



SEMI-ANNUAL REPORT
30 September 2022

Affin Hwang **Aiiman** **Balanced Fund**

MANAGER
AHAM Asset Management Berhad
199701014290 (429786-T)

TRUSTEE
AmanahRaya Trustee Berhad
(766894-T)

Built On Trust

aham.com.my

AFFIN HWANG AIIMAN BALANCED FUND

Semi-Annual Report and Unaudited Financial Statements For the 6 Months Financial Period Ended 30 September 2022

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FUND INFORMATION

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

FUND PERFORMANCE DATA

Category	As at 30 Sep 2022 (%)	As at 30 Sep 2021 (%)	As at 30 Sep 2020 (%)
Portfolio composition			
Quoted equities – local			
- Construction	-	-	1.95
- Consumer products & services	3.39	2.15	2.34
- Energy	-	1.76	7.09
- Financial Services	1.47	3.38	2.46
- Healthcare	2.05	-	7.95
- Industrial products & services	5.73	19.62	3.42
- Plantation	7.87	-	-
- Preference share	0.56	0.67	0.48
- Properties	1.40	5.78	3.80
- REITs	1.99	-	6.26
- Technology	4.70	13.46	9.35
- Telecommunications & media	9.31	4.67	-
- Transportation & logistics	4.63	2.05	-
- Utilities	-	-	1.97
- Warrant	0.03	0.22	-
Total quoted equities – local	43.13	53.76	47.07
Unquoted sukuk – local	43.65	40.65	43.42
Exchange traded fund – local	2.37	1.65	1.52
Cash & cash equivalent	10.85	3.94	7.99
Total	100.00	100.00	100.00
Total NAV (RM'million)	17.877	24.151	28.104
NAV per Unit (RM)	0.3864	0.5656	0.6056
Unit in Circulation (million)	46.268	42.697	46.407
Highest NAV	0.4491	0.6053	0.6282
Lowest NAV	0.3861	0.5417	0.4543
Return of the Fund (%)	-7.84	0.97	35.11
- Capital Growth (%)	-12.36	-4.49	32.84
- Income Distribution (%)	5.15	3.69	1.71
Gross Distribution per Unit (sen)	2.00	2.00	1.00
Net Distribution per Unit (sen)	2.00	2.00	1.00
Total Expense Ratio (%) ¹	0.85	0.86	0.87
Portfolio Turnover Ratio (times) ²	0.30	0.68	0.31

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

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

An illustration of the above would be as follow:-

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

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

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

MANAGER'S REPORT

Income Distribution / Unit Split

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

Cum Date	Ex-Date	Cum-distribution (RM)	Distribution per Unit (RM)	Ex-distribution (RM)
19-Jul-22	20-Jul-22	0.4058	0.0200	0.3881

No unit split were declared for the financial year ended 30 September 2022.

Performance Review

For the period 1 April 2022 to 30 September 2022, the Fund registered a -7.84% return compared to the benchmark return of -9.58%. The Fund thus outperformed the Benchmark by 1.74%. The Net Asset Value per unit ("NAV") of the Fund as at 30 September 2022 was RM0.3858 while the NAV as at 31 March 2022 was RM0.4409. During the period under review, the Fund has declared a gross income distribution of RM0.0200 per unit.

Since commencement, the Fund has registered a return of 101.54% compared to the benchmark return of 30.21%, outperforming by 71.33%.

Table 1: Performance of the Fund

	6 Months (1/4/22 - 30/9/22)	1 Year (1/10/21 - 30/9/22)	3 Years (1/10/19 - 30/9/22)	5 Years (1/10/17 - 30/9/22)	Since Commencement (13/11/01 - 30/9/22)
Fund	(7.84%)	(25.06%)	(4.55%)	(3.58%)	101.54%
Benchmark	(9.58%)	(11.02%)	(6.23%)	(8.30%)	30.21%
Outperformance	1.74%	(14.04%)	1.68%	4.72%	71.33%

Source of Benchmark: Bloomberg & Maybank

Table 2: Average Total Return

	1 Year (1/10/21 - 30/9/22)	3 Years (1/10/19 - 30/9/22)	5 Years (1/10/17 - 30/9/22)	Since Commencement (13/11/01 - 30/9/22)
Fund	(25.06%)	(1.54%)	(0.73%)	3.41%
Benchmark	(11.02%)	(2.12%)	(1.72%)	1.27%
Outperformance	(14.04%)	0.58%	0.99%	2.14%

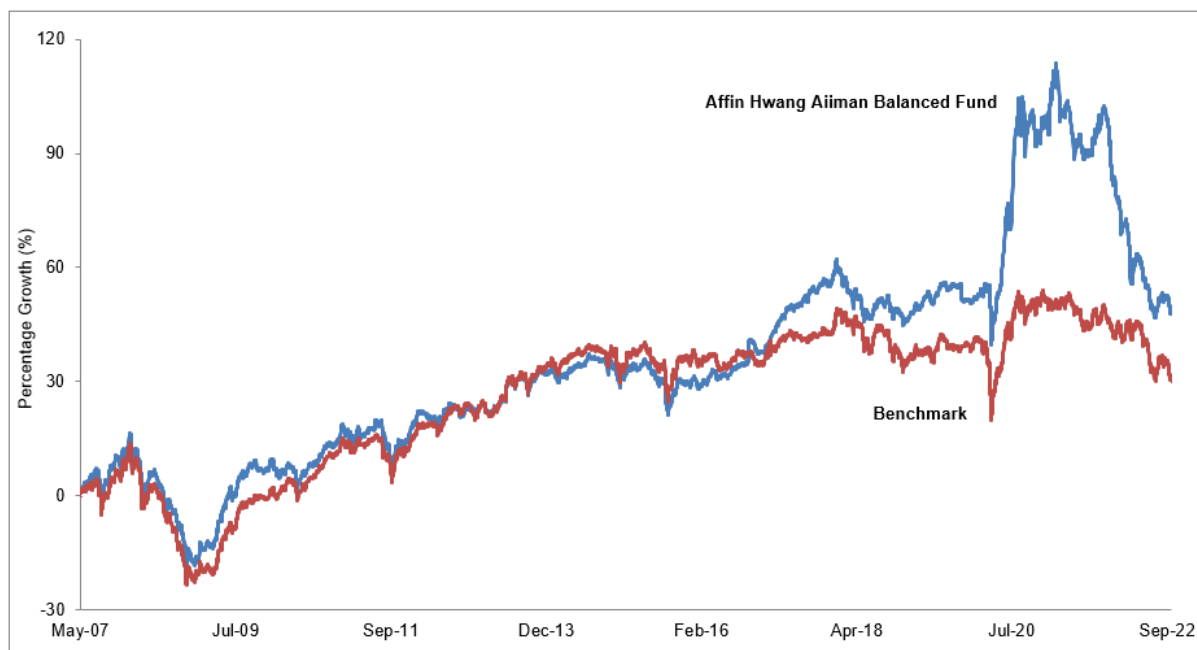
Source of Benchmark: Bloomberg & Maybank

