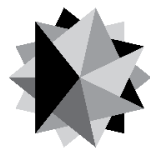


# TradePlus

## NYSE® FANG+™ Daily (-1x) Inverse Tracker

Interim Report  
31 March 2020

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



**AFFIN HWANG**  
CAPITAL

**MANAGER**  
Affin Hwang Asset Management Berhad  
199701014290 (429786-T)

**TRUSTEE**  
CIMB Commerce Trustee Berhad (313031-A)

# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

Interim Report and Unaudited Financial Statements For the  
Financial Period From 26 November 2019 (Date of Launch) To 31 March 2020

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DIRECTORY OF SALES OFFICE	

## GENERAL INFORMATION

### MANAGER

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)  
*Registered Office:*  
27<sup>th</sup> 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](mailto:customercare@affinhwangam.com)  
Website: [www.affinhwangam.com](http://www.affinhwangam.com)

### MANAGER'S DELEGATE

(fund valuation & accounting function)  
CIMB Commerce Trustee Berhad (313031-A)  
*Registered Office:*  
Level 13, Menara CIMB, Jalan Stesen Sentral 2  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur  
Tel. No.: 03 – 2261 8888  
Fax No.: 03 – 2261 9886

### TRUSTEE

CIMB Commerce Trustee Berhad (313031-A)  
*Registered Office:*  
Level 13, Menara CIMB, Jalan Stesen Sentral 2  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur  
Tel. No.: 03 – 2261 8888  
Fax No.: 03 – 2261 9886

### TRUSTEE'S DELEGATE

(Custodian Services)  
CIMB Bank Berhad (13491-P)  
*Registered Office:*  
Level 13, Menara CIMB, Jalan Stesen Sentral 2  
Kuala Lumpur Sentral, 50470 Kuala Lumpur  
Tel. No.: 03 – 2261 8888  
Fax No.: 03 – 2261 0099

### *Business Office:*

Level 21, Menara CIMB, Jalan Stesen Sentral 2  
Kuala Lumpur Sentral, 50470 Kuala Lumpur  
Tel. No.: 03 – 2261 8888  
Fax No.: 03 – 2261 9892

### COMPANY SECRETARY

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

### REGISTRAR

Affin Hwang Asset Management Berhad  
199701014290 (429786-T)  
27<sup>th</sup> 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 NYSE® FANG+™ Daily (-1x) Inverse Tracker
Fund Type	Inverse exchange-traded fund
Fund Category	Futures-based exchange-traded fund
Investment Objective	The Fund aims to provide investment results that closely correspond to the daily performance of the Benchmark
Benchmark	NYSE® FANG+™ Daily 1x Inverse Index
Distribution Policy	The Fund may distribute income on an incidental basis

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 MARCH 2020

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	1	1,000	0.17
1,001 - 10,000	4	8,500	1.44
10,001 - 100,000	1	16,500	2.80
100,001 - < 5% *	1	563,000	95.59
>= 5% *	0	0	0
<b>Total</b>	<b>7</b>	<b>589,000</b>	<b>100.00</b>

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

## FUND PERFORMANCE DATA

Category	As at 31 Mar 2020 (%)
<b>Portfolio composition</b>	
Quoted derivative - futures	(4.56)
Cash & cash equivalent	104.56
<b>Total</b>	<b>100.00</b>
Total NAV (MYR 'million)	2.031
NAV per Unit (MYR)	3.4482
Unit in Circulation (million)	0.589
Highest NAV per unit	4.0530
Lowest NAV per unit	3.0049
Return of the Fund (%) <sup>iii</sup>	-13.80
- Capital Growth (%) <sup>i</sup>	-13.80
- Income Distribution (%) <sup>ii</sup>	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expense Ratio (%)	1.82
Portfolio Turnover Ratio (times)	4.88
Annualised Tracking Error Since Inception	5.47

**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

## MANAGER'S REPORT

### Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 31 March 2020.

