

# TradePlus

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

Annual Report

30 September 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

## Annual Report and Audited Financial Statements For the Financial Period From 26 November 2019 (Date of Launch) To 30 September 2020

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## 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 30 SEPTEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	1	100	0.02
1,001 - 10,000	7	22,400	3.86
10,001 - 100,000	3	133,500	22.98
100,001 - < 5% *	1	425,000	73.15
>= 5% *	0	0	0
<b>Total</b>	<b>12</b>	<b>581,000</b>	<b>100.00</b>

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

## FUND PERFORMANCE DATA

Category	As at 30 Sep 2020 (%)
Portfolio composition	
Collective investment schemes – local	52.85
Quoted derivative - futures	(5.16)
Cash and Cash Equivalent	52.31
<b>Total</b>	<b>100.00</b>
Total NAV (MYR 'million)	1.155
NAV per Unit (MYR)	1.9873
Unit in Circulation (million)	0.581
Highest NAV per unit	4.0530
Lowest NAV per unit	1.8503
Return of the Fund (%) <sup>iii</sup>	-50.32
- Capital Growth (%) <sup>i</sup>	-50.32
- Income Distribution (%) <sup>ii</sup>	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expense Ratio (%)	1.48
Portfolio Turnover Ratio (times)	8.80
Tracking Error	7.54

**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 30 September 2020.

### Performance Review

For the period 26 November 2019 to 30 September 2020, the Fund registered a return of -50.32%. The Net Asset Value (NAV) per unit of the Fund as at 30 September 2020 was RM1.9873 while the initial NAV per unit was RM4.000. The Benchmark for the period registered a return of -53.81%. The Fund outperformed the Benchmark by 3.49%. (See Table 1 for performance of the Fund and Figure 1 for the movement of the Fund versus the Benchmark respectively).

During the period under review, the Fund has met its objective by aiming to provide investment results that closely correspond to the daily performance of the Benchmark. The Fund will continue to be managed in a manner to fulfil its objective.

Table 1: Performance of the Fund

	<b>Since Commencement (26/11/19 - 30/9/20)</b>
<b>Fund</b>	<b>(50.32%)</b>
<b>Benchmark</b>	<b>(53.81%)</b>
<b>Underlying Index</b>	<b>87.32%</b>
<b>Outperformance VS Benchmark</b>	<b>3.49%</b>

Source of Benchmark: Bloomberg

Table 2: Average Total Return

	<b>Since Commencement (26/11/19 - 30/9/20)</b>
<b>Fund</b>	<b>(56.12%)</b>
<b>Benchmark</b>	<b>(59.72%)</b>
<b>Underlying Index</b>	<b>109.39%</b>
<b>Outperformance VS Benchmark</b>	<b>3.60%</b>

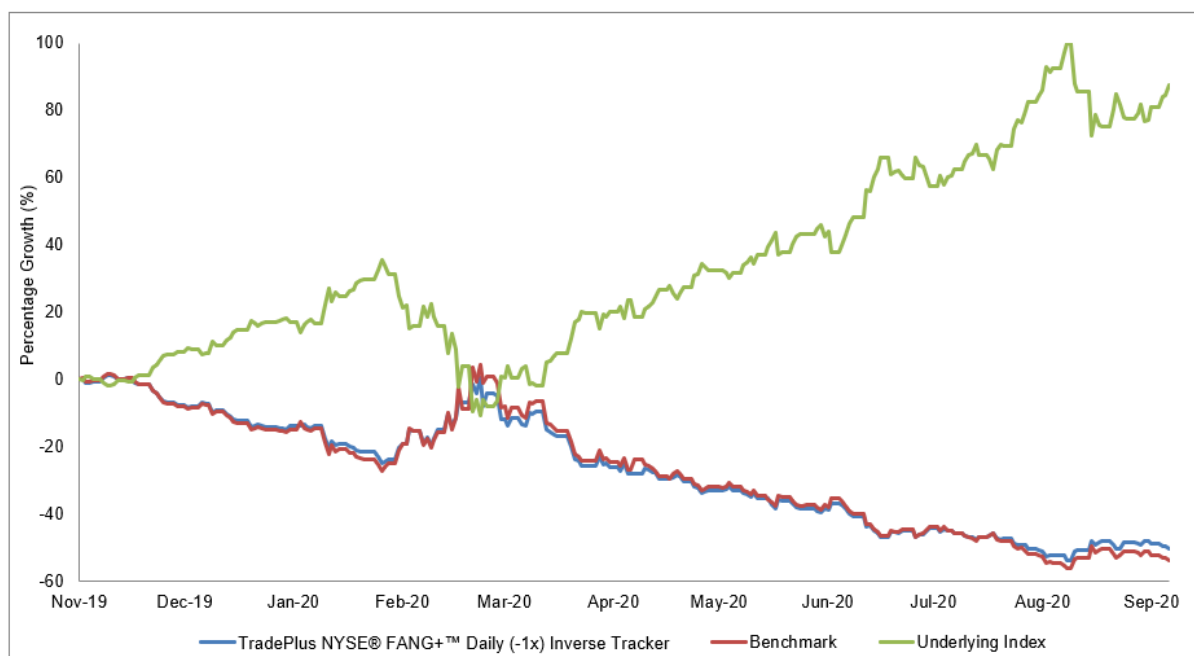
Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	<b>FYE 2020 (26/11/19 - 30/9/20)</b>
<b>Fund</b>	<b>(50.32%)</b>
<b>Benchmark</b>	<b>(53.81%)</b>
<b>Underlying Index</b>	<b>87.32%</b>
<b>Outperformance VS Benchmark</b>	<b>3.49%</b>