Table 3: Annual Total Return

	FYE 2022 (1/4/21 - 31/3/22)	FYE 2021 (1/4/20 - 31/3/21)	FYE 2020 (1/4/19 - 31/3/20)	FYE 2019 (1/4/18 - 31/3/19)	FYE 2018 (1/4/17 - 31/3/18)
Fund	(19.47%)	36.43%	(3.09%)	(1.46%)	4.15%
Benchmark	(3.46%)	16.73%	(6.98%)	(5.79%)	3.31%
Outperformance	(16.01%)	19.70%	3.89%	4.33%	0.84%

Source of Benchmark: Bloomberg & Maybank

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



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

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

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

Asset Allocation

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

As at 30 September 2022, the asset allocation of the Fund stood at 43.13% in equities, 43.65% in Sukuk, 2.37% in exchange traded fund (ETF) while the balance was held in cash and cash equivalent. During the period under review, the Manager had added allocations into sectors like transport, plantation, and telecommunications and media, while sector like industrials and technology were had significantly reduced exposures. Over the same period, the Manager also maintain a small exposure of 2.37% in a local ETF – Tradeplus Shariah Gold Tracker while the Fund's Sukuk exposure was slightly increased. Cash and cash equivalent on the other hand was increased as the Fund was positioned more defensively.

Strategies Employed

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

Over the period under review, we focus on domestic-driven sectors that are less directly impacted from supply chain disruptions. With the extreme volatility in markets, we raised our cash holdings and went into a defensive positioning in our allocation. We also added to sectors that benefits from high prices amidst rising inflation, while greatly reducing those exposed to global supply chains. We continue to keep close monitor on market development amidst volatile markets driven by geopolitics, higher rates and inflationary environment.

Market Review

Sustained inflationary pressures as well as central bank tightening continues to present a headwind to financial markets. Geopolitical instability also contributes to market concerns as friction between Russia and Ukraine persists, causing supply chain disruptions. At the start of the year, investment markets started to take seriously the potential implications of a change in monetary policy direction as inflationary pressures showed little signs of abating. As the last quarter of 2022 draws closer, we have seen numerous interest rates hikes over the year. The US Federal Reserve (Fed) has raised the fed funds rate by three percentage points within the span of 6 months to address inflationary pressures.

Global markets continue to slump lower in September month-on-month as the Fed signalled that there will be no let-up in its quest to quell inflation by tightening monetary policy. As a result, the Standard & Poor (S&P) 500 index fell 9.3% as hopes that the Fed would pivot anytime soon to loosen monetary policy is dampened. At the annual Jackson Hole economic symposium in August this year, Fed Chair Jerome Powell reiterated that the Fed is committed to raising interest rates until it is confident that inflation is sufficiently brought under control. Powell acknowledged that a tighter monetary policy may adversely affect US consumers and businesses due to higher borrowing costs but added that a premature loosening policy could lead to a much worse outcome if inflation continued unchecked.

The euro area annual inflation rate was 9.1% in August, a considerable increase compared to 3.0% a year ago. The highest contributor to the annual inflation rate is the energy sector, followed by food, alcohol and tobacco. The energy crisis across Europe was exacerbated as Russia said it would halt the Nord Stream 1 pipeline. Russia has already cut its gas supplies to EU states by 88% over the year.

In Asia the broader MSCI Asia ex-Japan index plunged 12.9% in September, 35.18% year to date (YTD) on slowdown fears, Taiwan and Korea being among the worst performers in the region as the two export-driven countries saw waning demand for tech goods on the back of a global slowdown. Indonesia on the other hand was the best-performing major Asia-Pacific index for the year, with the Jakarta composite index up 6.51% (11.10% YTD) since the start of the year.

According to state media, China plans to launch a real estate fund of up to 300.0 billion yuan (US\$44.0 billion) to help developers complete stalled projects. The People's Bank of China (PBoC) is also said to be issuing 1.0 trillion yuan (US\$148.2 billion) to ease a liquidity crunch in the sector. China went through a sharp slowdown in April and May this year due to strict lockdown in major cities in the country. However, despite having relaxed Covid-19 restrictions as the number of new cases decline, and the government's effort in stimulating the economy from both monetary and fiscal perspective, the path to economic recovery seems rocky and non-linear. The Shanghai Shenzhen CSI300 Index is down 27.42% YTD as the region continue to reel from a property slump.

Bond yields continue to rise as central banks maintained hawkishness and were active in raising monetary policy rates, resulting in further negative returns in an environment of continued high inflation. The US 10-year Treasury rose from 1.63% at the start of the year to 3.82% in September, with the two-year rising from 0.73% to 4.21%. The UK gilt market performed relatively worse than most government bond markets as inflation in UK hit 10% in July, surprising markets and raised expectations of a faster pace of rate hikes.

In the domestic market, the Kuala Lumpur Composite Index (KLCI) dipped 7.77% in September 2022 in tandem with other markets. Commodity and plantation stocks were amongst the biggest losers on the back of recessionary risks.

On local fixed income, the 10-year MGS yield rose 43 basis points (bps) to end the month at 4.42%. As widely expected by markets, Bank Negara Malaysia (BNM) raised rates by 25 bps, effectively pushing the Overnight Policy Rate (OPR) to 2.75%, a 100 bps increase compared to 1.75% at the start of the year.

Investment Outlook

Markets are set to remain challenging for the rest of 2022. In developed markets, rising inflation and tight monetary policy may continue to hamper the recovery of risk assets. The Fed's hawkish tones continue to curb expectations of a transition to looser monetary policy anytime soon.

Following an order by the U.S. government in early September 2022 preventing chipmakers including Nvidia and Advanced Micro Devices (AMD) from exporting specific advanced chips to China, bilateral relationships

between the U.S. and China may worsen further. On a positive note, delisting fears for U.S. listed Chinese stocks have alleviated to some extent on the news of an agreement between both governments over the auditing dispute being reached.

Asian markets may continue to see weakness. Korea and Taiwan have underperformed thus far as manufacturing gauges for both countries slumped in August 2022. Chinese markets were not spared following renewed lockdowns in major cities. Nevertheless, easing COVID-19 restrictions and policymakers signalling an end to the regulatory crackdown have given hope of a recovery in the Chinese markets.

