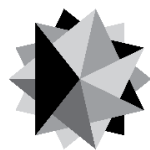


TradePlus

Shariah Gold Tracker

Annual Report
31 December 2018

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

Audited Annual Report and Financial Statements For The Financial Year Ended 31 December 2018

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GENERAL INFORMATION

MANAGER

Affin Hwang Asset Management Berhad (429786-T)

Registered Office:

27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

Business Office:

Ground Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2116 6000
Fax No.: 03 – 2116 6100
Toll Free No.: 1-800-88-7080
E-mail: customercare@affinhwangam.com
Website: www.affinhwangam.com

EXTERNAL FUND MANAGER

AiIMAN Asset Management Sdn Bhd (256674-T)

Registered Office:

27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

Business Office:

14th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2116 6000
Fax No.: 03 – 2116 6100
Toll Free No.: 1-300-88-8830
E-mail: contact.us@aiiman.com
Website: www.aiiman.com

MANAGER'S DELEGATE

(fund valuation & accounting function)

TMF Trustees Malaysia Berhad (610812-W)

Registered & Business Address:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee,
50250 Kuala Lumpur
Tel. No.: 03 – 2382 4288
Fax No.: 03 – 2026 1451

TRUSTEE

TMF Trustees Malaysia Berhad (610812-W)

Registered & Business Address:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee,
50250 Kuala Lumpur
Tel. No.: 03 – 2382 4288
Fax No.: 03 – 2026 1451
E-mail: fundserviceskl@tmf-group.com
Website: www.tmf-group.com

TRUSTEE'S DELEGATE

(Custodian)

Registered & Business Address:

Standard Chartered Bank
1 Basinghall Avenue
London, EC2V 5DD
England
Tel. No.: +44 (0)20 7885 8888
Email: tmu.bullion@sc.com
Website: www.sc.com

COMPANY SECRETARY

Azizah Shukor (LS0008845)
27th Floor Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur

SHARIAH ADVISER

Amanie Advisors Sdn Bhd (684050-H)
Level 13A-2
Menara Tokio Marine Life
189, Jalan Tun Razak
50400 Kuala Lumpur
Tel. No.: 03 2161 0260
Fax No.: 03 2161 0262

REGISTRAR

Affin Hwang Asset Management Berhad (429786-T)
27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

FUND INFORMATION

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

BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 DECEMBER 2018

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	-	-	-
100 - 1,000	18	10,400	0.04
1,001 - 10,000	45	210,900	0.86
10,001 - 100,000	13	407,300	1.66
100,001 - < 5% *	10	23,971,400	97.44
>= 5% *	-	-	-
Total	86	24,600,000	100.00

5% * - 5% Issued Shares or Paidup Capital of the stock

FUND PERFORMANCE DATA

Category	As at 31 Dec 2018 (%)
Portfolio composition	
Commodity – Gold Bullion	99.90
Cash and Cash Equivalent	0.10
Total	100.00
Total NAV (million)	10.352
NAV per Unit (in respective currencies)	0.4028
Unit in Circulation (million)	24.600
Highest NAV per unit	0.4508
Lowest NAV per unit	0.3883
Return of the Fund (%) ⁱⁱⁱ	-2.37
- Capital Growth (%) ⁱ	-2.37
- Income Distribution (%) ⁱⁱ	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expense Ratio (%)	1.16
Portfolio Turnover Ratio (times)	0.56
Tracking Error	0.14

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

Capital Returnⁱ = {NAV per Unit @ 31/12/18 ÷ NAV per Unit @ 28/11/17* – 1} x 100
= {0.4208 ÷ 0.4310 – 1} x 100
= **-2.37%**

Total Income Returnⁱⁱ = {Income Return @ex-date x Income Return @ex-date}-1x100
= **Nil**

Return of the Fundⁱⁱⁱ = [(1 + Capital Return) x (1 + Income Return)] – 1] x 100
= [(1 + (-2.37%)) x (1 + 0.00%)] – 1] x 100
= **-2.37%**

* Source – TMF Trustees Malaysia Berhad

Table 1: Performance of the Fund

	Since Commencement (29/11/17 - 31/12/18)
	USD
Fund	(2.37%)
Benchmark	(0.95%)
Outperformance / (Underperformance)	(1.42%)

Table 2: Average Total Return

	Since Commencement (29/11/17 - 31/12/18)
	USD
Fund	(2.17%)
Benchmark	(0.87%)
Outperformance / (Underperformance)	(1.30%)

Table 3: Annual Total Return

	FYE 2018 (29/11/17 - 31/12/18)
	USD
Fund	(2.37%)
Benchmark	(0.95%)
Outperformance / (Underperformance)	(1.42%)

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

MANAGER'S REPORT

Performance Review

For the period under review from 29 November 2017 to 31 December 2018, the Fund registered a -2.37% return compared to the benchmark which yielded a return of -0.95%. The Fund thus underperformed the Benchmark by 1.42% mainly attributed by transaction costs and fees and expenses of the Fund. The Net Asset Value ("NAV") per unit of the Fund as at 31 December 2018 was USD 0.4208 compared to its NAV per unit as at 28 November 2017 was USD 0.4310.

During the period under review, The Fund has met its objective by providing investors with investment results that closely track the performance of Gold price.

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."

Benchmark: LBMA Gold Price AM

Income Distribution / Unit Split

No income distribution or unit split were declared for the financial year ended 31 December 2018.