### Performance Review

For the period under review from 26 November 2019 to 31 March 2020, the Fund registered a -13.80% return compared to the benchmark return of -11.29%. The Fund thus underperformed the Benchmark by 2.51%. The Net Asset Value ("NAV") per unit of the Fund as at 31 March 2020 was RM3.4482 compared to its NAV per unit as at 25 November 2019 was RM4.000.

Table 1: Performance of the Fund

	<b>Since Commencement (26/11/19 - 31/3/20)</b>
<b>Fund</b>	<b>(13.80%)</b>
<b>Benchmark</b>	<b>(11.29%)</b>
<b>Underlying Index</b>	<b>3.77%</b>
<b>Outperformance / (Underperformance) VS Benchmark</b>	<b>(2.51%)</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

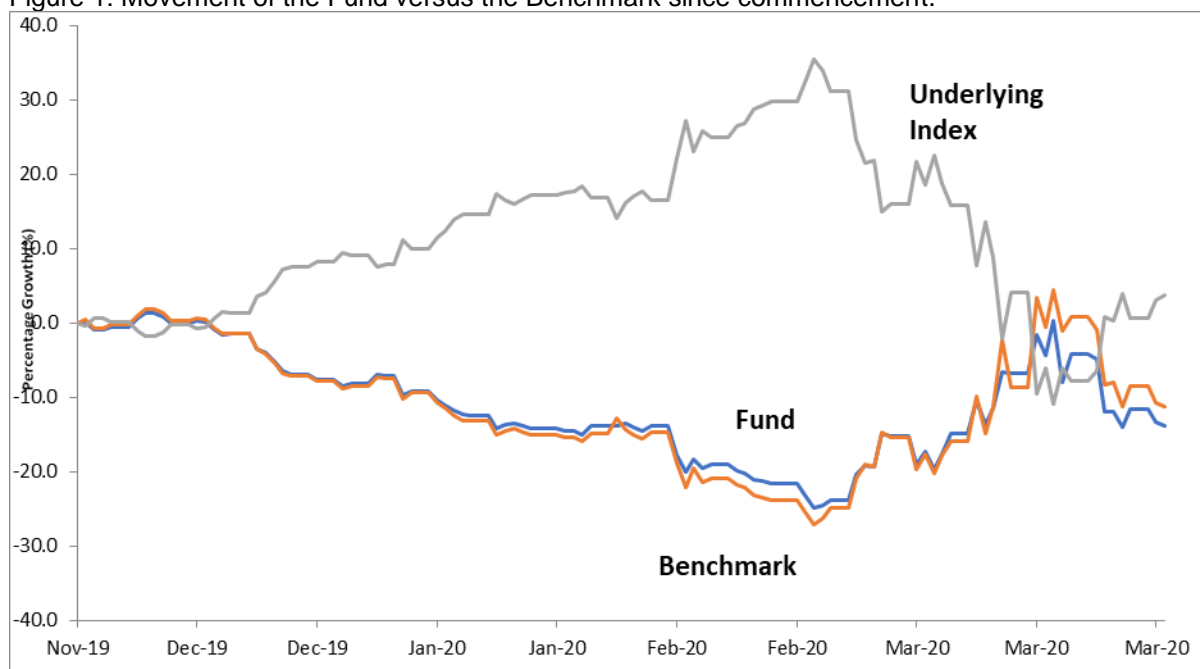
	<b>Since Commencement (26/11/19 - 31/3/20)</b>
<b>Fund</b>	<b>(34.73%)</b>
<b>Benchmark</b>	<b>(29.12%)</b>
<b>Underlying Index</b>	<b>11.21%</b>
<b>Outperformance / (Underperformance) VS Benchmark</b>	<b>(5.61%)</b>

Source of Benchmark: Bloomberg

Table 3: Annual Total Return

N/A

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



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

Benchmark: NYSE® FANG+™ Daily 1x Inverse Index

Underlying Index : NYSE® FANG+™ Index

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

### Asset Allocation

As at 31 March 2020, the ETF's asset allocation stood at -4.56% in quoted derivatives due to unrealised loss on changes in fair value, while the remaining was held in cash and cash equivalent. This provided the ETF with an exposure of -95.3% into the NYSE FANG+ Index.