Source of Benchmark: Bloomberg

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 Benchmark: 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 30 September 2020, the ETF's asset allocation stood at 52.16% in local collective investment schemes, -5.16% in quoted derivatives while the remaining was held in cash and cash equivalent. This provided the ETF with an exposure of -97.33% 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 30 September 2020, the Fund's AUM stood at RM1.155 million, with quoted derivatives or futures amounting to -5.16% of the Fund's NAV.

While the Fund's AUM remain relatively small, the Manager has decided to absorb fees such as the Management Fees, and Licensing Fees incurred by the Fund to minimise the Fund's tracking error.

### **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 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 lower 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.

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. In the US, the S&P 500 index closed 12.5% lower that month. 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.

However, global equities staged a rebound in April as markets looked past recent softness in economic data and were instead buoyed by stimulus optimism as well as encouraging developments on the COVID-19 front. The rally was fuelled by a volley of stimulus measures rolled out by major central banks including an expansion package by the US Federal Reserve and the European Union (EU). The S&P 500 index advanced by 8.8% in the month; while positive effects were also felt in Asia in which the Hong Kong Hang Seng and the broader MSCI Asia ex-Japan index rose by 4.4% and 8.9% respectively.

The US unveiled its Main Street Lending Program which is designed to provide support and ensure credit flow into SMEs that were in “good financial standing”. Similarly, the EU proposed a European Stability Mechanism (“ESM”) which offers a credit line of up to 240 billion Euros to EU members.

Tensions between the two global powerhouse rose recently after China ordered the US to close its Chengdu-based consulate. The order followed the US closure of the Chinese consulate in Houston. On the other hand, remarks by US President Donald Trump that he will move to ban Chinese-owned video app TikTok in the US also added fuel to this fire.

Technology companies have been leading gains in the US stock market despite the slowdown in the economy due to COVID-19. Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe heaven asset.

On commodities, crude oil prices slid by about 35% YTD as at end of September, after oil prices rebounded in June following a move by Organization of the Petroleum Exporting Countries (“OPEC”) and its oil-producing allies to extend the group’s historic production cut.

On the domestic front, 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.

Coming into September, opposition leader Datuk Seri Anwar Ibrahim claimed that he has secured a “strong, formidable” majority from lawmakers in parliament to oust Prime Minister Tan Sri Muhyiddin Yassin. The news was greeted with scepticism as Anwar has made prior claims before. Though a statement from UMNO president Datuk Seri Dr Ahmad Zahid Hamidi that he has information that many members from UMNO and Barisan Nasional have stated their support for Anwar to form a new government has lent credibility to the claim.

Malaysia's economy posted a smaller contraction of 2.7 per cent in the third quarter (3Q) of 2020, surpassing consensus estimate of -4.6 per cent, as well as the Gross Domestic Product (GDP) contraction of 17.1 per cent in 2Q, supported by improvements in all sectors.

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. In April, Prime Minister had announced an additional RM10billion package to help SMEs cope during the pandemic.

Recent placement exercises by Tenaga Nasional Bhd (“TNB”) and Serba Dinamik Holdings Bhd point to strong appetite. Khazanah raised RM1 billion from TNB placement (3x oversubscribed) while Serba Dinamik



raised RM456.7 million (1.5x oversubscribed). We could see more placement exercises in the market with ample liquidity on the side-lines as most funds are sitting on decent amounts of cash.