Locally, election rumours have begun circulating. The United Malays National Organisation (UMNO) Supreme Council nominated Datuk Seri Ismail Sabri Yaakob as the Prime Minister for the 15th General Election (GE15) following a meeting between council members. According to political analysts, the timing of GE15 would be highly dependent on whether UMNO would be allowed by the Registrar of Societies (RoS) to amend its party constitution to delay its party polls. Assuming a full-term, Parliament would need to be dissolved by 16 July 2023. By the latest, election would need then to be held by 14 September 2023.

In other news, Malaysia's Consumer Price Index (CPI) for July 2022 accelerated by 4.4% year-on-year, its highest in 14 months as food and beverage prices remained as the main contributor to inflation. The latest reading marks a full percentage jump from June 2022's figures, though largely in line with consensus estimates. Bank Negara Malaysia (BNM) is still expected to remain gradual and accommodative in its current rate hiking cycle.

State of Affairs of the Fund

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

Soft Commissions received from Brokers

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

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

During the financial period under review, the Fund has received soft commissions from brokers/dealers who have also executed trades for other funds managed by Affin Hwang Asset Management. The soft commissions were utilised for goods and services in the form of research materials, data and quotation services, investment-related publications, market data feed, industry benchmarking agencies and investment-related publications to assist the Manager in the investment decision-making process. The soft commission received were for the benefit of the fund and there were no churning of trades.

Cross Trade

Cross trade transactions have been carried out during the reported period and that the Investment Committee of the fund has reviewed that such transactions are in the best interest of the fund and transacted on an arm's length and fair value basis.

Securities Financing Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

Changes Made To the Fund's Prospectus

There were no changes made to the Fund's prospectus during the financial period under review.

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF AFFIN HWANG AIIMAN BALANCED FUND

We have acted as Trustee of the Fund for the financial period ended 30 September 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Affin Hwang Asset Management Berhad has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, Securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Amanahraya Trustees Berhad

ZAINUDIN BIN SUHAIMI
Chief Executive Officer

Kuala Lumpur, Malaysia
15 November 2022

SHARIAH ADVISER'S REPORT

To the Unit Holders of Affin Hwang Aiiman Balanced Fund (“Fund”)

We hereby confirm the following:

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

For **Amanie Advisors Sdn Bhd**

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur
15 November 2022

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	<u>Note</u>	6 months financial period ended <u>30.9.2022</u> RM	6 months financial period ended <u>30.9.2021</u> RM
INVESTMENT (LOSS)/INCOME			
Dividend income		144,396	107,703
Profit income from financial assets at amortised cost		18,936	6,674
Profit income from financial assets at fair value through profit and loss		268,982	332,281
Net (loss)/gain on financial assets at fair value through profit or loss	8	(1,775,538)	476,032
		<u>(1,343,224)</u>	<u>922,690</u>
EXPENSES			
Management fee	4	(140,450)	(196,071)
Trustee fee	5	(7,492)	(10,467)
Auditors' remuneration		(4,513)	(4,020)
Tax agent's fee		(2,055)	-
Transaction costs		(34,140)	(109,131)
Other expenses		(5,169)	(17,260)
		<u>(193,819)</u>	<u>(336,949)</u>
NET (LOSS)/PROFIT BEFORE TAXATION		(1,537,043)	585,741
Taxation	6	-	-
NET (LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD		<u>(1,537,043)</u>	<u>585,741</u>
Net (loss)/profit after taxation is made up of the following:			
Realised amount		1,105,503	(15,105)
Unrealised amount		(2,642,546)	600,846
		<u>(1,537,043)</u>	<u>585,741</u>

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

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Cash and cash equivalents	9	2,139,534	1,031,045
Amount due from Manager			
- management fee rebate receivable		66	101
Dividend receivables		36,346	3,500
Financial assets at fair value through profit or loss	8	15,936,488	23,199,582
TOTAL ASSETS		<u>18,112,434</u>	<u>24,234,228</u>
LIABILITIES			
Amount due to brokers		143,677	-
Amount due to Manager			
- management fee		22,485	29,617
- cancellation of units		22,429	2,830
Amount due to Trustee		1,199	1,580
Auditors' remuneration		4,513	5,520
Tax agent's fee		6,715	9,040
Other payable and accruals		34,849	34,551
TOTAL LIABILITIES		<u>235,867</u>	<u>83,138</u>
NET ASSET VALUE OF THE FUND		<u>17,876,567</u>	<u>24,151,090</u>
EQUITY			
Unitholders' capital		17,384,330	15,890,097
Retained earnings		492,237	8,260,993
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>17,876,567</u>	<u>24,151,090</u>
NUMBER OF UNITS IN CIRCULATION	10	<u>46,268,000</u>	<u>42,697,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.3864</u>	<u>0.5656</u>

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

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Unitholders' <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as at 1 April 2022	16,693,464	2,912,340	19,605,804
Total comprehensive loss for the financial period	-	(1,537,043)	(1,537,043)
Distribution (Note 7)	-	(883,060)	(883,060)
Movement in unitholders' capital:			
Creation of units arising from applications	752,962	-	752,962
Creation of units arising from distribution	883,060	-	883,060
Cancellation of units	(945,156)	-	(945,156)
Balance as at 30 September 2022	<u>17,384,330</u>	<u>492,237</u>	<u>17,876,567</u>
Balance as at 1 April 2021	17,928,739	8,548,772	26,477,511
Total comprehensive income for the financial period	-	585,741	585,741
Distribution (Note 7)	-	(873,520)	(873,520)
Movement in unitholders' capital:			
Creation of units arising from applications	1,933,438	-	1,933,438
Creation of units arising from distribution	873,520	-	873,520
Cancellation of units	(4,845,600)	-	(4,845,600)
Balance as at 30 September 2021	<u>15,890,097</u>	<u>8,260,993</u>	<u>24,151,090</u>

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

AFFIN HWANG AIIMAN BALANCED FUND

UNAUDITED SEMI-ANNUAL STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	<u>Note</u>	6 months financial period ended <u>30.9.2022</u> RM	6 months financial period ended <u>30.9.2021</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		5,552,644	19,176,355
Purchase of Shariah-compliant investments		(4,308,797)	(16,621,286)
Profit income received		233,029	370,169
Dividend received		124,971	111,734
Management fee rebate received		731	624
Management fee paid		(142,744)	(201,390)
Trustee fee paid		(7,614)	(10,750)
Payment for other fees and expenses		(18,834)	(27,331)
		<hr/>	<hr/>
Net cash flows generated from operating activities		1,433,386	2,798,125
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		764,800	1,933,337
Payments for cancellation of units		(922,727)	(4,854,662)
		<hr/>	<hr/>
Net cash flows used in financing activities		(157,927)	(2,921,325)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		1,275,459	(123,200)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD			
		864,075	1,154,245
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9	<u>2,139,534</u>	<u>1,031,045</u>

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

AFFIN HWANG AIIMAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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

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

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ (effective 1 January 2021) provide practical expedient allowing Funds to update the effective interest rate to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform. This results in no immediate gain or loss recognised in profit or loss.