### Strategies Employed

The Manager continues to adopt the full replication strategy. The Manager invested into quoted derivatives or futures to provide investment results that closely correspond to the performance of the Benchmark. As at 31 March 2020, the Fund's AUM stood at RM2.031 million, with quoted derivatives or futures amounting to -4.56% of the Fund's NAV, due to unrealised loss on changes in fair value.

### Market Review

Global markets got off to a rocky start in 2020 as benchmark gauges reeled from contagion fears as a result of the coronavirus outbreak. The Hong Kong Hang Seng index tumbled 6.7% in January, whilst the broader MSCI Asia ex-Japan index fell 4.5%. The World Health Organization declared a global health emergency as soon as the coronavirus outbreak has claimed the lives of at least 300 people with rates of infection rapidly increasing.

The global equities trended even lower in February as risk assets continue to reel from the impact of the Covid-19 outbreak which sent chills to investors. The rapid spread of the infection outside of China with new cases springing in Italy, South Korea and Iran led to a rush towards safe haven assets with US Treasury yields dipping to record lows. The S&P 500 index tumbled 8.4%, whilst the index Dow Jones closed 10.1% lower in the month. The broader MSCIA Asia ex-Japan index fell 2.9%.

Coming into March, the global markets faced a washout, as few asset classes were spared from the selloff due to the pandemic fears as infection rates continue to escalate rapidly. The MSCI Asia ex-Japan index closed 12.2% lower in the month and is down 18.6% YTD. In the US, the S&P 500 index closed 12.5% lower and is down by 20% YTD. The global death toll caused by the pandemic surpassed 50,000 as at end of March. In an attempt to stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented US\$2 trillion relief package to cushion its economy.

The relief package comes as the US also reports the most number of Covid-19 cases, making it the country with the largest outbreak in the world surpassing that of Italy and China. The number of confirmed Covid-19 cases in the US exceeded the grim 100,000 mark as testing is ramped-up in the country and the administration begins to acknowledge the severity of the outbreak and impose more drastic lockdown measures.

On monetary policy, the US Federal Reserve (“Fed”) kept its benchmark rates unchanged in its policy meeting in January, but extended its repo injection programme by two more months to June 2020. This has resulted in a surge in the Fed’s balance sheet to above the US\$4 trillion mark. With US inflation currently hovering 0.7% below the Fed’s target of 2.0%.

On the domestic front, the benchmark KLCI fell by 3% in February as the country plunged into political turmoil which ultimately culminated in the appointment of Tan Sri Muhyiddin Yassin as the eighth Prime Minister, from the Perikatan Nasional coalition (UMNO, PAS, Bersatu and a splinter faction of PKR). The appointment was announced by Istana Negara amidst shifting political allegiances and frantic horse-trading across the ruling and opposition coalitions.

The local market suffered losses with the benchmark KLCI closing 8.9% lower in March as pandemic fears gripped the country with cases continuing to rise. Malaysia has the highest number of known infections in Southeast Asia with more than 3,000 confirmed cases in the country at the time of writing.

Prime Minister Tan Sri Muhyiddin Yassin unveiled a RM250 billion economic stimulus package to soften the economic blow due to the impact of Covid-19 with businesses shuttered due to the movement control order (MCO). Called the Pakej Rangsangan Ekonomi Prihatin Rakyat or Prihatin, the package comprises RM128 billion to protect the welfare of the people, RM100 billion to protect the welfare of small and medium enterprises (“SMEs”) and RM2 billion to strengthen the country’s economy according to The Edge. This was on top of the RM20 billion stimulus that was earlier announced on 27 February.