### **Investment Outlook**

Global markets have rallied sharply from their lowest, supported by fiscal and monetary stimulus. The economy is still recovering, albeit at a slow pace, as consumers' confidence return following the low death rates despite the rise in infections. The accelerated efforts to shorten the timeline for a successful vaccine inoculation also lessened market's response towards increasing infection rates. Economic restarts have since moved at different paces between countries, each depending on their own ways of dealing with Covid-19.

A Biden presidency may be positive for the Asian stock markets. Biden prides himself as one who respects international laws, supporting more coordinated foreign policies. Trade tensions might ease, with technology sector equities and high-yield credits benefitting provided the ongoing Huawei and TikTok issues can be solved amicably. Biden's clean energy revolution plan could also revitalise US' energy sector and create more well-paying jobs, further boosting US economy. Considering that the World Trade Organisation ("WTO") has recently ruled Trump's China tariff as illegal, Biden may also consider reducing or removing tariffs on China imports.

The worldwide Covid-19 death toll has since breached the 1 million mark, with US cases remaining stable at a high rate and Europe battling new waves. The shift in infections to younger age groups and more effective treatments however ensured Europe's continuous recovery despite the increasing infection rates. It is also more exposed to global trade than US, thus will benefit from the rebound in Chinese demand. Europe's exposure to financials, cyclical sectors such as energy and industrials, will potentially outperform in the second phase of recovery when economy continues to pick up as yield curve steepens. US dollar should weaken as economy recovers globally given its counter-cyclical behaviour, with more economically sensitive currencies appreciating instead, including euro and British sterling that are undervalued. However, British sterling faces higher volatility due to Brexit negotiations.

On the other hand, recent alarming increase in Covid-19 cases caused targeted lockdowns in Malaysia, potentially delaying economic recovery although remaining positive on a full rebound by 2021. From a bottom-up perspective, markets are still focused on more export-oriented industries i.e. gloves, electromotive force and technology stocks. Politics pose as minor distraction seeing how the peak of political risk has passed after Sabah election results were released. However, the risk to policy continuity caused by uncertainty of a majority win could lead to potential loss on FDI opportunities to other emerging market countries. Gold price which has a historical negative correlation to the US dollar has surged to new highs this year as investors flock to the safe haven asset.

### **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.

## THE MANAGER

### Board of Directors

Name	Teng Chee Wai
Designation	Managing Director
Age	54
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>Bachelor of Science, National University of Singapore</li> <li>Post-Graduate Diploma in Actuarial Studies, City University in London.</li> </ul>
Working Experience and Occupation	<ul style="list-style-type: none"> <li>Founder of AHAM</li> <li>Assistant General Manager (Investment), Overseas Assurance Corporation</li> <li>Investment Manager, NTUC Income, Singapore</li> </ul>
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"> <li>Director of Affin Hwang Trustee Berhad</li> <li>Director of Bintang Capital Partners Berhad</li> </ul>
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	8/8

Name	Mr. Yip Kit Weng
Designation	Non-Independent Non-Executive Director
Age	48
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>Australian Society of Certified Practising Accountants (CPAs) - Fellow of Certified Practising Accountant, Australia (FCPA)</li> <li>Financial Planning Association of Malaysia (FPAM) - Certified Financial Planner (CFP)</li> <li>Chartered Tax Institute of Malaysia (CTIM) - Associate of the Institute (ATII)</li> <li>Malaysian Institute of Accountants (MIA) - Registered Accountant</li> <li>University of Western Australia - Bachelor of Commerce (Accounting &amp; Finance)</li> </ul>
Working Experience and Occupation	<p><b>Present:</b> Deputy Group Managing Director of Affin Hwang Investment Bank Berhad</p> <p><b>Past:</b></p>

	<ul style="list-style-type: none"> <li>• Executive Director, Head of Investment Banking, Nomura Securities Malaysia Berhad</li> <li>• Director/Team Head /Corporate and Investment Banking Services, RHB Investment Bank Berhad</li> <li>• Director, Equity Capital Markets, Investment Banking, CIMB Investment Bank Berhad</li> <li>• Chief Executive Officer – Asia, Kajo Investments Pty Ltd</li> <li>• Executive Director, AFG Advisory Sdn Bhd</li> <li>• Senior Manager, Corporate Finance, Utama Merchant Bank Berhad</li> <li>• Associate Consultant, Financial Services Group, Price Waterhouse Taxation Services Sdn Bhd</li> </ul>
Date appointed to the Board	2 November 2019
Details of membership of any Board Committee in AHAM	Member of Board Compliance, Risk and Management Committee
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	8/8

