TradePlus
Shariah Gold Tracker

Quarterly Report
31 December 2017

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

AFFIN HWANG
CAPITAL

MANAGER
Affin Hwang Asset Management Berhad (429786-T)

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

TRADEPLUS SHARIAH GOLD TRACKER

Quarterly Report and Financial Statements
As at 31 December 2017

Contents	**Page**

FUND INFORMATION

Fund Name	TradePlus Shariah Gold Tracker
Fund Type	Gold price performance tracking fund
Category	Shariah-compliant commodity exchange-traded fund
Objective	The Fund aims to provide investors with investment results that closely track the performance of Gold price
Distribution Policy	There will be no distribution of income
Benchmark	LBMA Gold Price AM

MANAGER'S REPORT

Performance of the Exchange-Traded Fund (28 November 2017 – 31 December 2017)

For the period under review from 28 November 2017 (date of launch) to 31 December 2017, the TradePlus Shariah Gold Tracker (the "ETF") registered a return of 0.0% while the Benchmark gained 0.20%. The Net Asset Value (NAV) per Unit of the ETF as at 31 December 2017 and 28 November 2017 was the same at USD0.4300, while in MYR terms the NAV per Unit was RM1.7391 and RM1.7627 respectively. On total NAV basis, the Fund's NAV stood at USD 7.998 million (RM 32.349 million) as at 31 December 2017. (See Table 1 for performance of the Fund and Figure 1 for movement of the Fund versus the Benchmark respectively).

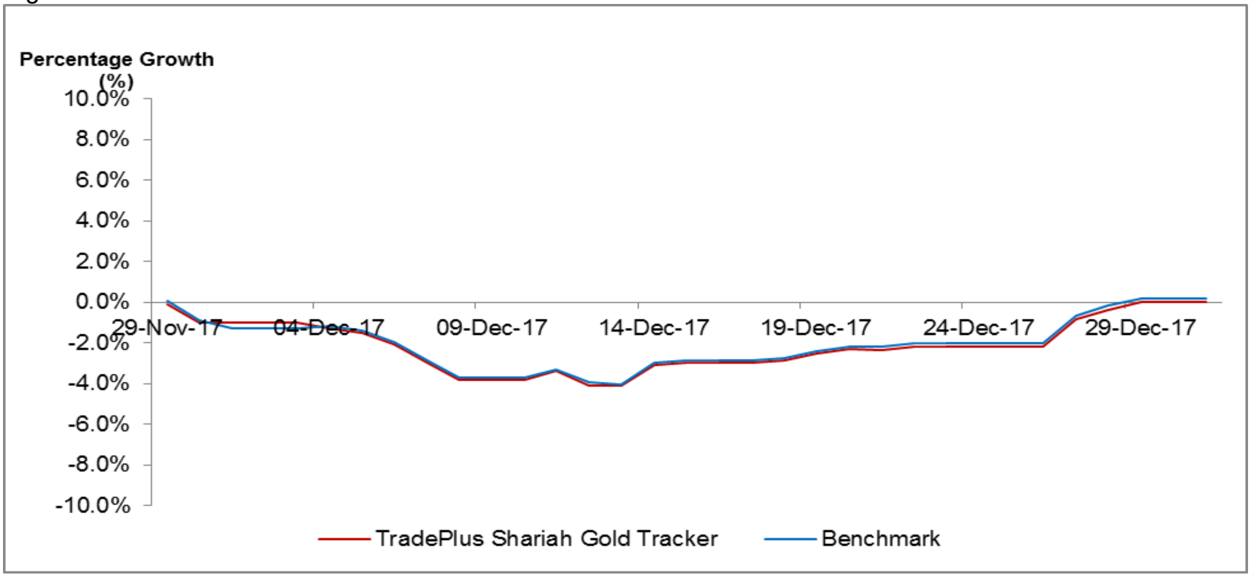
Table 1: Performance as at 31 December 2017

	Since Commencement (28/11/17 - 31/12/17)	
	In USD term	**In MYR term**
Fund	**0.00%**	**-1.33%**
Benchmark	**0.20%**	**-1.14%**

Source of Benchmark: Bloomberg

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

Figure 1: Movement of the Fund versus the Benchmark



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

Strategies Employed

The Manager maintained a minimum investment level of 95% in physical Gold Bars purchased from LBMA accredited refineries. As at 31 December 2017, the Fund has invested 99.53% of its NAV in physical Gold Bars while the remaining balance is kept in cash.