Whilst RM250 billion seems like a massive amount on the surface, the actual fiscal spending outlay amounts to 10.0% or RM25billion. The rest of the relief package comes in the form of loan guarantees, moratorium in loan repayments, EPF withdrawals, among others.

The budget deficit is expected to widen with the new stimulus package. The government will have to tap into the country’s coffers including relying on dividend payments from GLCs like Petronas to help fund the package. However, this also comes on the back of depressed oil prices that may put additional fiscal constraints.

Bank Negara Malaysia unexpectedly lowered its overnight policy rate by 25bps to 2.75% during its January meeting, its first interest rate cut since March 2019. The rate cut is expected to boost economic growth amid price stability.

### **Investment Outlook**

Whilst we see unprecedented steps taken by governments and global central banks to stimulate the economy and provide liquidity, such measures are unlikely to fuel a full recovery as we are dealing with a global pandemic that has caused economies to come to a virtual standstill. Cutting interest rates, injecting liquidity or even putting money directly in the hands of consumers is unlikely to lead to its desired effects if people’s health are at stake.

Any signs of a peak in the pandemic can fuel a gradual recovery in markets. However, it is crucial to monitor any risk of a second wave or reacceleration in infection rates especially countries that have passed its peak like South Korea and China.

In Asia, we continue to see a resumption of activities in China where the coronavirus was first detected. Almost all factories have reopened as lockdowns are gradually lifted in the country. However, the utilisation rates have yet to return to full scale, perhaps due to a lack of demand and strict social distancing measures



in place that prevent factories from operating at full capacity. Recent reports also point to most hotels and tourist sites reopening in China. There has also been a marked recovery in automobile sales.

### **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**

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

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

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

### **Cross Trade**

No cross trade transactions have been carried out during the reported period.

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER**

We, **CIMB Commerce Trustee Berhad** being the trustee for **TradePlus NYSE® FANG+™ Daily (-1x) Inverse Tracker** ("the Fund"), are of the opinion that **Affin Hwang Asset Management Berhad** ("the Manager"), acting in the capacity as the Manager of the Fund, has fulfilled its duties in the following manner for the financial period from 26 November 2019 (Date of Launch) to 31 March 2020.

- a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager under the Deed, the Securities Commission Malaysia's Guidelines on Exchange-traded Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and relevant regulatory requirements; and
- c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of  
**CIMB Commerce Trustee Berhad**

**Lee Kooi Yoke**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
18 March 2020

**TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH)  
TO 31 MARCH 2020**

# **TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH)  
TO 31 MARCH 2020**

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# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020

	Note	Financial period from 26.11.2019 (date of launch) to <u>31.3.2020</u> RM
<b>INVESTMENT LOSS</b>		
Interest income from financial assets at amortised cost		16,840
Net loss on quoted derivatives at fair value through profit or loss	8	(250,436)
		<u>(233,596)</u>
<b>EXPENSES</b>		
Management fee	4	(7,132)
Trustee fee	5	(285)
Auditors' remuneration		(11,898)
Tax agent's fee		(1,215)
Index license fee	6	(13,085)
Transaction cost		(441)
Other expenses		(3,711)
		<u>(37,767)</u>
<b>NET LOSS BEFORE TAXATION</b>		(271,363)
<b>TAXATION</b>	7	-
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u><u>(271,363)</u></u>
Net loss after taxation is made up of the following:		
Realised amount		(178,774)
Unrealised amount		(92,589)
		<u><u>(271,363)</u></u>