Asset Allocation

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

Figure 2: Asset Allocation of the Fund

	<u>31 Dec 2018</u>
	(%)
Commodity – Gold Bullion	99.90
Cash and Cash Equivalent	0.10
Total	<u>100.00</u>

As at 31 December 2018, the ETF's asset allocation stood at 99.90% in commodity while the remaining was held in cash and cash equivalent.

Strategies Employed

The Manager maintained a minimum investment level of 95% in physical Gold Bars purchased from LBMA accredited refineries. As at 31 December 2018, the Fund's AUM stood at USD0.352 million, with 99.90% of the fund's NAV invested in physical Gold bars while the remaining balance was kept in cash.

Market Review

Volatility came roaring back in 2018, as emerging markets (EMs) saw a "tantrum-like" sell-off where investors' appetite for risk-assets tapered off significantly on the back of fractious developments within Turkey and Argentina that have sent both their currencies into free fall. Investors ploughed back money into the US on signs of quicker growth, rising interest rates and a stronger greenback that has undermined the attraction of riskier EM assets. Regionally, the MSCI Asia ex-Japan Index was weighed down by external risk, plunging 16.38% in the period under review.

Risk of a contagion effect to the rest of EMs had investors trading cautiously even though economic linkages between the two countries and the rest of Asia wasn't apparent. The market sell-off was exacerbated further by outflows due to the de-risking of global EM funds. Global fund managers posited similar characteristics from Turkey & Argentina to other economies that might share some of these symptoms such as a high current account deficit and reliance on foreign debt.

Trade remained a key overhang of markets following a fresh round of tariffs, where the Trump administration announced 10.0% duties on USD200 billion worth of Chinese imports which took effect on September 2018. Washington had previously toyed with imposing a 25.0% tariff rate that was subsequently postponed to next year. China swiftly retaliated by imposing tariffs of their own on USD60 billion worth of US goods ranging between 5.0-10.0%. The two global powerhouses have already slapped tariffs on USD50 billion worth of goods throughout its trade skirmish, before the new wave of tariffs in September.

A sharp depreciation of the Chinese yuan also dragged down the rest of the EMs, as a high correlation between markets led to further pain within other Asian currencies. The yuan has shed over 5% of its value YTD, when trade tensions started to brew. Due to concerns over trade-frictions with the US and possible second-order impacts on the Chinese economy that could manifest into slower investment and softer consumption, Beijing has shifted slightly towards a more neutral tone that leaves more room for China to loosen its grip on deleveraging and policy easing.

On the local front, the 14th General Election (GE14) concluded with jaw-dropping results that stunned political pundits and pollsters. In a watershed election, the opposition won GE14 by wresting traditionally held strongholds from the incumbent by taking over states such as Johor, Kedah, and Melaka. Tun Dr. Mahathir aged 93 returns to parliament with a second stint as Prime Minister pledging institutional and fiscal reforms for the country. The benchmark KLCI fell 5.9% in the period under review, whilst the small-cap rout deepened with the small-cap index plunging 33.7%.

Gold demand in 2018 reached 4,345.1 tonnes (t), up from 4,159.9t in 2017 and in line with the five-year average of 4,347.5t. A multi-decade high in central bank buying (651.5t) drove annual growth. Demand was bumped up in the Q4'18 by 112.4t of ETF inflows, but annual inflows into these products (of 68.9t) were 67%

lower than 2017. Full year jewellery demand was steady at 2,200t. Gold used in technology climbed marginally to 334.6t in 2018, although growth ran out of steam in Q4. Annual gold supply firmed slightly to 4,490.2t, with mine production inching up to a new high of 3,364.9t. (Source: World Gold Council, January 2019)

Investment Outlook

The global economy is poised to continue to grow at an even keel albeit at a slower pace. We do not see major economic imbalances that would lead to a recession in the immediate term. That said, as we head into a late cycle, we are mindful that uncertainty will stay high from economic, policy and politics perspective. In terms of interest rate cycle, we have likely entered the tail-end of rate hike cycle globally, including in the US after 9 consecutive rate hikes given slower growth and benign inflation outlook.

Among the G3, while the US Federal Reserve (Fed) could potentially deliver 1 more rate hike depending on market condition, the European Central Bank (ECB) and Bank of Japan (BOJ) are likely to remain accommodative and keep interest rates unchanged. Outside G3, we believe the pressures for central banks to hike rates have subsided especially for Emerging Markets (EM) given low inflation and our expectation of limited upside for US Dollar (USD) as Fed turns dovish and delivers less hikes.

In a typical late cycle environment, inflation tends to rise as the economy overheats and that forces central banks to hike rates. The positives are that inflation has not and does not seem to be rising significantly. Weakening global demand and other underlying structural issues such as aging demographic, elevated debts and technology are the reasons why inflationary pressures have been benign. This allows global central banks to be patient in raising rates even though economic growth has picked up. Therefore, we believe future rate hikes, if any are limited and interest rates will stay lower for longer.

Amidst increased market uncertainty and the expansion of protectionist economic policies, we expect investors to flock to gold as a safe haven asset and hedge against volatility. Whilst, gold may face headwinds from higher interest rates and US dollar strength, these effects are expected to be limited as the Fed has signaled a more dovish stance.

Demand for gold will continue to be buoyed by emerging market demand which make up 70% of total gold consumer demand particularly China and India (Source: World Gold Council, January 2019). Gold will also be supported by a burgeoning middle class and the expanding use of gold in technological applications.

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.

