha (12.01.2028) (AAA)	1,000,000	1,004,811	1,019,361	0.30

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 29 February 2016 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>SUKUK (CONTINUED)</u>				
4.47% Kesas Sdn Bhd (10.10.2019) AA2	4,000,000	4,080,479	4,074,991	1.19
6.60% BGSM Management Sdn Bhd (27.12.2019) (AA3)	7,000,000	7,545,143	7,529,381	2.20
4.75% Bank Pembangunan Malay (12.09.2029) (NR)	2,500,000	2,573,288	2,574,386	0.75
5.01% Cagamas MBS Bhd (08.08.2017) (AAA)	2,000,000	2,030,838	2,032,190	0.60
4.08% Aman Sukuk Bhd (26.07.2024) (AAA)	4,000,000	3,890,432	3,890,682	1.14
5.82% Unitapah Sdn Bhd (11.06.2027) (AA2)	1,750,000	1,808,083	1,851,303	0.54
4.25% UEM Sunrise Bhd (21.12.2017) (AA-)	1,500,000	1,508,442	1,508,996	0.44
4.70% UMW Holding Bhd (15.02.2021) (AAA)	2,000,000	2,003,863	2,006,443	0.59
4.72% Besraya Malaysia Sdn Bhd (28.07.2020) (AA3)	2,000,000	2,022,876	2,023,678	0.59
4.81% Tanjung Bin Energy Issue (14.09.2018) (AA3)	5,000,000	5,177,146	5,134,528	1.50
5.90% Tanjung Bin Energy Issue (16.03.2029) (AA3)	500,000	539,083	544,981	0.16
4.00% Konsortium Lebuhraya (02.12.2019) (AA-)	5,000,000	4,954,648	4,960,865	1.45
4.78% Aman Sukuk Bhd (30.05.2024) (AAA)	4,000,000	4,122,089	4,119,433	1.21
4.215% Gamuda Berhad (26.10.2018) (AA3)	5,000,000	5,074,094	5,038,327	1.47
4.8% Besraya Malaysia Sdn Bhd (28.07.2021) (AA3)	2,500,000	2,510,879	2,536,279	0.74
4.48% Project Lebuhraya Usaha (12.01.2023) (AAA)	2,500,000	2,535,547	2,529,761	0.74
4.53% Al-'Aqar Capital Sdn Bhd (04.05.2018) (AA2)	4,000,000	4,074,786	4,038,187	1.18
4.75% Konsortium Lebuhraya Utara (02.12.2027) (AA-)	2,000,000	1,961,997	1,962,485	0.57
4.80% Anih Bhd (29.11.2018) (AA)	5,000,000	5,145,972	5,118,343	1.50
4.62% Temasek Eksklusif (20.11.2019) (AA3)	2,000,000	2,033,470	2,023,801	0.59
4.35% First Resources Ltd (05.06.2020) (AA2)	3,000,000	3,012,999	3,013,500	0.88

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted sukuk (continued)

(ii) Unquoted sukuk as at 29 February 2016 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value</u> RM	<u>Adjusted cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
SUKUK (CONTINUED)				
4.9% BGSM Management Sdn Bhd (27.12.2018) (AA3)	9,500,000	9,666,996	9,661,422	2.83
4.75% Prasarana Malaysia Bhd (26.02.2031) (NR)	8,000,000	8,004,164	8,004,084	2.34
4.43% Pengurusan Air SPV Bhd (03.02.2023) (NR)	4,000,000	4,040,867	4,045,497	1.18
5.22% Anih Bhd (29.11.2022) (AA)	2,000,000	2,071,247	2,086,514	0.61
5% Anih Bhd (27.11.2020) (AA)	5,000,000	5,240,576	5,165,114	1.51
5.12% UniTapah Sdn Bhd (12.06.2020) (AA2)	500,000	510,461	513,066	0.15
4.54% Tanjung Bin Power . Sdn Bhd (16.08.2019) (AA2)	5,000,000	5,063,187	5,017,507	1.47
4.43% Westports Malaysia Sdn Bhd (01.04.2025) (AA+)	1,750,000	1,746,345	1,746,374	0.51
5.77% Jimah East Power Sdn Bhd (04.12.2029) (AA-)	3,000,000	3,078,376	3,174,964	0.93
7.25% Gas District Cooling Putrajaya (02.12.2022) (AAA)	5,000,000	5,902,404	5,885,258	1.72
4.194% Malaysia (Govt of) (15.07.2022) (SOV)	5,000,000	5,071,391	5,124,251	1.50
4.75% Public Islamic Bank Bhd (07.06.2024) (AA1)	5,000,000	5,090,373	5,076,107	1.49
4.63% Teknologi Tenaga Perlis Consor (30.07.2021) (AA1)	2,000,000	2,055,365	2,025,578	0.59
5.25% Bumitama Agri LTD (18.03.2019) (AA3)	3,000,000	3,140,127	3,123,339	0.91
4.64% Projek Lebuhraya Usaha (10.01.2025) (AAA)	2,000,000	2,081,495	2,027,398	0.59
4.72% Projek Lebuhraya Usaha (12.01.2026) (AAA)	2,000,000	2,008,150	2,028,433	0.59
5.42% Jimah East Power Sdn Bhd (04.06.2025) (AA-)	2,000,000	2,026,135	2,073,615	0.61
6.15% East Klang Valley Expres (29.01.2035) (AAA)	1,000,000	1,025,623	1,063,092	0.31
6.05% East Klang Valley Expres (27.01.2034) (AAA)	2,000,000	2,043,433	2,123,768	0.62
3.75% Celcom Transmission Malaysia (29.08.2019) (AA+)	6,500,000	6,350,911	6,329,133	1.85