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

# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> RM
<b>ASSETS</b>		
Margin account	9	432,394
Cash and cash equivalents	10	1,719,959
<b>TOTAL ASSETS</b>		<u>2,152,353</u>
<b>LIABILITIES</b>		
Quoted derivatives at fair value through profit or loss	8	92,589
Amount due to Manager - management fee		1,785
Amount due to Trustee		72
Auditors' remuneration		11,898
Tax agent's fee		1,215
Index license fee		13,085
Other payables and accruals		694
<b>TOTAL LIABILITIES</b>		<u>121,338</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>2,031,015</u>
<b>EQUITY</b>		
Unitholders' capital		2,302,378
Accumulated losses		(271,363)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>2,031,015</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>589,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>3.4482</u>

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

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020

	Unitholder's capital RM	Accumulated losses RM	Total TM
Balance as at 26 November 2019 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(271,363)	(271,363)
Movements in unitholders' capital:			
Creation of units arising from applications	3,771,707	-	3,771,707
Cancellation of units	(1,469,329)	-	(1,469,329)
Balance as at 31 March 2020	<u>2,302,378</u>	<u>(271,363)</u>	<u>2,031,015</u>

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

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020

	Note	Financial period from 26.11.2019 (date of launch) to <u>31.3.2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment to margin accounts		(432,394)
Interest income received		16,840
Realised loss on quoted derivatives		(157,847)
Management fee paid		(5,347)
Trustee fee paid		(213)
Payment for other fees and expenses		(3,458)
Net cash used in operating activities		<u>(582,419)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from creation of units		3,771,707
Payment for cancellation of units		<u>(1,469,329)</u>
Net cash generated from financing activities		<u>2,302,378</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		1,719,959
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>		<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	10	<u><u>1,719,959</u></u>

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



# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

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, International Financial Reporting Standards (“MFRS”).

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.

- (a) New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted:

A number of new standards, amendments to standards and interpretations are effective for annual financial periods beginning after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

### **B INCOME RECOGNITION**

#### Interest income

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

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

### **C TRANSACTION COSTS**

Transaction costs are costs incurred in relation to any particular transaction or dealing relating to the Fund, all stamp duty and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies, foreign exchange costs and other duties and charges whether in connection with the Fund Assets or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Fund Assets 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.

# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

### 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 Ringgit Malaysia, which is the Fund’s functional and presentation currency.

### F FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### (i) Classification

The Fund classifies its financial assets or financial liabilities in the following measurement categories:

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

The Fund classifies its investments based on the Fund’s business model for managing those financial asset/financial liabilities and the contractual cash flow characteristics of the financial assets/financial liabilities. The portfolio of financial assets/financial liabilities is managed and performance is evaluated on a fair value basis with any gains or losses arising on re-measurement recognised in the statement of comprehensive income. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions.

The Fund classifies margin accounts and cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

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

#### (ii) Recognition and measurement

Regular purchases and sales of financial assets/financial liabilities 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.

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (ii) Recognition and measurement (continued)

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

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

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category including the effects of currency transactions are presented in the statement of comprehensive income within “net gain/(loss) on quoted derivatives at fair value through profit or loss” in the period which they arise.

Valuation of quoted derivatives - futures contracts will be “marked to market” at the close of each valuation day to the extent possible as quoted in respective stock exchanges. Foreign exchange gains and losses on the quoted derivative financial instruments are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instruments.

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

##### (iii) Impairment

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

##### Significant increase in credit risk

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

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

##### (iii) Impairment (continued)

###### Definition of default and credit-impaired financial assets

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

###### Quantitative criteria:

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

###### Qualitative criteria:

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

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

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

###### Write-off

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

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

#### H CASH AND CASH EQUIVALENTS

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

# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

### I UNITHOLDERS' CAPITAL

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

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

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

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

### J QUOTED DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The Fund's derivative financial instruments comprise futures. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Futures contracts are valued at the closing prices quoted on the respective foreign stock exchanges at the close of the valuation day to the extent possible of the respective foreign stock exchanges.