THE MANAGER

Board of Directors

Name	TENG CHEE WAI
Designation	Managing Director / Chief Executive Director
Age	53
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> Bachelor of Science, National University of Singapore Post-Graduate Diploma in Actuarial Studies, City University in London.
Working Experience and Occupation	<ul style="list-style-type: none"> Founder of AHAM Assistant General Manager (Investment), Overseas Assurance Corporation Investment Manager, NTUC Income, Singapore
Date appointed to the Board	23 December 2004
Details of membership of any Board Committee in AHAM	None
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> Director of Affin Hwang Trustee Berhad Director of Bintang Capital Partners Berhad (formerly known as Affin Capital Services Berhad)
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	All the 7 Board Meetings

Name	DATUK MAIMOONAH BINTI MOHAMED HUSSAIN
Designation	Non-Independent Non-Executive Director
Age	61
Gender	Female
Nationality	Singaporean
Qualification	Bachelor of Accountancy, University of Singapore
Working Experience and Occupation	<p>Present:</p> <ul style="list-style-type: none"> Group Managing Director of Affin Hwang Investment Bank Berhad <p>Past:</p> <ul style="list-style-type: none"> Managing Director of Affin Hwang Investment Bank Berhad Director of Debt & Capital Markets, Affin Bank Berhad Head of Syndication-South East Asia, Standard Chartered Bank Singapore Director, Syndications, Standard Chartered Bank Malaysia Director, Structured Finance, Morgan Grenfell (Asia) Limited.
Date appointed to the Board	7 April 2014
Details of membership of any Board Committee in	None

AHAM	
Details of other Directorship in public companies and listed issuers	Director of Affin Hwang Trustee Berhad
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	All the 7 Board Meetings

Name	MAJ GEN DATO' HJ LATIP BIN ISMAIL (R)
Designation	Independent Non-Executive Director
Age	65
Gender	Male
Nationality	Malaysian
Qualification	Master in Business Administration, University of Victoria, Australia
Working Experience and Occupation	<p>Past:</p> <ul style="list-style-type: none"> • Inspector General of the Royal Malaysian Air Force (RMAF) • Various staff appointments including as Director at various headquarters of RMAF • Chief Instructor at RMAF Flying Training School, Alor Setar • Commandant of the RMAF Officer Cadet School in Subang Air Base • Commanding Officer of Labuan Air Base • Defence Attache, Embassy of Malaysia in Washington, United States of America • Commander of the Air Education and Training Command 2011 <p>Other Appointments:</p> <ul style="list-style-type: none"> • Member of the Chartered Institute of Transport
Date appointed to the Board	18 August 2014
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> • Member of Board Audit Committee • Member of Board Compliance and Risk Management Committee
Details of other Directorship in public companies and listed issuers	None
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	All the 7 Board Meetings

Name	ELEANOR SEET OON HUI (XUE ENHUI ELEANOR)
Designation	Non-Independent Non-Executive Director
Age	44
Gender	Female
Nationality	Singaporean
Qualification	Bachelor of Economics, University of New South Wales, Sydney
Working Experience and Occupation	Present:

	<ul style="list-style-type: none"> • Representative director • President and Director of Nikko Asset Management Asia Limited • Head of Asia ex-Japan of the Nikko Asset Management (Nikko AM) <p>Past:</p> <ul style="list-style-type: none"> • Director of South East Asia, AllianceBernstein <p>Other Appointments:</p> <ul style="list-style-type: none"> • Member of Financial Centre Advisory Panel set up by the Monetary Authority of Singapore (MAS) • Member of the Executive Committee of the Investment Management Association of Singapore (IMAS)
Date appointed to the Board	30 March 2018
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> • Member of Board Audit Committee • Member of Board Compliance and Risk Management Committee
Details of other Directorship in public companies and listed issuers	None
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	All the 6 Board Meetings held since her appointment as Director

Name	ABD MALIK BIN A RAHMAN
Designation	Independent Non-Executive Director
Age	71
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Chartered Accountant Member of the Malaysian Institute of Accountants • Fellow of the Association of Chartered Certified Accountants (UK) • Member of Malaysian Institute of Certified Public Accountants • Member of Certified Financial Planners (USA) • Member of Chartered Management Institute (UK) • Member of Malaysian Institute of Management
Working Experience and Occupation	<ul style="list-style-type: none"> • Various senior management positions in Peat Marwick Mitchell (currently known as KPMG), Esso Group of Companies, Colgate-Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd, Fima Metal Box Berhad and Guinness Anchor Berhad • General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (currently known as Westports Malaysia Sdn Bhd)
Date appointed to the Board	7 April 2014

Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> • Chairman of Board Audit Committee • Chairman of Board Compliance and Risk Management Committee
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> • Chairman of Affin Hwang Investment Bank Berhad • Director of Affin Bank Berhad • Director of Affin Holdings Berhad • Director of Boustead Heavy Industries Corporation Berhad • Director of Lee Swee Kiat Group Berhad • Director of Mah Sing Group Berhad • Director of Amway (Malaysia) Holdings Berhad
Conflict of interests with the Fund	None
List of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies other than traffic offences	None
Number of board meetings attended in the financial year	All the 7 Board Meetings

Director's Training

The Board acknowledges the importance of continuing education for its Directors. During the Financial Year Ended 2018, the Board members had attended various training programmes, workshops, seminars, briefings and/or conferences on various subjects in accordance to the respective Director's own training needs. These trainings include:

TENG CHEE WAI

Organiser	Name of Programme
BCA Academy	Geopolitics and Investing
FMTCS Sdn Bhd	Private Equity Fundamentals
FMTCS Sdn Bhd	Private Equity Investment Operations