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

(a) Unquoted Sukuk (continued)

(ii) Unquoted sukuk as at 29 February 2016 are as follows (continued):

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
SUKUK (CONTINUED)				
4.58% Kuala Lumpur Kepong (12.08.2025) (AA1)	2,000,000	2,004,517	1,984,377	0.58
5.28% Besraya Malaysia Sdn Bhd (28.07.2027) (AA3)	2,000,000	2,066,791	2,064,214	0.61
5.55% Tanjung Bin Energy Issue (15.09.2025) (AA3)	7,000,000	7,455,133	7,422,808	2.17
4.55% Kapar Energy Ventures SB (05.07.2021) (AA+)	10,000,000	10,145,078	10,108,408	2.96
4.62% Benih Restu (05.06.2025) (AA2)	5,000,000	5,050,429	5,001,494	1.46
5.36% Besraya Malaysia Sdn Bhd (28.07.2028) (AA3)	500,000	518,504	518,480	0.15
4.35% Al-'Aqar Capital Sdn Bhd (06.05.2020) (AAA)	10,000,000	10,051,313	10,058,895	2.94
5% Bumitama Agri Ltd (02.09.2019) (AA3)	10,000,000	10,384,006	10,351,245	3.03
4.56% Projek Lebuhraya Usaha (12.01.2024) (AAA)	2,000,000	2,035,013	2,029,383	0.60
5.80% Tanjung Bin Energy Issue (16.03.2028) (AA3)	5,000,000	5,487,540	5,408,290	1.58
4.58% Westports Malaysia Sdn Bhd (23.10.2024) (AA+)	3,000,000	3,055,008	3,026,663	0.89
5.04% Besraya Malaysia Sdn Bhd (26.07.2024) (AA3)	5,000,000	5,126,784	5,090,296	1.49
6.00% TF Varlik Kiralama (28.06.2019) (AA3)	1,000,000	1,016,171	1,016,602	0.30
5.70% Tanjung Bin Energy Issue (16.03.2027) (AA3)	2,000,000	2,103,987	2,144,767	0.63
4.30% First Resources LTD (08.12.2017) (AA2)	4,000,000	4,042,938	4,034,081	1.18
Total unquoted sukuk	<u>293,000,000</u>	<u>301,354,092</u>	<u>301,199,280</u>	<u>88.12</u>
Accumulated unrealised loss on unquoted sukuk		<u>(154,812)</u>		
Total unquoted sukuk		<u>301,199,280</u>		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

10 CASH AND CASH EQUIVALENTS

	<u>2017</u> RM	<u>2016</u> RM
Cash and bank balances	399,356	137,637
Short term Shariah-based deposits with licensed financial institution	71,836,760	34,965,017
	<u>72,236,116</u>	<u>35,102,654</u>

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

	<u>2017</u> %	<u>2016</u> %
Shariah-based deposits with licensed financial institution	<u>3.30</u>	<u>3.57</u>

Shariah-based deposits with licensed financial institutions have an average maturity of 15 days (2016: 2 days).

11 NUMBER OF UNITS IN CIRCULATION

	<u>2017</u> No. of units	<u>2016</u> No. of units
At the beginning of the financial period	804,458,000	458,166,000
Created of units arising from application	820,409,913	157,024,000
Created of units arising from distribution	15,028,087	9,950,653
Cancellations of units	<u>(300,301,000)</u>	<u>(16,991,653)</u>
At the end of the financial period	<u>1,339,595,000</u>	<u>608,149,000</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 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

13 TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

- (i) Details of sale and purchase transactions with the top 10 dealers for the financial period ended 28 February 2017 are as follows:

<u>Name of broker/dealers</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %
RHB Investment Bank Bhd	179,994,070	27.08
Affin Hwang Investment Bank Bhd	114,331,920	17.20
Hong Leong Group*	83,424,050	12.55
Ambank (M) Bhd	82,155,900	12.36
Maybank Bhd	80,362,650	12.09
CIMB Group	70,195,860	10.56
Bank Muamalat Malaysia Bhd	25,426,500	3.82
JP Morgan Chase Bank Bhd	15,299,000	2.30
Standard Chartered Bank Malaysia Bhd	5,480,900	0.82
HSBC Group	5,065,500	0.76
Others	3,063,300	0.46
	<u>664,799,650</u>	<u>100.00</u>

Details of transactions, primarily cash placements with financial institutions for the financial year ended 28 February 2017 are as follows:

<u>Name of financial institutions</u>	<u>Value of placements</u> RM	<u>Percentage of total placements</u> %
HongLeong Islamic Bank Bhd	206,250,000	36.20
Public Islamic Bank Bhd	123,990,000	21.76
CIMB Islamic Bank Bhd	112,850,000	19.81
Bank Islam Malaysia Bhd	101,200,000	17.76
RHB Islamic Bank Bhd	25,500,000	4.47
	<u>569,790,000</u>	<u>100.00</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

13 TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONTINUED)

- (ii) Details of sale and purchase transactions with the top 10 dealers for the financial period ended 29 February 2016 are as follows:

<u>Name of broker/dealers</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
CIMB Group	50,936,520	24.95
RHB Investment Bank Bhd	38,656,850	18.93
Bank Muamalat Malaysia Bhd	25,295,700	12.39
Maybank Investment Bank Bhd	24,597,400	12.05
Affin Hwang Investment Bank Bhd	24,127,600	11.82
Ambank (M) Bhd	11,500,000	5.63
Hong Leong Bank Bhd	10,994,800	5.39
Maybank Bhd, Kuala Lumpur	8,039,100	3.94
Kenanga Investment Bank Bhd	8,000,000	3.92
Standard Chartered Bank Malaysia Bhd	2,000,000	0.98
	<u>204,147,970</u>	<u>100.00</u>

Details of transactions, primarily cash placements with financial institutions for the financial year ended 29 February 2016 are as follows:

<u>Name of financial institutions</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>
Public Islamic Bank Bhd	143,270,000	80.38
Bank Islam Malaysia Bhd	34,980,000	19.62
	<u>178,250,000</u>	<u>100.00</u>

Note: *Group wide

Included in transactions with dealers are trades in the stockbroking industry with Affin Group, a group of companies related to the Manager amounting to RM114,331,920 (2016: RM24,127,600). The Manager is of the opinion that all transactions with the related company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

13. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (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>Brokers and dealers</u>		
Affin Hwang Investment Bank	10,009,800	-
Bank Muamalat Malaysia Bhd	5,123,500	-
Malayan Banking Berhad	17,379,550	-
RHB Investment Bank Bhd	25,168,600	-
	<u>57,681,450</u>	<u>-</u>

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

	<u>2017</u> RM	<u>2016</u> RM
Affin Hwang Bond Fund	15,909,900	-
Affin Hwang Income Fund	7,985,000	-
Affin Hwang Institutional Bond Fund	8,291,900	-
Affin Hwang Select Income Fund	5,123,500	-
Affin Hwang Wholesale Fund	1,015,400	-
Private mandates managed by the Manager	19,355,750	-
	<u>57,681,450</u>	<u>-</u>

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>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holdings 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	Subsidiary and associated companies of the ultimate holding company of the Manager
Director of Affin Hwang Asset Management Berhad	Director of the Manager
Non-Executive Chairman of Affin Holdings Berhad	Non-Executive Chairman of the ultimate holding company of the Manager

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

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

	No. of Units	2017 RM	No. of Unit	2016 RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The unit are held legally for booking purpose)	2,426	1,383	108,134	60,749
	2,426	1,383	108,134	60,749

15 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>28.2.2017</u>	6 months financial period ended <u>29.2.2016</u>
	%	%
MER	0.56	0.57
	0.56	0.57

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 period calculated on a daily basis is RM664,192,083 (2016: RM262,461,018)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)**

16 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months	6 months financial period ended <u>28.2.2017</u>	financial period ended <u>29.2.2016</u>
PTR (times)		<u>0.50</u>	<u>0.37</u>

PTR is derived from the following calculation:

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

where: total acquisition for the financial period = RM465,113,600 (2016: RM122,365,263)
total disposal for the financial period = RM205,198,014 (2016: RM72,639,167)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONTINUED)

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 this committee 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 segments derive their income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within each 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 segments during the financial period.

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 52 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 28 February 2017 and of its financial performance, changes in equity and cash flows for the financial period ended 28 February 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
19 April 2017

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