The amendments require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. The amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

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

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

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

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

AFFIN HWANG AIIMAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

B INCOME RECOGNITION

Dividend income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income on the ex-dividend date, when the right to receive the dividend has been established.

Profit income

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

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

Realised gains and losses on sales of investments

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

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

C TRANSACTION COSTS

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

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.

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised, measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

E 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.

AFFIN HWANG AIIAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

F FUNCTIONAL AND PRESENTATION CURRENCY

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

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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

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

The contractual cash flows of the Fund’s debt securities are solely principal and interest* (“SPPI”). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments not designated as hedging instruments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and dividend receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows that represent SPPI.

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

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

(ii) Recognition and measurement

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

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

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

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

AFFIN HWANG AIIAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

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

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

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

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

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

(iii) Impairment

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

Significant increase in credit risk

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

AFFIN HWANG AIIAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

Write-off

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

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

H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term Shariah-based deposits held in highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

I AMOUNTS DUE FROM/(TO) BROKERS

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection. Refer to Note G for accounting policy on recognition and measurement.

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

Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

AFFIN HWANG AIIMAN BALANCED FUND

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

J UNITHOLDERS' CAPITAL

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

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

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

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

K CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

L REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

1 INFORMATION ON THE FUND

The Unit Trust Fund was constituted under the name Dana Islamiah Affin (the “Fund”) pursuant to the execution of a Master Deed dated 14 September 2001, First Supplemental Deed dated 23 October 2002, Second Supplemental Deed dated 23 August 2007, Third Supplemental Deed dated 8 September 2008, Fourth Supplemental Deed dated 13 October 2008, Fifth Supplemental Deed dated 22 July 2014, Sixth Supplemental Deed dated 6 August 2015 and Seventh Supplemental Deed dated 05 October 2018 (the “Deeds”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and AmanahRaya Trustees Berhad (the “Trustee”). The Fund has changed its name from Dana Islamiah Affin to Affin Hwang Aiiman Balanced Fund as amended by the Fifth Supplemental Deed dated 22 July 2014.

The Fund was launched on 11 November 2001 and will continue its operations until terminated by the Trustee as provided under Clause 22.1 of the Deed.

The Fund may invest in the following permitted investments subject to the following restrictions imposed or as may be amended from time to time by the SC and/or the relevant authorities and/or the Deeds:

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

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

The objective of the Fund is to achieve reasonable returns in both income and capital growth over the medium to long term period by investing in a wide portfolio of authorised securities and other investments which complies with Shariah principles.

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

The financial statements were authorised for issue by the Manager on 14 November 2022.

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	2,139,534	-	2,139,534
Amount due from Manager				
- management fee rebate receivable		66	-	66
Dividend receivables		36,346	-	36,346
Shariah-compliant quoted equities	8	-	7,710,370	7,710,370
Exchanged-traded fund	8	-	423,360	423,360
Unquoted sukuk	8	-	7,802,758	7,802,758
Total		<u>2,175,946</u>	<u>15,936,488</u>	<u>18,112,434</u>
<u>Financial liabilities</u>				
Amount due to brokers		143,677	-	143,677
Amount due to Manager				
- management fee		22,485	-	22,485
- cancellation of units		22,429	-	22,429
Amount due to Trustee		1,199	-	1,199
Auditors' remuneration		4,513	-	4,513
Tax agent's fee		6,715	-	6,715
Other payables and accruals		34,849	-	34,849
Total		<u>235,867</u>	<u>-</u>	<u>235,867</u>
<u>2021</u>				
<u>Financial assets</u>				
Cash and cash equivalents	9	1,031,045	-	1,031,045
Amount due from Manager				
- management fee rebate receivable		101	-	101
Dividend receivables		3,500	-	3,500
Shariah-compliant quoted equities	8	-	12,981,665	12,981,665
Exchanged-traded fund	8	-	397,440	397,440
Unquoted sukuk	8	-	9,820,477	9,820,477
Total		<u>1,034,646</u>	<u>23,199,582</u>	<u>24,234,228</u>

AFFIN HWANG AII MAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

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

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2021 (continued)</u>				
<u>Financial liabilities</u>				
Amount due to Manager				
- management fee		29,617	-	29,617
- cancellation of units		2,830	-	2,830
Amount due to Trustee		1,580	-	1,580
Auditors' remuneration		5,520	-	5,520
Tax agent's fee		9,040	-	9,040
Other payables and accruals		34,551	-	34,551
Total		<u>83,138</u>	<u>-</u>	<u>83,138</u>

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

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

Market risk

(a) Price risk

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

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

	<u>2022</u> RM	<u>2021</u> RM
Shariah-compliant quoted investments		
Quoted equities	7,710,370	12,981,665
Exchange-traded fund	423,360	397,440
	<u>8,133,730</u>	<u>13,379,105</u>
Shariah-compliant unquoted investments		
Unquoted sukuk*	<u>7,802,758</u>	<u>9,820,477</u>

* Includes profit receivable of RM94,291 (2021: RM190,823)

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (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 (loss)/profit after taxation and NAV to price risk movement. The analysis is based on the assumptions that the market price increased by 2% (2021: 7.5%) and decreased by 2% (2021: 7.5%) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted securities having regard to the historical volatility of the prices.

<u>% Change in price</u>	<u>Market value</u> RM	Impact on (loss)/ profit after <u>tax/NAV</u> RM
<u>2022</u>		
-2%	15,525,353	(316,844)
0%	15,842,197	-
+2%	16,159,041	316,844
	<u> </u>	<u> </u>
<u>2021</u>		
-7.5%	21,283,102	(1,725,657)
0%	23,008,759	-
+7.5%	24,734,416	1,725,657
	<u> </u>	<u> </u>

(b) Profit rate risk

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

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

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

Market risk (continued)

(b) Profit rate risk (continued)

The table below summarises the sensitivity of the Fund's NAV and (loss)/profit after tax to movements in prices of unquoted sukuk held by the Fund as a result of movement in profit rates. The analysis is based on the assumptions that the profit rate increased and decreased by 2% (2021: 2%) with all other variables held constant.

<u>% Change in profit rate</u>	<u>Impact on (loss)/profit after tax/ NAV</u>	
	<u>2022</u>	<u>2021</u>
	RM	RM
+ 2% (2021: + 2%)	(33,302)	(72,535)
- 2% (2021: - 2%)	33,550	73,878

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

Credit risk

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

Credit risk arising from cash and bank balances is managed by ensuring that they are held by parties with credit rating of AA or higher.