SEET OON HUI ELEANOR (XUE ENHUI ELEANOR)

Organiser	Name of Programme
NUS Business School	5th Influential Women in Banking & Investments Forum
MAS	Launch of Tripartite Advisory on Human Capital Practices/Overseas Singaporeans in Finance initiative
MAS	Industry Engagement Session for Traditional Fund Managers
Financial & Professional Services Cluster Secretariat National Trades Union Congress (NTUC)	Financial Sector Tripartite Committee (FSTC) meetings
MAS	MAS LECTURE 2018
IBF	IBF Briefing on "The impact of wider integration of data analytics and automation on manpower in the Singapore Financial Services

	sector””
DBS	DBS ASIAN INSIGHTS CONFERENCE 2018
IBF	launch of IBF Careers Connect
IBF	IBF 2nd Briefing on “The Impact of Wider Integration of Data Analytics & Automation on Manpower in the Singapore Financial Services Sector”
NUS Business School	Third Productivity Research Network (PRN) Workshop
NUS Business School	Third Productivity Research Network (PRN) Workshop
NUS Business School	10th Wee Cho Yaw Singapore-China Finance and Banking Forum in Singapore on 6 September 2018
IHRP	IHRP: Invitation to the Masters (C-Suite Dialogue series)
IHRP	IHRP-MP Calibration Discussion
Securities Commission, Malaysia	Directors as gatekeepers of market participants
Securities Commission, Malaysia	Business challenges and regulatory expectations – What directors need to know (Fund Management)
Securities Commission, Malaysia	Risk oversight and compliance - Action plan for Board of directors
Securities Commission, Malaysia	Current and emerging regulatory issues in the capital market
BNP	BNP Paribas Sustainable Future Forum Singapore 2018
Financial & Professional Services Cluster Secretariat National Trades Union Congress (NTUC)	Financial Sector Tripartite Committee (FSTC) meetings
Bloomberg	BBG Buy-side Women's Network

MAJ GEN DATO’ HJ LATIP BIN ISMAIL (R)

Name of Programme
Anti-Money Laundering (AMLA) Refresher Course – AHAM Directors Programme
Affin Hwang Capital Conference Series
Affin Bank Group Board of Directors and Management Training (Risk, Challenges and Vulnerabilities Towards Regulatory Compliance)

ABD MALIK BIN A RAHMAN

Organiser	Name of Programme
FIDE FORUM	Managing Cyber Risks In Financial Institutions
Financial Planning Association of Malaysia (FPAM)-Capital Market Development Fund (CMDF)	Regulatory Compliance Challenges for Financial Planning/ Financial Advisor Firms & Licensed Representative

30% Club / Securities Commission	30% Club Business Leaders Roundtable Meeting with top 200 PLC's
FPAM	Y-E-S! The Feng Shui of Money - Managing Cash Flow to build Wealth
FIDE FORUM	5th BNM-Fide Forum Annual Dialogue: Up Close with the Deputy Governor of BNM
FPAM	My Estate: Administration of an Estate/Trust and for Planning the next Gen\$
BURSA MALAYSIA/IIAM	International Professional Practices Framework for Audit Committee
AHAM/ Sheila Hussain & Partners	Battling Money Laundering & Terrorism Financing in Malaysia - Refresher
FPAM	Financial Planning : Aging Well Financially & Growing Old with Dignity
SC	Invitation to the Launch of Institute of Corporate Directors Malaysia
MIA	MIA International Accountants Conference 2018 – “Riding the Digital Wave, Leading the Transformation”
SC/Capital Markets (M)	Green Financing : Funding Green Projects through The Islamic Capital Market
Affin Hwang Investment Bank Berhad	Affin Hwang Capital Conference series 2018: Rebuilding a New Malaysia Affin Hwang Capital Conference series 2018: Rebuilding a New Malaysia:- i. Pivoting Malaysia for FDIs and DDIs ii. Domestic Market Drivers: Economy, GLICs/GLCs Reforms and Politics iii. Policy and Market on a Collision Course: Successful Investing in a Turbulent Time iv. Deep Diving into Asia Macro Forces and Strategy v. Deep Diving into Asia Macro Forces and Strategy vi. Blockchain Development in the Financial Market vii. vii. MSC 2.0: Transformation of the Digital Economy viii. Across Asia and ASEAN: Exploring the Opportunities in 2019 ix. Blockchain as a Fintech Infrastructure
FIDE FORUM:	Emerging & Future Challenges of Directors – Guided Discussion

DATUK MAIMOONAH BINTI MOHAMED HUSSAIN

Name of Programme	Organiser
Ethics; Anti-Money Laundering, Anti-Terrorism Financing & Proceeds of Unlawful Activities Act 2001 (AMLA) and Personal Data Protection Act 2010 (PDPA)	Securities Industry Development Corporation (SIDC)

Operational Risk Management (ORM) & Business Continuity Management (BCM), IT Security	Risk Management & Information Technology
---	--

During the Financial Year Ended 2018, there were no public sanction or penalty that was imposed on the management company by the relevant regulatory bodies.