Name	Raja Tan Sri Dato' Seri Aman bin Raja Haji Ahmad
Designation	Chairman, Non - Independent Non - Executive Director
Age	74
Gender	Male
Nationality	Malaysian
Qualification	Raja Tan Sri Dato' Seri Aman graduated from Universiti Malaya. He is a Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants as well as a Fellow of the Institute of Bankers Malaysia.
Working Experience and Occupation	<p>Raja Tan Sri Dato' Seri Aman held various positions in the Maybank Group from 1974 to 1985 prior to joining Affin Bank Berhad as an Executive Director. In 1992, he joined Perbadanan Usahawan Nasional Berhad as its CEO before he was re-appointed as the CEO of Affin Bank Berhad in 1995.</p> <p>Raja Tan Sri Dato' Seri Aman had served as a member of the National Pension Fund's ("KWAP") Investment Panel and he is currently the Chairman of Lembaga Tabung Angkatan Tentera's (LTAT) Investment Committee. He had also served as a member of the Malaysian Government's Working Group Policy of the Special Task Force to Facilitate Business (PEMUDAH) for a period of ten (10) years from 2007 to 2017.</p>

Date appointed to the Board	19 February 2019
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"> <li>• Chairman of Ahmad Zaki Resources Berhad</li> <li>• Director of Affin Hwang Investment Bank Berhad</li> <li>• Director of Tomei Consolidated Berhad</li> </ul>
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	8/8

Name	ELEANOR SEET OON HUI (XUE ENHUI ELEANOR)
Designation	Non-Independent Non-Executive Director
Age	45
Gender	Female
Nationality	Singaporean
Qualification	Bachelor of Economics, University of New South Wales, Sydney
Working Experience and Occupation	<p><b>Present:</b></p> <ul style="list-style-type: none"> <li>• Representative director</li> <li>• President and Director of Nikko Asset Management Asia Limited</li> <li>• Head of Asia ex-Japan of Nikko Asset Management (Nikko AM)</li> </ul> <p><b>Past:</b></p> <ul style="list-style-type: none"> <li>• Director of South East Asia, AllianceBernstein</li> </ul> <p><b>Other Appointments:</b></p> <ul style="list-style-type: none"> <li>• Serves as Vice-Chairman on the Executive Committee of the Investment Management Association of Singapore (IMAS)</li> </ul>
Date appointed to the Board	30 March 2018
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>• Member of Board Audit Committee</li> <li>• Member of Board Compliance and Risk Management Committee</li> </ul>
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	8/8

Name	Faizal Sham Bin Abu Mansor
Designation	Independent Non-Executive Director
Age	49
Gender	Male
Nationality	Malaysian

Qualification	Encik Faizal graduated with a Bachelor of Science in Accounting from Rutgers University, New Jersey, USA. He later went on to obtain his Master in Business Administration from Ohio University, Athens, USA. Faizal also has a Diploma in Aviation Studies from the International Air Transport Association. He is a Fellow of the Chartered Accountants Australia & New Zealand and a former Member of the Malaysian Institute of Accountants.
Working Experience and Occupation	Encik Faizal Sham started his career with the Securities Commission before gaining experience within the financial services industry through his tenure at Bank of Tokyo-Mitsubishi (M) Berhad, and Arab-Malaysian Merchant Bank Berhad which is now known as AmlInvestment Bank Berhad. He left Malaysia in 1998 to work in Australia for Polyaire Holdings Pty Ltd, a manufacturer and distributor of air-conditioning components before returning to rejoin AmlInvestment Bank Berhad in 2003 where he provided financial advisory services to some of the largest corporates in the country. He then moved on to become the Chief Financial Officer of WWE Holdings Berhad and later established his career at Malaysia Airports Holdings Berhad where he had helped restructure the company, drive it's financial performance and raise its profile with the investor community and international business expansion. Prior to his appointment as Director of the Company, Encik Faizal Sham was the Chief Executive Officer of Astro Productions, and Head of Astro Awani within Astro Malaysia Holdings Berhad
Date appointed to the Board	5 July 2019
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>• Chairman of Board Audit Committee</li> <li>• Member of Board Compliance and Risk Management Committee</li> </ul>
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	8/8