## **TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)**

#### **K 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.

#### **L 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.

#### **M REALISED AND UNREALISED PORTIONS OF PROFIT OR LOSS AFTER TAX**

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

# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020

### 1 INFORMATION ON THE FUND

The Exchange-Traded Fund was constituted under the name TradePlus NYSE® FANG+™ Daily (-1x) Inverse Tracker (the “Fund”) pursuant to the execution of a Deed dated 4 September 2019 (the “Deed”) entered into between Affin Hwang Asset Management Berhad (the “Manager”) and CIMB Commerce Trustee Berhad (the “Trustee”).

The Fund commenced operations on 26 November 2019 and will continue its operations until terminated by the Trustee as provided under Section 26 of the Deed.

The Fund is listed on the Main Market of Bursa Malaysia and its aims to provide investment results that closely correspond to the daily performance of the NYSE® FANG+™ Daily 1x Inverse Index (the “Benchmark”).

The Fund is a passively managed fund. To achieve the investment objective of the Fund, the Manager will use a futures-based replication strategy. Under the futures-based replication strategy, the Manager will directly invest in the nearest spot month futures contracts of the NYSE FANG+ Index (the “Underlying Index”) subject to the futures roll on a quarterly basis in order to obtain the required exposure of up to -100% of its Net Asset Value to the Underlying Index.

The Fund seeks to rebalance its position daily at or around the close of trading of the Underlying Index, by decreasing exposure in response to the Underlying Index’s daily gains or increasing exposure in response to the Underlying Index’s daily losses, so that its daily inverse exposure ratio to the Underlying Index is consistent with the Inverse Fund’s investment objective and Benchmark.

A maximum of 15% of the Fund’s net assets value is to be committed as margin for investments in the futures contracts, 10% of the Fund’s NAV is to be invested in debentures with a remaining tenure above 365 days and the remaining balance of the Fund’s NAV is to be invested in debentures with a remaining tenure of 365 days and below, money market instruments, money market collective investment schemes and/or deposits.

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

The financial statements were authorised for issue by the Manager on 18 May 2020.

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

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

Financial instruments are as follows:

<u>2020</u>	<u>Note</u>	At amortised cost RM	At fair value through profit or loss RM	<u>Total</u> RM
Margin accounts	9	432,394	-	432,394
Cash and cash equivalents	10	1,719,959	-	1,719,959
		<u>2,152,353</u>	<u>-</u>	<u>2,152,353</u>
 <u>Financial liabilities</u>				
Quoted derivatives – futures contracts	8	-	92,589	92,589
Amount due to Manager				
- management fee		1,785	-	1,785
Amount due to Trustee		72	-	34
Auditors' remuneration		11,898	-	11,898
Tax agent's fee		1,215	-	1,215
Index license fee		13,085	-	13,085
Other payables and accruals		694	-	694
		<u>28,749</u>	<u>92,589</u>	<u>121,338</u>

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



## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (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 Fund is exposed to price risk arising from its exposure into futures contracts linked to the movement of its referenced equity index. The price of the equity index may fluctuate and movement is uncertain. The Fund is structured as an index tracking fund with the Benchmark index that is linked to the NYSE® FANG+™ Daily 1x Inverse Index (the "Underlying Index"). The Underlying Index comprises of a diversified list of equity securities in its constituents. As such the Fund is able to mitigate the price risk through the diversification that it has through the diversification of the Underlying Index, which the future contracts the Fund enters into replicates.

The table below summarises the sensitivity of the Fund's profit or loss, and NAV to movements in prices of its Benchmark Index. The analysis is based on the assumption that the Benchmark index fluctuates by 26.31%, which is the 12-month standard deviation of the Underlying Index as at 31 March 2020. If all other variables are held constant, and that the fair value of the investments move in the same quantum with the fluctuation of the Underlying Index, this would represent the Management's best estimates of a reasonable possible shift in the futures contracts.