The External Fund Manager (Manager’s Delegate)

The investment management function of the Fund has been delegated by the Manager to the External Fund Manager, AIIAMAN Asset Management Sdn Bhd (“AIIAMAN”). Some of the main duties of the External Fund Manager for this delegated role are as follows:-

- (a) Manage the Fund in accordance with the objectives of the Fund, the permitted investments and investment restrictions described herein and the ETF Guidelines;
- (b) To exercise due care and vigilance in carrying out its functions and duties and comply with the relevant laws, directives and guidelines issued by the relevant authorities from time to time;
- (c) To employ an appropriate investment process for the Fund;
- (d) To seek to invest in assets which are in the External Fund Manager’s opinion, the most appropriate assets in relation to the Fund’s objectives; and
- (e) To report to the Manager on a periodical basis for oversight and monitoring purposes, including to discuss and review the performance of the Fund and its strategies.

The Custodian (Trustee’s Delegate)

The Trustee has appointed Standard Chartered Bank as custodian of the Gold Bars belonging to the Fund. The Custodian is responsible for safekeeping of the Fund’s Gold Bars deposited with it by the Manager under the delegated authority from the Trustee. All Gold Bars held by the Fund are safekept by the Custodian who is responsible for allocating specific bars of Gold Bars to the Fund Allocated Account. The Gold Bars are held on a fully “allocated” basis in the Fund Allocated Account. This means that the Fund has an account with the Custodian in the Fund’s name which will evidence that uniquely identifiable pieces of Gold Bars are “allocated” to the Fund and are physically segregated in the Sub-Custodian’s secure vault from precious metals (including Gold) belonging to other owners. All Gold Bars stored by the Sub-Custodian (as the delegate of the Custodian) will be clearly identifiable through the refiner’s brand and unique serial number. The ownership of the Gold Bars in the Fund Allocated Account belongs solely to the Fund.

The Custodian also facilitates the transfer of Gold in and out of the Fund through Gold accounts it maintains for the Gold Provider and the Fund. The Custodian provides the Trustee with regular reports detailing the Gold transfers in and out of the Fund Allocated Account and identifying the Gold Bars held in the Fund Allocated Account.

The Custodian has appointed the Sub-Custodian, Malca-Amit UK Ltd as its delegate for the safe-keeping of the Gold Bars belonging to the Fund. The Sub-Custodian holds all of the Fund’s Gold Bars at its secure vault premises located at Singapore. The Custodian will be responsible for and accepts liability for risk of loss of the Fund’s Gold Bars at all times when the Gold Bars are in the possession of the Sub-Custodian at its secured vault premises and the Custodian will further procure that Sub-Custodian segregates the Gold Bars belonging to the Fund from any other Gold or other precious metals which it owns or holds for its other clients.

THE SHARIAH ADVISER

The role of the Shariah Adviser, as experts in Shariah matters, is to advise on all Shariah matters of the Fund, and ensure the operations and investments of the Fund are in compliance with the Shariah principles.

The Shariah Adviser will provide Shariah supervision and advice to the Manager and the Trustee on all Shariah matters and ensure full compliance by the Fund with Shariah principles.

The Manager has appointed Amanie Advisors Sdn Bhd (“Amanie”) (backed by its international Shariah Supervisory Board) as the Fund’s Shariah Adviser. Amanie Advisors Sdn Bhd (“Amanie”) is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has

been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services. The company is led by Datuk Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of 8 full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. Amanie meets the Manager every quarter to address Shariah advisory matters pertaining to the Fund. Amanie also review the Fund's investment on a monthly basis to ensure compliance with Shariah principles or any other relevant principles at all times. Since 2005, Amanie has acquired 14 years of experience in the advisory role of unit trusts and there are more than 170 funds which Amanie acts as Shariah adviser.

The Shariah Supervisory Board members for Amanie are:

- i) Dr Mohamed Ali Elgari (Chairman);
- ii) Datuk Dr Mohd Daud Bakar;
- iii) Dr Muhammad Amin Ali Qattan;
- iv) Dr Osama Al Dereai.

The Shariah Adviser has confirmed that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest in its capacity to act as shariah adviser in respect of the Fund.

There were no public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years and during the Financial Year.

Dr Mohamed Ali Elgari

Dr. Mohamed Ali Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia. Dr Ali Elgari is an advisor to many Islamic financial institutions throughout the world and is also on the Shariah board of the Dow Jones Islamic index. He is also a member of the Islamic Fiqh Academy as well as the Islamic Accounting and Auditing Organisation for Islamic Financial Institution (AAOIFI). Dr Elgari has written several books on Islamic banking. He graduated from the University of California with a PhD in Economics.

Datuk Dr. Mohd Daud Bakar - Shariah Adviser

Datuk Dr. Mohd Daud Bakar is the founder and group chairman of Amanie Advisors, a global boutique Shariah advisory firm with offices located worldwide. He currently sits as a chairman of the Shariah Advisory Council at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority and the International Islamic Liquidity Management Corporation (ILLM). He is also a Shariah board member of various financial institutions, including the National Bank of Oman (Oman), Noor Islamic Bank (Dubai), Amundi Asset Management (France), Morgan Stanley (Dubai), Bank of London and Middle East (London), BNP Paribas (Bahrain), Dow Jones Islamic Market Index (New York), First Gulf Bank (UAE), amongst many others. Prior to this, he was the deputy vice-chancellor at the International Islamic University Malaysia. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya. He has published a number of articles in various academic journals and has made many presentations in various conferences both local and overseas. On the recognition side, Datuk Dr. Mohd Daud has been honored with "The Asset Triple A Industry Leadership Award" at The Asset Triple A Islamic Finance Award 2014 and "Shariah Adviser Award" at The Asset Triple A Islamic Finance Award 2016 for the Best Securitisation Sukuk-Purple Boulevard 450 million ringgit Asset-Backed Ijara Sukuk by The Asset Magazine. He is also being named as the "Most Outstanding Individual", awarded by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad's birthday 2014. The recent recognition is the "Award of Excellence for Outstanding Contribution for Shariah Leadership & Advisory" at London Sukuk Summit Awards, May 2016. Datuk Dr. Mohd Daud is currently the 3rd professorial chairholder in Islamic Banking and Finance of Tun Ismail Foundation (YTI-PNB) by Islamic Science University of Malaysia (USIM), sits as a board director to Sime Darby Berhad and chairman of Yayasan Pembangunan Ekonomi Islam Malaysia (YAPEIM).