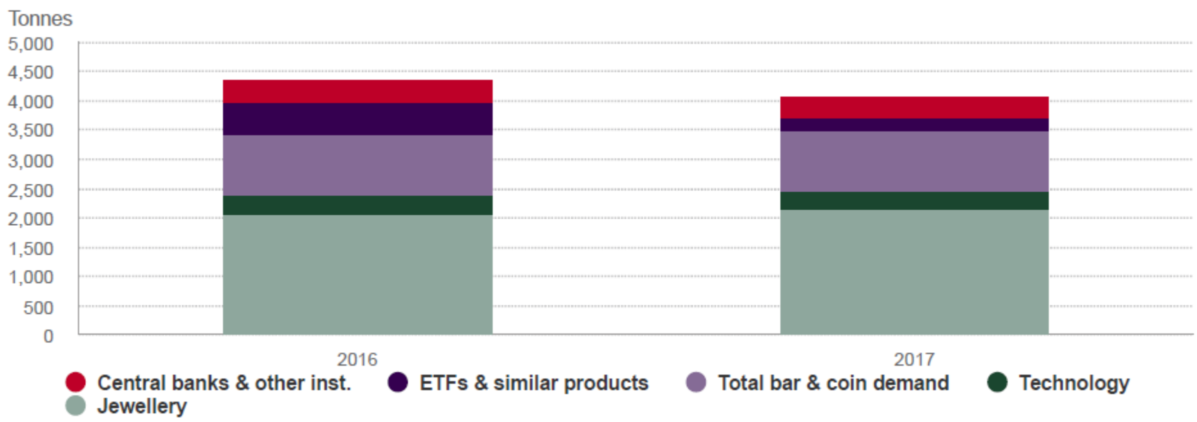
Review of Market (28 November 2017 – 31 December 2017)

During the period under review (28 November to 29 December 2017), gold registered a 0.2% return in USD term, driven largely by external factors such as U.S. Fed rate hike, strong equities market, and a weak U.S. dollar. While gold performance in USD term is positive, gold registered a decline of 0.3% in MYR term attributed by the strengthening of Ringgit during that period.

From a demand perspective, 2017 full year demand on gold lagged behind 2016's stellar growth. According to the World Gold Council, central banks added 371.4t to global official gold reserves, 5% down on 2016's net purchases, while bar and coin demand fell 2% on a sharp drop in US retail investment. They also added that India and China led a 4% recovery in jewellery, although demand remains below historical averages. The increased use of gold in smartphones and vehicles ignited technology's demand since 2010.

The 7% decline in demand in 2017 was largely investment-related as seen in Chart 1.

Chart 1



Source: Metals Focus; World Gold Council

On the supply side, total supply of gold fell by 4% to 4,398.4 tonnes as gold recycling activity normalised from a high base in 2016. Mine production was largely flat at 3,268.7 tonnes.

Investment Outlook

Going into 2018, we expect global growth to continue its upward trend. With such expectation, we expect demand for gold jewellery, gold bars, gold coins, tablets and smartphones to rise as income rises with economic growth.

The pick-up in global growth has been supporting the commodity prices as well as commodity currencies, while outflows of capital from the US weighs on the Dollar. Generally, a weak US dollar is good for gold.

Given that asset prices around the world had hit its multi-year highs in 2017 and valuations becoming very rich, we expect more investors to seek protection from a potential tumble in share markets. In addition, investors may also look to seek protection through gold given the resurgence of inflation. The low correlation between gold and most asset classes increases its appeal as a diversifier which could prop up demand.

State of Affairs of the Fund

There is neither any significant change to the state of 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

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2017

	Note	Financial period from 28.11.2017 (date of launch) to 31.12.2017	
		USD	Convenience translation into RM
INVESTMENT INCOME			
Interest income		67	272
Net gain on financial assets at fair value through profit or loss	8	86,969	351,744
		87,036	352,016
EXPENSES			
Management fee	4	(2,792)	(11,292)
Trustee fee	5	(335)	(1,355)
Custody fee	6	(1,117)	(4,517)
Auditors' remuneration		(413)	(1,672)
Tax agent's fee		(69)	(279)
Shariah advisory fee		(83)	(334)
Transaction cost		(7,131)	(28,843)
Other expenses		(430)	(1,738)
		(12,370)	(50,030)
NET PROFIT BEFORE TAXATION		74,666	301,986
TAXATION	7	-	-
NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		74,666	301,986
Net profit after taxation is made up of the following:			
Realised amount		(12,303)	(49,758)
Unrealised amount		86,968	351,744
		74,666	301,986