<u>% Change in price</u>	<u>Benchmark index*</u> RM	<u>Market value</u> RM	<u>Impact on profit/ (loss) after tax/NAV</u> RM
<u>2020</u>			
-26.31%	1,276	(116,949)	(24,360)
0%	1,010	(92,589)	-
+26.31%	744	(68,229)	24,360

\* Underlying Index is used to reflect the movement of the Benchmark index as we believe that it provides the best representation. However, it must be noted that there may be instances where the price of the futures contracts / Benchmark index may deviate from the movement of the Underlying index.

##### (b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

The Fund's exposure to the interest rate risk is mainly confined to short term placement with a financial institution. The Manager overcomes this exposure by way of maintaining deposits on short term basis.

The Fund's exposure to interest rate risk associated with deposit with licensed financial institutions is not material as the deposits are held for a period of less than 12 months.

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

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

##### Market risk (continued)

##### (c) Currency risk

Currency risk is associated with investments denominated in foreign currencies. When the foreign currencies fluctuate in an unfavourable movement against Ringgit Malaysia, the investments will face currency losses in addition to the capital gain/(loss). The Manager will evaluate the likely directions of the foreign currency versus Ringgit Malaysia based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels and technical chart considerations.

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

	Quoted derivative – <u>futures</u> RM	<u>Total</u> RM
<u>2020</u>		
United States Dollar	(92,589)	(92,589)

The table below summarises the sensitivity of the Fund's profit after tax and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Any increase/(decrease) in foreign exchange rate will result in a corresponding increase/(decrease) in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change</u> <u>in rate</u> %	Impact on loss after tax/ <u>NAV</u> RM
<u>2020</u>		
United States Dollar	+/- 10	+/- 9,259

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (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:

	<u>Margin account</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2020</u>			
<u>Financials</u>			
- AAA	-	1,719,959	1,719,959
- NR	432,394	-	432,394
	<u>432,394</u>	<u>1,719,959</u>	<u>2,152,353</u>

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (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. This includes scenarios such as the need to efficiently top-up its margin account to a level required by its brokers, or meeting redemption applications made by unitholders of the Fund. 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 table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

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

	<u>Within one month</u> RM	<u>Between one month to one year</u> RM	<u>Total</u> RM
<u>2020</u>			
Amount due to Manager			
- management fee	1,785	-	1,85
Amount due to Trustee	72	-	72
Auditors' remuneration	-	11,898	11,898
Tax agent's fee	-	1,215	1,215
Index license fee	-	13,085	13,085
Other payables and accruals	-	694	694
Quoted derivatives at fair value through profit or loss	-	92,589	92,589
	<u>1,857</u>	<u>119,481</u>	<u>121,338</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.

# TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

### 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 and liabilities traded in active markets (such as publicly traded derivatives) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the current bid price for financial assets which falls within the bid-ask spread.

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

The fair value of financial assets 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.

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
2020				
Financial liabilities at fair value through profit or loss				
- futures contracts	<u>92,589</u>	<u>-</u>	<u>-</u>	<u>92,589</u>

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

(ii) The carrying value of margin accounts, 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 3.00% per annum of the NAV of the Fund calculated and accrued daily using the Fund's functional currency.

For the financial period from 26 November 2019 (date of launch) to 31 March 2020, the management fee is recognised at a rate of 1.00% 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 0.10% per annum (excluding foreign sub-custodian fees and charges) of the NAV of the Fund calculated and accrued daily using the Fund's functional currency.

For the financial period from 26 November 2019 (date of launch) to 31 March 2020, the Trustee fee is recognised at a rate of 0.04% 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 LICENSE FEE

License fee is payable to ICE Data Indices, the Benchmark Index provider.

The license fee is recognised at minimum of USD19,000 per annum.