Name	Major General Dato' Zulkiflee bin Mazlan (R)
Designation	Independent Non-Executive Director
Age	65
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>• Graduated from the Royal Military Academy at Sandhurst</li> <li>• Bachelor of Law (Hons) from Institute Technology of Mara</li> <li>• Master Degree in National Security Strategy from National Defense University, Fort McNair, Washington DC</li> </ul>

Working Experience and Occupation	<p><b>Present:</b> Major. Gen Dato' Zulkiflee is the Chairman of Koperasi Angkatan Tentera Malaysia and he also sits on the Board of Great Eastern Takaful Berhad, Affin Hwang Investment Berhad and Affin Hwang Trustee Berhad.</p> <p><b>Past:</b> Major General Dato' Zulkiflee had a distinguished career in the Malaysian Armed Forces. He also held numerous commands and staff appointments at the Ministry of Defence. He had served as Director General of Jabatan Hal Ehwal Veteran. He was the Chief Executive Officer of Yayasan Veteran Angkatan Tentera Malaysia and also served on the Board of Perbadanan Hal Ehwal Bekas Tentera.</p>
Date appointed to the Board	1 September 2019
Details of membership of any Board Committee in AHAM	<ul style="list-style-type: none"> <li>• Chairman of Board Compliance and Risk Management Committee</li> <li>• Member of Board Audit Committee</li> </ul>
Details of other Directorship in public companies and listed issuers	<ul style="list-style-type: none"> <li>• Chairman of Affin Hwang Investment Bank Berhad</li> <li>• Chairman of Affin Hwang Trustee Berhad</li> <li>• Director of Great Eastern Takaful Berhad</li> </ul>
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	8/8

## Director's Training

The Board acknowledges the importance of continuing education for its Directors. During the Financial Year Ended 2020, 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
FMTCS Sdn Bhd	Analysis and Valuation of Real Estate Investment Trust and Private Equity Estate Investment
AHAM	AML/CFT & TFS : Compliance A Need to Protect Business

### YIP KIT WENG

Organiser	Name of Programme
The Iclif Leadership & Governance Centre	Mandatory Accreditation Programme
Securities Industry Development Corporation	CMDP Program: Module 1, 2B, 3 & 4
AHAM	AML/CFT & TFS : Compliance A Need to Protect Business
ABB	Mind-Shift Series: Staying Relevant in the Age of Disruption and Innovation

### RAJA TAN SIR DATO' SERI AMAN BIN RAJA HAJI AHMAD

Organiser	Name of Programme
Asian School of Business (ASB)	Cybersecurity & Work-From-Home Security Challenges Amidst Covid-19 Pandemic
Ahmad Zaki Resources Berhad	Adequate Procedure & the Implementation of MS ISO 37001 Anti-Bribery Management System (ABMS)
AHAM	AML/CFT & TFS : Compliance A Need to Protect Business

### ELEANOR SEET OON HUI (XUE ENHUI ELEANOR)

Organiser	Name of Programme
Singapore Institute of Directors (SID)	Effective Succession Planning and Compensation Decisions
SID	The Role of Directors - Duties, Responsibilities and Legal Obligations
SID	Assessing Strategic Performance: The Board Level View
SID	Finance for Directors

Bloomberg	The role of ESG in a decade of disruption - Bloomberg
Investment Management Association of Singapore (IMAS)	Post Covid-19 Investment Management: Future of Work
Financial & Professional Services Cluster Secretariat National Trades Union Congress (NTUC)	Financial Sector Tripartite Committee (FSTC) meetings
Bloomberg	COVID-19 Impact and Response webcast
National University of Singapore Business School	7th Asian Monetary Policy Forum
Barclays	What Economic History Can Teach Us About Covid-19 with Niall Ferguson
Bloomberg	Bloomberg Invest Global
HSBC	Seeking Sustainable Alpha in China Equities: Active vs Passive
Fundspermart	'Nikko AM: We know Asia – Asian Equity'
Fundspermart	Nikko Asset Management – We Know Asia: Asian Fixed Income
DBS	first digital edition of the DBS Asian Insights Conference 2020: Navigating A Post-Pandemic World
IMAS	Liquidity Risk Management - Understanding Best Practices Across All Portfolio Types
PwC	Cybersecurity: Recent trends in a changing cyber risk landscape
IMAS	ESG Considerations in a COVID World, and Latest Trends in ESG Fund
HSBC	Asset Management Thought Leadership for institutional investors by HSBC
AHAM	AMLA Program (Refresher) on 10 Sept 2020 (session 1: Morning session)
BNP	BNP Paribas Global Markets APAC Conference 2020 - Live Series
IMAS	IMAS: Active vs Passive Investing: What's Your Take?