Credit risk arising from placements of Shariah-based deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

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

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

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

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2022</u>				
Consumer Discretionary				
- AA-	271,363	-	-	271,363
Consumer Staples				
- AA	515,752	-	-	515,752
Energy				
- AA-	513,899	-	-	513,899
Financials				
- A3	498,339	-	-	498,339
- AA-	996,967	-	-	996,967
- AA2	194,775	-	-	194,775
- AA3	-	120,424	-	120,424
- AAA	-	2,019,110	-	2,019,110
Industrials				
- A	1,003,586	-	-	1,003,586
- AA3	247,637	-	-	247,637
- NR	-	-	16,630	16,630
Others				
- NR	-	-	66	66
Plantation				
- NR	-	-	11,400	11,400
Real Estate				
- AA-	509,780	-	-	509,780
Technology				
- NR	-	-	-	-
Telecommunications				
- AAA	204,451	-	-	204,451
- NR	-	-	8,316	8,316
Utilities				
- AA-	515,860	-	-	515,860
- AA1	1,018,955	-	-	1,018,955
- AA3	1,311,394	-	-	1,311,394
	<u>7,802,758</u>	<u>2,139,534</u>	<u>36,412</u>	<u>9,978,704</u>

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

Credit risk (continued)

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

	Unquoted sukuk RM	Cash and cash equivalents RM	Other assets* RM	Total RM
<u>2021</u>				
Consumer Discretionary				
- A1	285,753	-	-	285,753
Energy				
- AA-	552,639	-	-	552,639
Financials				
- A3	508,088	-	-	508,088
- AA-	1,083,638	-	-	1,083,638
- AA3	-	240,793	-	240,793
- AAA	-	790,252	-	790,252
Industrials				
- A	1,014,696	-	-	1,014,696
- C	2,106,656	-	-	2,106,656
Others				
- NR	-	-	101	101
Real Estate				
- AA-	525,159	-	-	525,159
Technology				
- NR	-	-	3,500	3,500
Telecommunications				
- AAA	216,039	-	-	216,039
Utilities				
- AA-	1,073,567	-	-	1,073,567
- AA1	1,059,002	-	-	1,059,002
- AA3	1,395,240	-	-	1,395,240
	<u>9,820,477</u>	<u>1,031,045</u>	<u>3,601</u>	<u>10,855,123</u>

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

Liquidity risk

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

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

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2022</u>			
Amount due to brokers	143,677	-	143,677
Amount due to Manager			
- management fee	22,485	-	22,485
- cancellation of units	22,429	-	22,429
Amount due to Trustee	1,199	-	1,199
Auditors' remuneration	-	4,513	4,513
Tax agent's fee	-	6,715	6,715
Other payables and accruals	-	34,849	34,849
	<u>189,790</u>	<u>46,077</u>	<u>235,867</u>
<u>2021</u>			
Amount due to Manager			
- management fee	29,617	-	29,617
- cancellation of units	2,830	-	2,830
Amount due to Trustee	1,580	-	1,580
Auditors' remuneration	-	5,520	5,520
Tax agent's fee	-	9,040	9,040
Other payables and accruals	-	34,551	34,551
	<u>34,027</u>	<u>49,111</u>	<u>83,138</u>

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.

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

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. As at 30 September 2022, all investments held are Shariah Compliant counters as approved by the Shariah Advisory Council.

3 FAIR VALUE ESTIMATION

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

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

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

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

(i) Fair value hierarchy

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

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

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

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.

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(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>2022</u>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted equities	7,710,370	-	-	7,710,370
- exchanged-traded fund	423,360	-	-	423,360
- unquoted sukuk	-	7,802,758	-	7,802,758
	<u>8,133,730</u>	<u>7,802,758</u>	<u>-</u>	<u>15,936,488</u>
<u>2021</u>				
Financial assets at fair value through profit or loss:				
- Shariah-compliant quoted equities	12,981,665	-	-	12,981,665
- exchanged-traded fund	397,440	-	-	397,440
- unquoted sukuk	-	9,820,477	-	9,820,477
	<u>13,379,105</u>	<u>9,820,477</u>	<u>-</u>	<u>23,199,582</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities and exchanged-traded fund. The Fund does not adjust the quoted prices for these instruments.

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

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

4 MANAGEMENT FEE

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

For the 6 months financial period ended 30 September 2022, the management fee is recognised at a rate of 1.50% (2021: 1.50%) per annum on the NAV of the Fund calculated on a daily basis as stated in the Prospectus.

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

5 TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to an annual fee at a rate not exceeding 0.08% per annum on the NAV of the Fund, excluding of foreign custodian fees and charges, calculated on a daily basis, subject to a minimum fee of RM18,000 per annum.

For the 6 months financial period ended 30 September 2022, the Trustee fee is recognised at a rate of 0.08% (2021: 0.08%) per annum on the NAV of the Fund, excluding of foreign custodian fees and charges, calculated on a daily basis as stated in the Prospectus.

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

6 TAXATION

	6 months financial period ended <u>30.9.2022</u> RM	6 months financial period ended <u>30.9.2021</u> RM
Current taxation	-	-

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

6 TAXATION (CONTINUED)

The numerical reconciliation between net (loss)/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>30.9.2022</u> RM	6 months financial period ended <u>30.9.2021</u> RM
Net (loss)/profit before taxation	(1,537,043)	585,741
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(368,890)	140,578
Tax effects of:		
Investment loss not brought to tax/(Investment income not subject to tax)	322,374	(221,446)
Expenses not deductible for tax purposes	11,717	31,237
Restrictions on tax deductible expenses for Unit Trust Funds	34,799	49,631
Tax expense	-	-

7 DISTRIBUTION

	6 months financial period ended <u>30.9.2022</u> RM	6 months financial period ended <u>30.9.2021</u> RM
Distribution to unitholders is from the following sources:		
Previous year's realised income	883,060	873,520
Gross realised income	883,060	873,520
Less: Expenses	-	-
Net distribution amount	883,060	873,520
Gross/Net distribution per unit (sen)	2.00	2.00
Ex-date	<u>20.7.2022</u>	<u>21.7.2021</u>

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

7 DISTRIBUTION (CONTINUED)

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

Included in distributions for the financial period is an amount of RM883,060 (2021: RM873,520) made from previous year's realised income.