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

STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2017

	Note	31.12.2017 USD	31.12.2017 Convenience translation into RM
ASSETS			
Financial asset at fair value through profit or loss	8	7,960,857	32,197,688
Cash and cash equivalents		42,622	172,384
TOTAL ASSETS		8,003,479	32,370,072
LIABILITIES			
Amount due to Manager			
- management fee		2,792	11,292
Amount due to Trustee		335	1,355
Auditors' remuneration		413	1,672
Tax agent's fee		69	279
Shariah advisory fee		83	334
Other payables and accruals		1,371	5,547
TOTAL LIABILITIES		5,063	20,479
NET ASSET VALUE OF THE FUND		7,998,416	32,349,593
EQUITY			
Unitholders' capital		7,923,750	32,047,607
Retained earnings		74,666	301,986
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		7,998,416	32,349,593
NUMBER OF UNITS IN CIRCULATION	9	18,600,000	18,600,000
NET ASSET VALUE PER UNIT		0.4300	1.7392

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2017

	Unitholder's capital		Retained earnings		Total	
	USD	Convenience translation into RM	USD	Convenience translation into RM	USD	Convenience translation into RM
Balance as at 28 November 2017 (date of launch)	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	74,666	301,986	74,666	301,986
Movements in unitholders' capital:						
Creation of units arising from application	7,923,750	32,047,607	-	-	7,923,750	32,047,607
Balance as at 31 December 2017	7,923,750	32,047,607	74,666	301,986	7,998,416	32,349,593

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2017

	Financial period from 28.11.2017 (date of launch) to 31.12.2017	
	USD	Convenience translation into RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of investments	(7,873,889)	(31,845,944)
Interest received	67	272
Payment for other fees and expenses	(7,306)	(29,551)
Net cash used in operating activities	(7,881,128)	(31,875,223)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from creation of units	7,923,750	32,047,607
Net cash generated from financing activity	7,923,750	32,047,607
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,622	172,384
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	42,622	172,384

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2017

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

The Fund has applied the following amendments for the first time the financial period beginning on 28 November 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'

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

(b) The new standard and amendments to the published standard that is applicable to the Fund but not yet effective and has not been early adopted is as follows:

(i) Financial year beginning on/after 1 January 2018

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

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

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(i) Financial year beginning on/after 1 January 2018 (continued)

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

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

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

The Fund has reviewed its financial assets and liabilities and does not expect any impact from the adoption of the new standard on 1 January 2018.

There will be no impact on the Fund's accounting for financial assets at the Fund's equity investments currently measured at fair value through profit or loss will continues to be measured on the same basis under MFRS 9.

There will be no impact on the Fund's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost. Based on the assessments undertaken to date, the Fund does not expect any loss allowance to be recognised upon adoption of MFRS 9.

B INCOME RECOGNITION

For commodity, realised gains and losses on sale of investments are accounted for as the difference between the net disposal proceeds and the carrying amount of investments, determined on a weighted average cost basis.

C TRANSACTION COSTS

Transaction costs are costs incurred in relation to any particular transaction or dealing, all stamps and other duties, taxes, government charges, brokerage, bank charges, transfer fees. Registration fees, transaction levies, costs of assay, insurance, import duties and other duties and charges whether in connection with the constitution of the Fund, the Fund's deposited Gold bullion or the increase or decrease of the Fund Assets (other than income) or the creation, issue, transfer, cancellation, or redemption of units or the acquisition or disposal of Gold bullions or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing.

D TAXATION

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

E FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"), which is United States Dollar. The Fund adopt United States Dollar and Ringgit Malaysia as its presentation currency.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund designates its investment in commodity as financial assets at fair value through profit or loss at inception. Financial assets are designated at fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund's loans and receivables comprise cash and cash equivalents.

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

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

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

Gains 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 and loss’ in the period which they arise.

Commodity comprises gold bullion and is designated at fair value through profit or loss upon initial recognition. The commodity is recognised when the commodity is received into the vault of the Custodian.

The fair value of gold bullion as at the reporting date is determined by reference to prices published by the London Bullion Market Association (“LBMA”). Differences arising from changes in gold prices are recorded in profit or loss.