Dr Muhammad Amin Ali Qattan

Dr. Qattan has a Ph.D. in Islamic Banking from Birmingham University. He is a prolific author of texts and articles on Islamic economics and finance. He is currently the Director of Islamic Economics Unit, Centre of Excellence in Management at Kuwait University. Dr Qattan also serves as the Shariah advisor to many reputable institutions such as Ratings Intelligence, Standard & Poors Shariah Indices, Al Fajer Retakaful amongst others. He is a highly regarded Shariah scholar and is based in Kuwait.

Dr Osama Al Dereai

Dr. Osama Al Dereai is a Shariah scholar from Qatar. He has extensive experience in teaching, consulting and research in the field of Islamic finance. He received his Bachelor's degree specializing in the Science of Hadeth Al Sharef from the prestigious Islamic University of Madinah. Dr Al Dereai obtained his Masters degree from the International Islamic University (Malaysia) and was later conferred his Doctorate in Islamic Transactions from the University of Malaya. Dr Al Dereai is a Shariah board member of various financial institutions which include the First Leasing Company, Barwa Bank, First Investment Company and Ghanim Al Saad Group of Companies amongst others.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER

We have acted as Trustee of Tradeplus Shariah Gold Tracker for the financial period from 28 November 2017 (date of launch) to 31 December 2018. To the best of our knowledge, **Affin Hwang Asset Management Berhad**, the Manager, has operated and managed the Fund in accordance with the limitations imposed on the investment powers of the management company and the trustee under the Deeds, other provisions of the Deeds, the Capital Markets and Services Act 2007, the Securities Commission's Guidelines on Unit Trust Funds, the Capital markets and Services Act 2007 and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by **Affin Hwang Asset Management Berhad** to value and/or price the units of the Fund are adequate and that such valuation/pricing is carried out in accordance with the Deeds of the Fund and other regulatory requirements; and
- (b) the creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For TMF Trustees Malaysia Berhad
(Company No.: 610812-W)

NORHAYATI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur
15 February 2019

SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER

We have acted as the Shariah Adviser of Tradeplus Shariah Gold Tracker ("the Islamic ETF"). Our responsibility is to ensure that the procedures and processes employed by Affin Hwang Asset Management Berhad and the provisions of the Deed dated 25 September 2017 are in accordance with Shariah principles.

In our opinion, Affin Hwang Asset Management has managed and administered the Islamic ETF in accordance with Shariah principles and complied with applicable guidelines, rulings and decisions issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 December 2018.

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

For **Amanie Advisors Sdn Bhd**

DATUK DR MOHD DAUD BAKAR
Executive Chairman

Kuala Lumpur
15 February 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018**

	Note	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> USD
INVESTMENT LOSS		
Profit income		964
Net loss on commodity designated at fair value through profit or loss	8	<u>(84,043)</u>
		<u>(83,079)</u>
EXPENSES		
Management fee	4	(34,512)
Trustee fee	5	(6,123)
Custodian fee	6	(20,915)
Auditors' remuneration		(6,000)
Tax agent's fee		(1,000)
Shariah advisory fee		(5,060)
Transaction cost		(19,208)
Other expenses		(35,371)
		<u>(128,189)</u>
NET LOSS BEFORE TAXATION		(211,268)
TAXATION	7	<u>-</u>
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u><u>(211,268)</u></u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> USD
ASSETS		
Cash and cash equivalents		22,311
Commodity designated at fair value through profit or loss	8	<u>10,341,824</u>
TOTAL ASSETS		<u>10,364,135</u>
LIABILITIES		
Amount due to Manager - management fee		2,573
Amount due to Trustee		515
Auditors' remuneration		6,000
Tax agent's fee		1,000
Other payables and accruals		<u>1,715</u>
TOTAL LIABILITIES		<u>11,803</u>
NET ASSET VALUE OF THE FUND		<u><u>10,352,332</u></u>
EQUITY		
Unitholders' capital		10,563,600
Accumulated losses		<u>(211,268)</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>10,352,332</u></u>
NUMBER OF UNITS IN CIRCULATION	9	<u><u>24,600,000</u></u>
NET ASSET VALUE PER UNIT (USD)		<u><u>0.4208</u></u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018**

	Unitholder's <u>capital</u> USD	Accumulated <u>losses</u> USD	<u>Total</u> USD
Balance as at 28 November 2017 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(211,268)	(211,268)
Movements in unitholders' capital:			
Creation of units arising from application	<u>10,563,600</u>	<u>-</u>	<u>10,563,600</u>
Balance as at 31 December 2018	<u><u>10,563,600</u></u>	<u><u>(211,268)</u></u>	<u><u>10,352,332</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018**

Financial period
from 28.11.2017
(date of launch) to

USD

CASH FLOWS FROM OPERATING ACTIVITIES

Purchase of investments	(10,425,867)
Profit received	964
Management fee paid	(31,939)
Trustee fee paid	(5,608)
Payment for other fees and expenses	(78,839)
	<hr/>
Net cash used in operating activities	(10,541,289)

CASH FLOWS FROM FINANCING ACTIVITY

Proceeds from creation of units	10,563,600
	<hr/>
Net cash generated from financing activity	10,563,600

NET INCREASE IN CASH AND CASH EQUIVALENTS

22,311

**CASH AND CASH EQUIVALENTS
AT THE DATE OF LAUNCH**

-

**CASH AND CASH EQUIVALENTS AT
THE END OF THE FINANCIAL PERIOD**

22,311

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 2018

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 K.