#### FAIZAL SHAM BIN ABU MANSOR

Organiser	Name of Programme
AHAM	AML/CFT & TFS : Compliance A Need to Protect Business
ABB	Mind-Shift Series: Staying Relevant in the Age of Disruption and Innovation



## MAJOR GENERAL DATO' ZULKIFLEE BIN MAZLAN (R)

Organiser	Name of Programme
FIDE	3 <sup>rd</sup> Distinguished Board Leadership Series – “Challenging Times: What Role Must The Board Play”
FIDE	4th Distinguished Board Leadership Series
FIDE	Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses
ASB	Managing Political Risks
AHAM	AML/CFT & TFS : Compliance A Need to Protect Business
ABB	Mind-Shift Series: Staying Relevant in the Age of Disruption and Innovation

During the Financial Year Ended 2020, there were no public sanction or penalty that was imposed on the management company by the relevant regulatory bodies.

### The Custodian (Trustee's Delegate)

CIMB Commerce Trustee Berhad has delegated its custodian function to CIMB Bank Berhad (CIMB Bank). CIMB Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Bank provides full-fledged custodial services, typically clearing, settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit assets, they are held through its wholly owned nominee subsidiary “CIMB Group Nominees (Tempatan) Sdn Bhd”. For foreign non-Ringgit assets, CIMB Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Bank acts only in accordance with instruction from the Trustee.

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS MYSE® 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 ended from 26 November 2019 (Date of Launch) to 30 September 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  
16 November 2020

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

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019  
(DATE OF LAUNCH) TO 30 SEPTEMBER 2020**

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

## **FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH)  
TO 30 SEPTEMBER 2020**

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

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

	<u>Note</u>	Financial period from 26.11.2019 (date of launch) to <u>30.9.2020</u> RM
<b>INVESTMENT LOSS</b>		
Dividend income		423
Interest income from financial assets at amortised cost		23,199
Net loss on futures at fair value through profit or loss	10	(1,018,655)
Net loss on financial assets at fair value through profit or loss	9	(120)
		<u>(995,153)</u>
<b>EXPENSES</b>		
Management fee	4	(13,921)
Trustee fee	5	(557)
Tax agent's fee		(3,500)
Transaction cost		(619)
Other expenses		(6,393)
		<u>(24,990)</u>
<b>NET LOSS BEFORE TAXATION</b>		(1,020,143)
Taxation	8	-
<b>NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u><u>(1,020,143)</u></u>
Net loss after taxation is made up of the following:		
Realised amount		(960,400)
Unrealised amount		(59,743)
		<u><u>(1,020,143)</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

## STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	<u>Note</u>	As at <u>30.9.2020</u> RM
<b>ASSETS</b>		
Margin account	11	280,989
Cash and cash equivalents		329,496
Financial assets at fair value through profit or loss	9	610,263
Amount due from Manager		
- management fee rebate receivable		40
<b>TOTAL ASSETS</b>		<u>1,220,788</u>
<b>LIABILITIES</b>		
Quoted futures at fair value through profit or loss	10	59,583
Amount due to Manager		
- management fee		1,033
Amount due to Trustee		41
Tax agent's fee		3,500
Other payables and accruals		2,000
<b>TOTAL LIABILITIES</b>		<u>66,157</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>1,154,631</u>
<b>EQUITY</b>		
Unitholders' capital		2,174,774
Accumulated losses		(1,020,143)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,154,631</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	12	<u>581,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.9873</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 30 SEPTEMBER 2020

	<u>Unitholder's capital</u> RM	<u>Accumulated losses</u> RM	<u>Total</u> RM
Balance as at 26 November 2019 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(1,020,143)	(1,020,143)
Movements in unitholders' capital:			
Creation of units arising from applications	5,362,967	-	5,362,967
Cancellation of units	(3,188,193)	-	(3,188,193)
Balance as at 30 September 2020	<u>2,174,774</u>	<u>(1,020,143)</u>	<u>1,154,631</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 CASH FLOWS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020

	Financial period from 26.11.2019 (date of launch) to <u>30.9.2020</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Purchase of investments	(610,423)
Payment to margin account	(280,989)
Dividend received	423
Interest income received	23,199
Realised loss on futures	(959,072)
Management fee paid	(12,888)
Trustee fee paid	(516)
Payment for other fees and expenses	(5,012)
Net cash used in operating activities	<u>(1,845,278)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Proceeds from creation of units	5,362,967
Payment for cancellation of units	(3,188,193)
Net cash generated from financing activities	<u>2,174,774</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	329,496
<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>	<u><u>329,496</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 30 SEPTEMBER 2020

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

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

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

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle (effective 1 January 2019)

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

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

- Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business.
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current (effective 1 January 2022) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date.