The Fund has incurred an unrealised loss of RM2,642,546 (2021: RM Nil) during the financial period.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Financial assets at fair value through profit or loss:		
- Shariah-compliant quoted equities - local	7,710,370	12,981,665
- exchange-traded fund - local	423,360	397,440
- unquoted sukuk - local	7,802,758	9,820,477
	<u>15,936,488</u>	<u>23,199,582</u>
Net (loss)/gain on financial assets at fair value through profit or loss		
- realised loss on sale of investments	(1,118,704)	(244,389)
- unrealised (loss)/gain on changes of fair value	(657,451)	719,798
- management fee rebate on collective investment scheme#	617	623
	<u>(1,775,538)</u>	<u>476,032</u>

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

(a) Shariah-compliant quoted equities - local

(i) Shariah-compliant quoted equities - local as at 30 September 2022 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
<u>Consumer Products & Services</u>				
Bermaz Auto Bhd	192,400	329,177	359,788	2.01
Sime Darby Bhd	114,800	263,443	245,672	1.38
	<u>307,200</u>	<u>592,620</u>	<u>605,460</u>	<u>3.39</u>

AFFIN HWANG AII MAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(a) Shariah-compliant quoted equities - local (continued)

(i) Shariah-compliant quoted equities - local as at 30 September 2022 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>																																																																																																														
<u>Financial Services</u>																																																																																																																		
Bank Islam Malaysia Bhd	102,400	297,175	263,168	1.47																																																																																																														
<u>Healthcare</u>																																																																																																																		
IHH Healthcare Bhd	62,000	389,906	365,800	2.05	<u>Industrial Products & Services</u>					Press Metal Aluminium Holdings Bhd	43,700	230,504	176,548	0.99	SKP Resources Bhd	299,650	504,819	497,419	2.78	V.S. Industry Bhd	363,600	343,409	350,874	1.96		706,950	1,078,732	1,024,841	5.73	<u>Plantation</u>					Hap Seng Plantations Holdings Bhd	251,900	693,310	486,167	2.72	Kuala Lumpur Kepong Bhd	17,700	465,496	364,974	2.04	Sime Darby Plantation Bhd	76,200	394,556	311,658	1.75	Ta Ann Holdings Bhd	76,000	399,469	243,200	1.36		421,800	1,952,831	1,405,999	7.87	<u>Property</u>					Eco World Development Grp Bhd	413,900	285,308	250,409	1.40	Eco World Development Grp Bhd - Warrant	82,780	-	5,381	0.03	SP Setia Bhd Group - Preference Share	113,700	121,955	100,625	0.56		610,380	407,263	356,415	1.99	<u>REITS</u>					Axis Real Estate Investment Trust	190,700	372,551	354,702	1.99	<u>Technology</u>					Datasonic Group Bhd	665,600	392,571	306,176	1.71	NCT Alliance Bhd	1,407,500	699,186	534,850	2.99		2,073,100	1,091,757	841,026	4.70
<u>Industrial Products & Services</u>																																																																																																																		
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AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(a) Shariah-compliant quoted equities - local (continued)

(i) Shariah-compliant quoted equities - local as at 30 September 2022 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Telecommunications & Media</u>				
Axiata Group Bhd	90,100	325,627	236,062	1.32
Digi.Com Berhad	109,200	368,830	369,096	2.07
Telekom Malaysia Bhd	92,400	480,678	502,656	2.81
TIME dotCom Berhad	120,700	520,847	556,427	3.11
	<u>412,400</u>	<u>1,695,982</u>	<u>1,664,241</u>	<u>9.31</u>
<u>Transportation & Logistics</u>				
MISC Bhd	81,800	567,313	552,968	3.09
Swift Haulage Bhd	551,500	426,622	275,750	1.54
	<u>633,300</u>	<u>993,935</u>	<u>828,718</u>	<u>4.63</u>
Total Shariah-compliant quoted equities - local	<u>5,520,230</u>	<u>8,872,752</u>	<u>7,710,370</u>	<u>43.13</u>
Accumulated unrealised loss on Shariah-compliant quoted equities - local		<u>(1,162,382)</u>		
Total Shariah-compliant quoted equities - local		<u>7,710,370</u>		

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(a) Shariah-compliant quoted equities - local (continued)

(ii) Shariah-compliant quoted equities - local as at 30 September 2021 are as follows:

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Consumer Products & Services</u>				
Malayan Flour Mills Bhd	682,000	673,848	518,320	2.15
<u>Energy</u>				
Wah Seong Corporation Bhd	626,400	396,164	425,952	1.76
<u>Financial Services</u>				
Bank Islam Malaysia Bhd	208,500	608,617	608,617	2.52
Syarikat Takaful Malaysia	49,371	204,479	207,852	0.86
	<u>257,871</u>	<u>813,096</u>	<u>816,469</u>	<u>3.38</u>
<u>Industrial Products & Services</u>				
ATA IMS Bhd	213,300	554,580	558,846	2.31
Kobay Technology Bhd	96,200	476,113	471,380	1.95
Scientex Bhd	176,900	693,520	808,433	3.35
Scope Industries Bhd	1,534,500	516,142	552,420	2.29
SKP Resources Bhd	371,750	626,286	680,303	2.82
Solarvest Holdings Bhd	415,200	590,116	539,760	2.23
Supercomnet Technologies Bhd	211,600	411,252	374,532	1.55
V.S. Industry Bhd	474,000	418,138	753,660	3.12
V.S. Industry Bhd - Warrant	94,800	-	52,140	0.22
	<u>3,588,250</u>	<u>4,286,147</u>	<u>4,791,474</u>	<u>19.84</u>
<u>Property</u>				
Eco World Development Grp Bhd	876,000	603,841	692,040	2.87
SP Setia Bhd Group	575,800	620,416	702,476	2.91
SP Setia Bhd Group - Preference Share	200,000	214,520	161,000	0.67
	<u>1,651,800</u>	<u>1,438,777</u>	<u>1,555,516</u>	<u>6.45</u>

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(a) Shariah-compliant quoted equities - local (continued)

(ii) Shariah-compliant quoted equities - local as at 30 September 2021 are as follows: (continued)

<u>Name of counters</u>	<u>Quantity</u>	<u>Aggregate cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Technology</u>				
Genetec Technology Bhd	26,900	464,214	967,862	4.01
Inari Amertron Bhd	140,000	379,132	515,200	2.13
Kronologi Asia Bhd	827,200	574,841	512,864	2.12
NCT Alliance Bhd	1,407,500	699,186	738,937	3.06
Revenue Group Bhd	277,300	641,272	515,778	2.14
	<u>2,678,900</u>	<u>2,758,645</u>	<u>3,250,641</u>	<u>13.46</u>
<u>Telecommunications & Media</u>				
Axiata Group Bhd	61,200	236,719	239,292	0.99
Opcom Holdings Bhd	401,900	229,158	438,071	1.81
Telekom Malaysia Bhd	79,300	485,558	452,010	1.87
	<u>542,400</u>	<u>951,435</u>	<u>1,129,373</u>	<u>4.67</u>
<u>Transport & Logistics</u>				
MISC Bhd	72,000	488,952	493,920	2.05
Total Shariah-compliant quoted equities - local	<u>10,099,621</u>	<u>11,807,064</u>	<u>12,981,665</u>	<u>53.76</u>
Accumulated unrealised gain on Shariah-compliant quoted equities - local		<u>1,174,601</u>		
Total Shariah-compliant quoted equities - local		<u>12,981,665</u>		