The commodity is derecognised when the risks and rewards of ownership have all been substantially transferred.

Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

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

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate.

The asset’s carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If “loans and receivables” or a “held-to-maturity investment” has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Fund may measure impairment on the basis of an instrument’s fair value using an observable market price.If, in a subsequent financial year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

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

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which is subject to an insignificant risk of changes in value.

H UNITHOLDERS' CAPITAL

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

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

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

Units are created and cancelled at the Participating Dealer'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 unit holders with the total number of outstanding units.

I SEGMENT REPORTING

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

J CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2017

1 INFORMATION ON THE FUND

The Exchange Traded Fund was constituted under the name Tradeplus Shariah Gold Tracker (the "Fund") pursuant to the execution of a Deed dated 25 September 2017 (the "Deed") entered into between Affin Hwang Asset Management Berhad (the "Manager") and TMF Trustees Malaysia Berhad (the "Trustee").

The Fund commenced operations on 28 November 2017 and will continue its operations until terminated by the Trustee as provided under Section 23.2 of the Deed.

The Fund will invest a minimum of 95% of the Fund's NAV in physical Gold bullion purchased from LBMA accredited refineries to meet the Fund's objective.

The Fund main objective is to provide investors with investment results that closely track the performance of Gold price.

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

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	Loans and receivables		Financial assets at fair through profit or loss		Total	
		USD	Convenience translation into RM	USD	Convenience translation into RM	USD	Convenience translation into RM
31.12.2017							
Commodity	8	-	-	7,960,857	32,197,688	8,003,479	32,370,072
Cash and cash equivalents		42,622	172,384	-	-	42,622	172,384
Total		42,622	172,384	7,960,857	32,197,688	8,003,479	32,370,072

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

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

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

Market risk

(a) Price risk

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

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

	31.12.2017	
	USD	Convenience translation into RM
Commodity		
Gold bullion designated at fair value through profit or loss	7,960,857	32,197,688

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

% change in price	Commodity		Impact on profit after tax/ NAV	
	USD	Convenience translation into RM	USD	Convenience translation into RM
31.12.2017				
-5%	7,562,814	30,587,804	(398,043)	(1,609,884)
0%	7,960,857	32,197,688	-	-
+5%	8,358,900	33,807,572	398,043	1,609,884

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

Credit risk

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

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

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

	Cash and cash equivalents		Total	
	USD	Convenience translation into RM	USD	Convenience translation into RM
31.12.2017				
Financials				
- AAA	42,622	172,384	42,622	172,384

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

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 liquid assets to meet anticipated payment and cancellations of units by unitholders. Liquid assets comprise cash, 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.

	Within one month		Between one month to one year		Total	
	USD	Convenience translation into RM	USD	Convenience translation into RM	USD	Convenience translation into RM
31.12.2017						
Amount due to Manager - management fee	2,792	11,292	-	-	2,792	11,292
Amount due to Trustee	335	1,355	-	-	335	1,355
Auditor’s remuneration	-	-	413	1,672	413	1,672
Tax agent’s fee			69	279	69	279
Shariah advisory fee	-	-	83	334	83	334
Other payables and accruals	188	759	1,183	4,788	1,371	5,547
Total	3,315	13,406	1,748	7,073	5,063	20,479

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 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 unitholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

Reclassification of Shariah status risk

The risk that the currently held Shariah-compliant commodity in the portfolio of Shariah-compliant funds may be reclassified to be Shariah non-compliant upon review of the commodity by the Shariah Advisory Council of the Securities Commission performed at the end of each quarter. If this occurs, the Manager and the Trustee shall have the discretion to wind-up the Fund or take such other action as the Manager, the Trustee and the Shariah Adviser may deem appropriate.

3 FAIR VALUE ESTIMATION

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

The fair value of financial assets traded in active market is based on quoted market prices at the close of trading on the period end date.

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

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

(i) Fair value hierarchy

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

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

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.

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:

	Level 1		Level 2		Level 3		Total	
	USD	Convenience translation into RM	USD	Convenience translation into RM	USD	Convenience translation into RM	USD	Convenience translation into RM
Financial asset at fair value through profit or loss								
- Gold bullion	7,960,857	32,197,688	-	-	-	-	7,960,857	32,197,688
	7,960,857	32,197,688	-	-	-	-	7,960,857	32,197,688

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include Gold bullion. The Fund does not adjust the quoted prices for these instruments.