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

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

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### **B INCOME RECOGNITION**

##### Dividend income

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

##### Realised gains and losses on sale of investments

For collective investment schemes ("CIS"), 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.

##### Realised gains and losses on sale of futures

Realised gain or loss on futures are measured by the net settlement amount as per the future contracts.

##### 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's assets or the creation, issue, transfer, cancellation or redemption of units or the acquisition or disposal of Fund's 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.

#### **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 ("RM") which is the Fund's functional and presentation currency.

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

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### **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 classify its financial assets in the following measurement categories:

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments and derivatives not designated as hedging instruments are measured at fair value through profit or loss.

Investments in collective investment scheme have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies margin account, amount due from Manager 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, tax agent's fee and other payables and accruals as financial liabilities measured.

##### **(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 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.

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

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

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

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 financial assets at fair value through profit or loss” in the period which they arise.

Valuation of derivatives - futures 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 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.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the deposits.

Investment in collective investment schemes are valued at the last published NAV per unit at the date of the statement of financial position.

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

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

#### H CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and 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 30 SEPTEMBER 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 asset 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 unitholder exercises the right to put the unit back to the Fund.

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

#### **J 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 are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities.

The fair value of the Fund's futures is obtained from the relevant stock exchanges where the futures are listed on the financial year end date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

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

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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.

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

In undertaking any of the Fund's 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 FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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 Index”).

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 16 November 2020.



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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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 RM</u>
<u>Financial assets</u>				
Margin account	11	280,989	-	280,989
Cash and cash equivalents		329,496	-	329,496
Collective investment schemes	9	-	610,263	610,263
Amount due from Manager - management fee rebate receivable		40	-	40
		<u>610,525</u>	<u>610,263</u>	<u>1,220,788</u>
<u>Financial liabilities</u>				
Quoted futures	10	-	59,583	59,583
Amount due to Manager - management fee		1,033	-	1,033
Amount due to Trustee		41	-	41
Tax agent's fee		3,500	-	3,500
Other payables and accruals		2,000	-	2,000
		<u>6,574</u>	<u>59,583</u>	<u>66,157</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 FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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 Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The Fund is exposed to price risk arising from its exposure into futures contracts linked to the movement of its referenced Underlying Index. The price of the Underlying 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 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 Fund is also exposed to price risk arising 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 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 38.05%, which is the 12-month standard deviation of the Underlying Index as at 30 September 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 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>			
+38.05%	699	(82,254)	(22,671)
0%	506	(59,583)	-
-38.05%	314	(36,912)	22,671

\* 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.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

##### Market risk

##### (a) Price risk (continued)

The Fund's collective investment scheme exposure to price risk was as follows:

	As at <u>30.9.2020</u> RM
<b>Quoted investment</b>	
Collective investment scheme - local	610,263
	<u><u>610,263</u></u>

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

<u>% Change in price</u>	<u>Market value</u> RM	Impact on profit after tax/NAV RM
<u>2020</u>		
-5%	579,750	(30,513)
0%	610,263	-
+5%	640,776	30,513
	<u><u>610,263</u></u>	<u><u>30,513</u></u>

##### (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 is not exposed to any interest rate risk as it does not hold any deposits with licensed financial institution as at 30 September 2020.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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:

	<u>Quoted futures</u> RM	<u>Total</u> RM
<u>2020</u>		
United States Dollar	(59,583)	(59,583)

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 based on each currency's respective historical volatility, 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 each currency's respective historical volatility. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	<u>Change in rate</u> %	<u>Impact on loss after tax/ NAV</u> RM
<u>2020</u>		
United States Dollar	+/- 6.12	-/+ 3,647

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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>Amount due from Manager</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial services				
- AAA	280,989	329,496	-	610,485
- NR	-	-	40	40
	<u>280,989</u>	<u>329,496</u>	<u>40</u>	<u>610,525</u>

##### 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.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

##### Liquidity risk (continued)

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>			
Quoted futures at fair value through profit or loss	-	59,583	59,583
Amount due to Manager - management fee	1,033	-	1,033
Amount due to Trustee	41	-	41
Tax agent's fee	-	3,500	3,500
Other payables and accruals	-	2,000	2,000
	<u>1,074</u>	<u>65,083</u>	<u>66,157</u>

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and accumulated losses. 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.