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(b) Exchange-traded fund - local

(i) Exchange-traded fund - local as at 30 September 2022 is as follows:

	<u>Quantity</u>	Aggregate <u>cost</u> RM	Fair <u>value</u> RM	Percentage <u>of NAV</u> %
Tradeplus Shariah Gold Tracker	172,800	305,086	423,360	2.37
Total exchange-traded fund - local	<u>172,800</u>	<u>305,086</u>	<u>423,360</u>	<u>2.37</u>
Accumulated unrealised gain on exchange-traded fund - local		<u>118,274</u>		
Total exchange-traded fund - local		<u><u>423,360</u></u>		

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

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(c) Unquoted sukuk - local

(i) Unquoted sukuk - local as at 30 September 2022 are as follows:

<u>Name of issuer</u>	<u>Nominal value RM</u>	<u>Adjusted cost RM</u>	<u>Fair value RM</u>	<u>Percentage of NAV %</u>
<u>Sukuk</u>				
4.50% Bank Muamalat Malaysia Bhd Call: 15.06.2026 (A3)	500,000	506,639	498,339	2.79
4.20% Gamuda Land T12 Sdn Bhd 11.10.2027 (AA3)	250,000	249,490	247,637	1.39
3.90% Imtiaz Sukuk II Bhd 19.04.2028 (AA2)	200,000	201,940	194,775	1.08
5.95% Lebuhraya DUKE Fasa 3 Sdn Bhd 23.08.2034 (AA-)	1,000,000	1,070,400	996,967	5.58
5.90% MEX II Sdn Bhd 27.04.2029 (D)	1,000,000	718,935	-	-
6.30% MEX II Sdn Bhd 29.04.2033 (D)	3,000,000	1,706,006	-	-
5.29% MMC Corp Berhad 26.04.2023 (AA-)	500,000	511,745	515,860	2.89
5.65% Sime Darby Plantation Bhd Call: 24.03.2026 (AA)	500,000	519,064	515,752	2.89
5.40% Tadau Energy Sdn Bhd 28.07.2025 (AA3)	300,000	304,335	307,495	1.72
5.55% Tanjung Bin Energy Issuer Bhd 15.09.2025 (AA3)	500,000	503,614	501,882	2.81
5.70% Tanjung Bin Energy Issuer Bhd 16.03.2027 (AA3)	500,000	504,606	502,017	2.81
4.68% Telekom Malaysia Bhd 31.10.2028 (AAA)	200,000	215,728	204,451	1.14
5.15% UEM Sunrise Bhd 31.10.2025 (AA-)	500,000	511,680	509,780	2.85
6.00% UiTM Solar Power Sdn Bhd 26.04.2030 (AA-)	500,000	515,947	513,899	2.87
6.35% UMW Holdings Bhd Call: 20.04.2028 (A1)	250,000	257,133	271,363	1.52
5.80% WCT Holdings Bhd Call: 27.09.2024 (A)	1,000,000	1,000,636	1,003,586	5.61
5.05% YTL Power International Bhd 03.05.2027 (AA1)	1,000,000	1,027,918	1,018,955	5.70
Total unquoted sukuk - local	<u>11,700,000</u>	<u>10,325,816</u>	<u>7,802,758</u>	<u>43.65</u>
Accumulated unrealised loss on unquoted sukuk - local		<u>(2,523,058)</u>		
Total unquoted sukuk - local		<u>7,802,758</u>		

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

(c) Unquoted sukuk - local (continued)

(ii) Unquoted sukuk - local as at 30 September 2021 are as follows:

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

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

9 CASH AND CASH EQUIVALENTS

	<u>2022</u> RM	<u>2021</u> RM
Cash and bank balances	120,424	240,793
Shariah-based deposits with licensed financial institutions	2,019,110	790,252
	<u>2,139,534</u>	<u>1,031,045</u>

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

	<u>2022</u> %	<u>2021</u> %
Shariah-based deposits with licensed financial institutions	<u>2.40</u>	<u>1.65</u>

Shariah-based deposits with licensed financial institutions have an average maturity of 3 days (2021: 1 day).

10 NUMBER OF UNITS IN CIRCULATION

	<u>2022</u> No. of units	<u>2021</u> No. of units
At the beginning of the financial period	44,472,000	46,486,000
Creation of units arising from applications	1,842,000	13,161,957
Creation of units arising from distribution	2,262,516	1,598,390
Cancellation of units during the financial period	(2,308,516)	(8,704,390)
At the end of the financial period	<u>46,268,000</u>	<u>42,697,000</u>

11 SHARIAH INFORMATION OF THE FUND

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

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

AFFIN HWANG AIIAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS

- (i) Details of transactions with the top 10 brokers and dealers for the 6 months financial period ended 30 September 2022 are as follows:

<u>Name of brokers/dealers</u>	<u>Value of trade</u> RM	<u>Percentage</u> <u>of total</u> <u>trade</u> %	<u>Brokerage</u> <u>fees</u> RM	<u>Percentage</u> <u>of total</u> <u>brokerage</u> %
Affin Hwang Investment Bank Bhd#*	3,000,758	30.11	4,942	25.02
Macquarie Capital Securities (M) Sdn Bhd	1,148,282	11.52	2,881	14.59
Public Investment Bank Berhad	1,062,177	10.66	2,655	13.44
UOB Kay Hian Securities (M) Sdn Bhd	947,662	9.51	2,400	12.15
Hong Leong Investment Bank Bhd	735,948	7.38	1,840	9.32
RHB Investment Bank Bhd	565,862	5.68	1,415	7.16
RHB Bank Bhd	520,300	5.22	-	-
Kenanga Investment Bank Bhd	519,659	5.21	1,299	6.58
CIMB Bank Bhd	423,907	4.25	339	1.72
CLSA Securities Malaysia Sdn Bhd	268,363	2.69	609	3.08
Others	774,782	7.77	1,371	6.94
	<u>9,967,700</u>	<u>100.00</u>	<u>19,751</u>	<u>100.00</u>

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

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

Included in transactions with dealers and brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a former holding company of the Manager amounting RM3,000,758 (2021: RM12,324,557). The Manager is of the opinion that all transactions with the related companies have been entered into the normal course of business at agreed terms between the related parties.