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### 7 TAXATION

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.3.2020  
RM

Current taxation	-
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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  
26.11.2019  
(date of  
launch) to  
31.3.2020  
RM

Net loss before taxation	(271,363)
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Tax at Malaysian statutory tax rate of 24%	(65,127)
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Tax effects of:

Investment loss not brought to tax	56,062
Expenses not deductible for tax purposes	4,331
Restriction on tax deductible expenses for Exchange Traded Fund	4,734

-

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### 8 QUOTED DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Fund invests in quoted derivative – futures. Futures are contractual obligations to buy or sell financial instruments on a future date at specified price established in an organised market. The futures contracts are collateralised by cash. Initial margin requirements for futures are met in cash changes in future contract values are marked to market daily.

The Fund's investment in quoted derivative – futures contracts is set out below:

	<u>2020</u> RM
Quoted derivatives at fair value through profit or loss:	
- futures contracts	(92,589)
	<hr/>
Net loss on financial asset at fair value through profit or loss:	
- realised loss on settlement of futures contracts	(157,847)
- unrealised loss on changes in fair value	(92,589)
	<hr/>
	<u>(250,436)</u>

As at the date of statement of financial position, there are -3 futures contracts outstanding. The notional principal amount of the outstanding futures amounted to RM1,865,756. As the Fund has not adopted hedge accounting during the financial period, changes in fair value of futures are recognised immediately in the statement of comprehensive income.

#### 9 MARGIN ACCOUNTS

Margin accounts represent margin deposits held in respect of open exchange-traded futures contracts.



## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### 10 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM
Cash and bank balances	23,118
Deposits with licensed financial institutions	1,696,841
	<u>1,719,959</u>

Weighted average effective interest rates per annum and weighted average maturity of deposits with licensed financial institutions are as follows:

	<u>2020</u> %
Deposits with licensed financial institutions	<u>2.55</u>

The deposits have an average maturity of 1 day.

#### 11 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units
At the date of launch	-
Creation of units arising from applications	1,032,000
Cancellation of units	(443,000)
At the end of the financial period	<u>589,000</u>

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### 12 TRANSACTIONS WITH TRADERS

- (i) Details of transactions with traders for the financial period from 26 November 2019 (date of launch) to 31 March 2020 are as follows:

<u>Name of traders</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
CGS-CIMB Securities Sdn Bhd	<u>20,046,982</u>	<u>100.00</u>	<u>441</u>	<u>100.00</u>

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

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

<u>Related parties</u>	<u>Relationships</u>
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

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

	<u>2020</u>
	No. of units      RM
<u>Holding company of the Manager :</u>	
Affin Hwang Asset Management Bhd (The units are held beneficially)	<u>580,000</u> <u>1,999,956</u>

## TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)

#### 14 MANAGEMENT EXPENSE RATIO (“MER”)

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.3.2020  
%

MER 1.82

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Index license fee
F	=	Other expenses excluding sales and service tax on transaction costs and
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 RM2,054,093.

#### 15 PORTFOLIO TURNOVER RATIO (“PTR”)

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.3.2020

PTR (times) 4.88

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 = RM10,916,408  
and total disposals for the financial period = RM9,130,574

## **TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER**

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 MARCH 2020 (CONTINUED)**

#### **16 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 investing into quoted derivatives to meet its investment objective, as stipulated within its investment strategy. The Fund's returns are achieved through the movement in the value of its investments, which comprised from its exposure into futures contracts and deposits with licensed financial institutions.

The Fund has a diversified unitholder population. However, as at 31 March 2020, there were 1 unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 95.59%.

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.

#### **17 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD**

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's Net Asset Value/unit as of the date of this report. This is mainly due to the decrease in the fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

#### **18 COMPARATIVES**

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

## **TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai, for and on behalf of the board of directors of the Manager of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 1 to 24 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 March 2020 and of its financial performance, changes in equity and cash flows for the financial period from 26 November 2019 (date of launch) to 31 March 2020 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  
18 May 2020

## **DIRECTORY OF SALES OFFICE**

### **HEAD OFFICE**

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