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

4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate up to 0.50% per annum of the NAV of the Fund calculated and accrued daily using the Fund's Base currency.

For the financial period ended 31 December 2017, the management fee is recognised at a rate of 0.50% per annum on the NAV of the Fund calculated on a daily basis.

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

5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate up to 0.06% per annum (excluding custody fees and charges) of the NAV of the Fund calculated and accrued daily using the Fund's Base currency.

For the financial year period 31 December 2017, the Trustee fee is recognised at a rate of 0.06% per annum on the NAV of the Fund calculated on a daily basis.

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

6 CUSTODIAN FEE

In accordance with the Deed, the Custodian is entitled to an annual fee at a rate 0.20% per annum of the value of the Gold bullion held by the Custodian of the Fund calculated and accrued daily using the Fund's Base currency

7 TAXATION

	Financial period from 28.11.2017 (date of launch) to 31.12.2017	
	USD	Convenience translation into RM
Current taxation	-	-

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

	Financial period from 28.11.2017 (date of launch) to 31.12.2017	
	USD	Convenience translation into RM
Net profit before taxation	74,666	301,986
Tax at Malaysian statutory tax rate of 24%	17,920	72,477
Tax effects of:		
Investment income not subject to tax	(20,888)	(84,483)
Expenses not deductible for tax purposes	2,891	11,695
Restriction on tax deductible expenses for exchange traded fund	77	311
	-	-

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2017	
	USD	Convenience translation into RM
Designated at fair value through profit or loss at inception:		
- Commodity	7,960,857	32,197,688
Net gain on assets at fair value through profit or loss:		
- unrealised gain	86,969	351,744

(a) Commodity

(i) Commodity as at 31 December 2017 is as follows:

	Quantity	Aggregate cost		Fair value		Percentage of NAV
	Units	USD	Convenience translation into RM	USD	Convenience translation into RM	%
COMMODITY						
Gold bullion	6,140	7,873,888	31,845,944	7,960,857	32,197,688	99.53
Total commodity	6,140	7,873,888	31,845,944	7,960,857	32,197,688	99.53
Accumulated unrealised gain on commodity		86,969	351,744			
Total commodity		7,960,857	32,197,688			

9 NUMBER OF UNITS IN CIRCULATION

	2017
	No. of units
At the date of launch	-
Creation of units arising from applications during the financial period	18,600,000
At the end of the financial period	18,600,000

10 SHARIAH INFORMATION OF THE FUND

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

(a) Gold bullion as approved by the Securities Commission; and
(b) Cash placements and liquid assets in local market, which are placed in Shariah-compliant investments and/or instruments.

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

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

Related parties	Relationships
Affin Hwang Asset Management Berhad	The Manager
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager
Aiiman Asset Management Sdn Bhd	Subsidiary of the Manager
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

The units held by the related parties are as follows:

	31.12.2017		
	No. of units	USD	Convenience translation into RM
The Manager:			
Affin Hwang Asset Management Bhd (The units are held legally)	5,034,400	2,164,792	8,755,501
Holding company of the Manager:			
Affin Hwang Investment Bank Berhad (The units are held legally)	1,628,800	700,384	2,832,703
Subsidiary of the Manager			
Aiiman Asset Management Sdn Bhd (The units are held legally)	4,640,000	1,995,200	8,069,587

12 MANAGEMENT EXPENSE RATIO ("MER")

	Financial period from 28.11.2017 (date of launch) to 31.12.2017
	%
MER	0.08

MER is derived from the following calculation:

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

A = Management fee
B = Trustee fee
C = Auditors' remuneration
D = Tax agent's fee
E = Shariah advisory fee
F = Other expenses excluding the goods and services tax on transaction costs
G = Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is USD6,176,167; Convenience translation into RM24,979,507

13 PORTFOLIO TURNOVER RATIO ("PTR")

	Financial period from 28.11.2017 (date of launch) to 31.12.2017
PTR (times)	0.64

PTR is derived from the following calculation:

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

where: total acquisitions for the financial period = USD7,881,021;
Convenience translation into RM31,874,788
total disposals for the financial period = Nil

14 SEGMENT INFORMATION

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

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

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

There were no changes in the reportable segments during the financial period.

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

15 COMPARATIVES

There are no comparative figures as this is the first set of quarterly unaudited financial statements prepared since the launch of the Fund.

www.affinhwangam.com

Affin Hwang Asset Management Berhad (429786-T)