(a) 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 2019

- MFRS 9 ‘Financial Instruments’ (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018

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 2019 (continued)

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 2019.

There will be no impact on the Fund's accounting for its investment in commodity as the commodity currently measured at fair value through profit or loss will continue 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

B INCOME RECOGNITION

Profit income from short term deposits with licensed financial institutions is recognised based on effective interest rate method on an accrual basis.

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 bullion 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 period.

E FUNCTIONAL AND PRESENTATION CURRENCY

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018 (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

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

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.

(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. Financial assets are initially recognised at fair value plus transaction costs for financial assets not carried at fair value through profit or loss.

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.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

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 carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If "financing and receivables" has a variable interest rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018 (CONTINUED)

G COMMODITY – GOLD BULLION

Commodity comprises gold bullion and is designated at fair value through profit or loss upon initial recognition as it has a liquid market with readily available market prices. The commodity is recognised when it 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 presented in the statement of comprehensive income within ‘net gain/(loss) on commodity at fair value through profit and loss’ in the period which they arise.

Unrealised gains or losses arising from changes in the fair value of commodity designated at fair value through profit or loss is presented in the statement of comprehensive income within ‘net gain/(loss) on commodity designated at fair value through profit and loss’ in the period in which they arise.

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

H 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.

I UNITHOLDERS’ CAPITAL

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

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

The outstanding units are carried at the redemption amount that is payable at each financial period 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.

J SEGMENT REPORTING

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018 (CONTINUED)

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 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 Securities Commission's ("SC") Guidelines on Exchange-Traded Funds.

(i) Accounting policy of Commodity – Gold Bullion

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

In the absence of any MFRS that specifically applies to physical gold bullion, the Manager is of the view that the fair value through profit or loss recognition criteria under MFRS 139 is the most appropriate measurement as it provides relevant and reliable information to the unitholders as the performance of the Fund is evaluated on a fair value basis and has a liquid market with readily available prices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018

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's main objective is to provide investors with investment returns 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.

The financial statements were authorised for issue by the Manager on 15 February 2019.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> USD
<u>31.12.2018</u> Cash and cash equivalents	<u><u>22,311</u></u>

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

The Fund is exposed to a variety of risks which include market risk (including price risk), credit risk, liquidity risk, 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-Traded Funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

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

Market risk

(a) Price risk

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

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

	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> USD
Commodity – Gold Bullion	
Commodity designated at fair value through profit or loss	10,341,824

The following table summarises the sensitivity of the Fund's loss after taxation and net asset value to price risk movements. The analysis is based on the assumptions that the market price increased by 10% and decreased by 10% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the commodity, having regard to the historical volatility of the prices.

<u>% change in price</u>	<u>Commodity- Gold Bullion</u> USD	<u>Impact on loss after tax/ NAV</u> USD
<u>31.12.2018</u>		
-10%	9,307,642	(1,034,182)
0%	10,341,824	-
+10%	<u>11,376,006</u>	<u>1,034,182</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

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

Credit risk

Credit risk refers to the ability of an issuer or counterparty to make timely payments of 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 Exchange-Traded Funds.

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

	Cash and cash <u>equivalents</u> USD	<u>Total</u> USD
<u>31.12.2018</u>		
Financial services - AAA	22,311	22,311
	<u>22,311</u>	<u>22,311</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (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 liquid assets to meet anticipated payment and cancellations of units by unitholders. Liquid assets comprise cash and deposits with licensed financial institutions, which are capable of being converted into cash within 7 days.

The Manager will provide an equivalent amount of physical gold bullion of specific quantity and quality as well and a cash component to be delivered to the Fund in the case of creations and to be transferred to the unitholders in the case of in-kind redemptions. For cash redemptions, an amount equivalent to the redemption price multiplied by the number of units to be redeemed is transferred to the unitholders. The Fund maintains sufficient quantity of gold bullion and cash to meet the ongoing operating expenses and liquidity requirements of the Fund.

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 USD</u>	<u>Between one month to one year USD</u>	<u>Total USD</u>
<u>31.12.2018</u>			
Amount due to Manager			
- management fee	2,573	-	2,573
Amount due to Trustee	515	-	515
Auditor's remuneration	-	6,000	6,000
Tax agent's fee	-	1,000	1,000
Other payables and accruals	-	1,715	1,715
Total	<u>3,088</u>	<u>8,715</u>	<u>11,803</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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018 (CONTINUED)

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

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

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31 DECEMBER 2018 (CONTINUED)**

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> USD	<u>Level 2</u> USD	<u>Level 3</u> USD	<u>Total</u> USD
<u>31.12.2018</u>				
Commodity designated at fair value through profit or loss - Gold bullion	10,341,824	-	-	10,341,824
	<u>10,341,824</u>	<u>-</u>	<u>-</u>	<u>10,341,824</u>

The fair value values of the gold bullion are based on the prices published by the London Bullion Market Association ("LBMA"), and are therefore classified within Level 1. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

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 functional currency.