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

12 TRANSACTIONS WITH BROKERS AND DEALERS

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

<u>Name of brokers/dealers</u>	<u>2022</u> RM	<u>2021</u> RM
Affin Hwang Investment Bank Bhd#	499,810	1,723,360
Bank Muamalat Malaysia Bhd	-	510,700
	<u>499,810</u>	<u>2,234,060</u>

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

	<u>2022</u> RM	<u>2021</u> RM
Affin Hwang Aiiman Income Plus Fund	-	724,860
Affin Hwang Aiiman Select Income Fund	-	506,000
Affin Hwang Enhanced Deposit Fund	202,000	-
Affin Hwang Select Cash Fund		1,003,200
Private mandates managed by the Manager	297,810	-
	<u>499,810</u>	<u>2,234,060</u>

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

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

<u>Related parties</u>	<u>Relationships</u>
CVC Capital Partners Asia V L.P., CVC Capital Partners Investment Asia L.P. and CVC Capital Partners Asia V Associates L.P. (collectively known as "CVC Asia V")	Ultimate holding companies of the Manager
CVC Capital Partners Asia V Limited	General Partner of the ultimate holding companies
Lembaga Tabung Angkatan Tentera ("LTAT")	Former ultimate holding corporate body of the Manager
Affin Bank Berhad ("ABB")	Former penultimate holding company of the Manager
Affin Hwang Investment Bank Berhad	Former holding company of the Manager

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

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

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

<u>Related parties</u> (continued)	<u>Relationships</u> (continued)
Starlight TopCo Limited	Penultimate holding company of the Manager
Starlight Universe Limited	Intermediate holding company of the Manager
Starlight Asset Sdn Bhd	Immediate holding company of the Manager
Nikko Asset Management International Limited ("NAM")	Substantial shareholder of the Manager
Affin Hwang Asset Management Berhad ("AHAM")	The Manager
Subsidiaries and associated companies of CVC Asia V as disclosed in their financial statements	Subsidiaries and associated companies of the ultimate holding companies of the Manager
Subsidiaries and associated companies of ABB as disclosed in its financial statements	Subsidiaries and associated companies of the former penultimate holding company of the Manager
Directors of Affin Hwang Asset Management Berhad	Directors of the Manager

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

	<u>2022</u>		<u>2021</u>	
			No. of units	RM
<u>The Manager:</u>				
Affin Hwang Asset Management Berhad (The units are held legally for booking purposes)	2,600	1,005	2,535	1,434
<u>Subsidiary and associated companies of the former penultimate holding company of the Manager:</u>				
ABB Nominee (Tempatan) Sdn Bhd (The units are held beneficially)	-	-	701,247	396,625

AFFIN HWANG AII MAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

14 TOTAL EXPENSE RATIO (“TER”)

	6 months financial period ended <u>30.9.2022</u> RM	6 months financial period ended <u>30.9.2021</u> RM
TER	<u>0.85</u>	<u>0.86</u>

TER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis was RM18,678,362 (2021: RM26,093,862).

15 PORTFOLIO TURNOVER RATIO (“PTR”)

	6 months financial period ended <u>30.9.2022</u>	6 months financial period ended <u>30.9.2021</u>
PTR (times)	<u>0.30</u>	<u>0.68</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 = RM4,452,474 (2021: RM16,058,097)
total disposal for the financial period = RM6,630,481 (2021: RM19,328,421)

AFFIN HWANG AIIMAN BALANCED FUND

NOTES TO THE UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (CONTINUED)

16 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Change in corporate shareholding of Affin Hwang Asset Management Berhad

On 28 January 2022, Affin Bank Berhad announced that funds advised by CVC Capital Partners, a leading global private equity and investment advisory firm with approximately US\$125 billion of assets under management, has agreed to acquire approximately 68% of the equity interest in Affin Hwang Asset Management Berhad.

The Acquisition has been approved by Securities Commissions Malaysia on 1 July 2022, and upon completion of the Acquisition on 29 July 2022, Affin Hwang Asset Management Berhad has ceased to be a subsidiary of Affin Hwang Investment Bank Berhad.

AFFIN HWANG AIIMAN BALANCED FUND

STATEMENT BY THE MANAGER

I, Dato' Teng Chee Wai, for and on behalf of the board of directors of the Manager, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion of the Manager, the financial statements set out on pages 1 to 36 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2022 and of its financial performance, changes in equity and cash flows for the financial period ended 30 September 2022 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

DATO' TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 November 2022

DIRECTORY OF SALES OFFICE

HEAD OFFICE

AHAM Asset Management Berhad
Ground Floor
Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Tel : 03 – 2116 6000
Fax : 03 – 2116 6100
Toll free no : 1-800-88-7080
Email:customer@aham.com.my

PERAK

AHAM Asset Management Berhad
1, Persiaran Greentown 6
Greentown Business Centre
30450 Ipoh Perak

Tel : 05 – 241 0668
Fax : 05 – 255 9696

PETALING JAYA

AHAM Asset Management Berhad
C-31-1, Jaya One
72A Jalan Prof Diraja Ungku Aziz
Section 13
46200 Petaling Jaya
Selangor

Tel : 03 – 7760 3062

MELAKA

AHAM Asset Management Berhad
Ground Floor, No. 584, Jalan Merdeka
Taman Melaka Raya
75000 Melaka

Tel : 06 – 281 2890
Fax : 06 – 281 2937

JOHOR

AHAM Asset Management Berhad
Unit 22-05, Level 22
Menara Landmark
No. 12, Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

Tel : 07 – 227 8999
Fax : 07 – 223 8998

SABAH

AHAM Asset Management Berhad
Unit 1.09(a), Level 1
Plaza Shell
29, Jalan Tunku Abdul Rahman
88000 Kota Kinabalu
Sabah

Tel : 088 – 252 881
Fax : 088 – 288 803

SARAWAK

AHAM Asset Management Berhad
Ground Floor, No. 69
Block 10, Jalan Laksamana Cheng Ho
93200 Kuching
Sarawak

Tel : 082 – 233 320
Fax : 082 – 233 663

AHAM Asset Management Berhad
1st Floor, Lot 1291
Jalan Melayu, MCLD
98000 Miri
Sarawak

Tel : 085 – 418 403
Fax : 085 – 418 372

AHAM Asset Management Berhad

(Formerly known as Affin Hwang Asset Management Berhad)
Registration No: 199701014290 (429786-T)

Ground Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.

Toll Free Number: 1800 88 7080 T: +603 2116 6000 F: +603 2116 6100

www.aham.com.my