For the financial period from 28 November 2017 to 28 February 2018, management fee is recognised at a rate of 0.50% per annum. Effective from 1 March 2018, management fee was revised to 0.30% 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 functional currency.

For the financial period ended 31 December 2018, 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 functional currency.

7 TAXATION

	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> USD
Current taxation	- <hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

7 TAXATION (CONTINUED)

The numerical reconciliation between net loss 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 <u>31.12.2018</u> USD
Net loss before taxation	(211,268)
Tax at Malaysian statutory tax rate of 24%	(50,704)
Tax effects of:	
Investment loss not deductible for tax purposes	19,939
Expenses not deductible for tax purposes	29,793
Restriction on tax deductible expenses for Exchange Traded Fund	972
	<u>-</u>

8 COMMODITY DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> USD
Designated at fair value through profit or loss:	
- Commodity - Gold Bullion	<u>10,341,824</u>
Net loss on commodity at fair value through profit or loss:	
- unrealised loss on changes in fair value	<u>(84,043)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

8 COMMODITY DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Commodity – Gold Bullion as at 31 December 2018 is as follows:

	<u>Quantity</u> Ounce	Aggregate <u>cost</u> USD	<u>Fair value</u> USD	Percentage <u>of NAV</u> %
<u>COMMODITY</u>				
Gold bullion	8,069	10,425,867	10,341,824	99.90
Total commodity	<u>8,069</u>	<u>10,425,867</u>	<u>10,341,824</u>	<u>99.90</u>
Accumulated unrealised loss on commodity		<u>(84,043)</u>		
Total commodity		<u>10,341,824</u>		

9 NUMBER OF UNITS IN CIRCULATION

	<u>31.12.2018</u> No. of units
At the date of launch	-
Creation of units arising from applications during the financial period	<u>24,600,000</u>
At the end of the financial period	<u>24,600,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

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 TRANSACTIONS WITH TRADERS

- (i) Details of transactions with traders for the financial period from 28 November 2017 (date of launch) to 31 December 2018 are as follows:

<u>Name of traders</u>	<u>Value of trade USD</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees USD</u>	<u>Percentage of total brokerage %</u>
Standard Chartered Bank	10,425,867	100.00	19,208	100.00

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

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager and Parent of the Fund
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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

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

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

	<u>31.12.2018</u>	
	No. of units	USD
<u>The Manager and Parent of the Fund:</u>		
Affin Hwang Asset Management Bhd (The units are held legally)	<u>6,910,000</u>	<u>2,907,728</u>
<u>Holding company of the Manager:</u>		
Affin Hwang Investment Bank Bhd (The units are held beneficially)	<u>28,800</u>	<u>12,119</u>
<u>Subsidiary of the Manager:</u>		
AIIMAN Asset Management Sdn Bhd (The units are held beneficially)	<u>4,640,000</u>	<u>1,952,512</u>

13 MANAGEMENT EXPENSE RATIO ("MER")

	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u> %
MER	<u>1.16</u>

MER is derived from the following calculation:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2017 (DATE OF LAUNCH) TO 31
DECEMBER 2018 (CONTINUED)**

13 MANAGEMENT EXPENSE RATIO (“MER”) (CONTINUED)

The average NAV of the Fund for the financial period calculated on a daily basis is USD9,358,697.

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	Financial period from 28.11.2017 (date of launch) to <u>31.12.2018</u>
PTR (times)	<u>0.56</u>

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 = USD10,425,867
and total disposals for the financial period = USD Nil

15 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.

16 COMPARATIVES

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

TRADEPLUS SHARIAH GOLD TRACKER

STATEMENT BY THE MANAGER

I, Teng Chee Wai as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 20 to 42 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2018 and of its financial performance, changes in equity and cash flows for the financial period from 28 November 2017 (date of launch) to 31 December 2018 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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

TENG CHEE WAI
EXECUTIVE DIRECTOR/MANAGING DIRECTOR

Kuala Lumpur
15 February 2019

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Tradeplus Shariah Gold Tracker (“the Fund”) give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial performance and its cash flows for the financial period from 28 November 2017 (date of launch) to 31 December 2018 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 28 November 2017 (date of launch) to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 20 to 42.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Fund. In particular, we considered where the Manager has made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of commodity designated at fair value through profit or loss</p> <p>Refer to Note G and Note 8 to the financial statements.</p> <p>The investment portfolio at the year-end comprised Commodity – Gold Bullion valued at USD10,341,824.</p> <p>We focused on the valuation and existence of investments because investments represent the most significant element of the net asset recognised in the financial statements.</p>	<p>We have tested the valuation of the investment portfolio as at year-end by independently agreeing the valuation of the gold bullion to independently obtained prices published by the London Bullion Market Association.</p> <p>We have tested the existence of the investment portfolio by:</p> <ul style="list-style-type: none"> • obtaining independent confirmation from the Custodian of the investment portfolio held as at 31 December 2018; • performing a 100% inventory count and agreeing the amounts held to the accounting records; and • agreeing the gold bullion certificates held on a sampling basis to the accounting records.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF TRADEPLUS SHARIAH GOLD TRACKER (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Fund for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

JAYARAJAN A/L U. RATHINASAMY
02059/06/2020 J
Chartered Accountant

Kuala Lumpur
15 February 2019

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