#### 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.

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

##### (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 assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2020</u>				
Financial assets at fair value through profit or loss - collective investment schemes	610,263	-	-	610,263
Financial liabilities at fair value through profit or loss - quoted futures	59,583	-	-	59,583

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 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 quoted futures contracts and collective investment schemes. The Fund does not adjust the quoted prices for these instruments.

(ii) The carrying value of the margin account, cash and cash equivalents, amount due from Manager 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 30 September 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 30 September 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 INDEX 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.

The Index License Fee was borne by the Manager for the financial period from 26 November 2019 (date of launch) to 30 September 2020.



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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### 7 AUDITORS' REMUNERATION

Auditors' remuneration of the Fund is recognised at RM20,000.

The auditors' remuneration was borne by the Manager for the financial period from 26 November 2019 (date of launch) to 30 September 2020.

#### 8 TAXATION

	Financial period from 26.11.2019 (date of launch) to <u>30.9.2020</u> RM
Current taxation	-

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 <u>30.9.2020</u> RM
Net loss before taxation	(1,020,143)
Tax at Malaysian statutory tax rate of 24%	(244,834)
Tax effects of:	
Investment loss not brought to tax	238,846
Expenses not deductible for tax purposes	2,177
Restriction on tax deductible expenses for Exchange Traded Fund	3,811
	-

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM
Financial assets at fair value through profit or loss:	
- collective investment schemes - local	610,263
	Financial period from 26.11.2019 (date of launch) to <u>30.9.2020</u> RM
Net loss on financial assets at fair value through profit or loss:	
- unrealised loss on changes in fair value	(160)
- management fee rebate on collective investment scheme #	40
	(120)

# In arriving at the fair value of collective investment schemes, the management fee initially paid to the Manager of collective investment schemes has been considered as part of its net asset value. In order to prevent the double charging of management fee, management fee charged on the Fund's investment in a collective investment schemes has been refunded to the Fund. Accordingly, any rebate of management fee received from the Manager of collective investment schemes is reflected as an increase in the net asset value of the collective investment schemes.

(a) Collective investment schemes - local

(i) Collective investment schemes – local as at 30 September 2020 are as follows:

	<u>Quantity</u>	<u>Aggregate cost</u> RM	<u>Fair value</u> RM	<u>Percentage of NAV</u> %
Affin Hwang Aiiman Money Market Fund	393,052	210,118	210,086	18.19
Affin Hwang Enhanced Deposit Fund	170,829	200,153	200,075	17.33
Affin Hwang Select Cash Fund	189,940	200,152	200,102	17.33
Total collective investment scheme - local	<u>753,821</u>	<u>610,423</u>	<u>610,263</u>	<u>52.85</u>
Accumulated unrealised loss on collective investment scheme - local		(160)		
Total collective investment scheme - local		<u>610,423</u>		

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### 10 QUOTED FUTURES 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. The Fund's investment in quoted derivative – futures is set out below:

	<u>2020</u> RM
Financial liabilities at fair value through profit or loss:	
- quoted derivative – futures	(59,583)
	<u>                    </u>
Net loss on financial asset at fair value through profit or loss:	
- realised loss on settlement of futures contracts	(959,072)
- unrealised loss on changes in fair value	(59,583)
	<u>                    </u>
	<u>(1,018,655)</u>

As at the date of statement of financial position, there are 10 futures contracts outstanding. The notional principal amount of the outstanding futures amounted to RM1,059,205. 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.

#### 11 MARGIN ACCOUNT

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

#### 12 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u> No. of units
At the date of launch	-
Creation of units arising from applications	1,687,000
Cancellation of units	(1,106,000)
	<u>                    </u>
At the end of the financial period	<u>581,000</u>

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

#### 13 TRANSACTIONS WITH TRADERS/BROKERS

(i) Details of transactions with traders/brokers for the financial period from 26 November 2019 (date of launch) to 30 September 2020 are as follows:

<u>Name of traders/brokers</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	28,368,223	97.89	619	100.00
Affin Hwang Investment Bank Bhd#	610,000	2.11	-	-
	<u>28,978,223</u>	<u>100.00</u>	<u>619</u>	<u>100.00</u>

# Included in transactions with brokers are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, a company related to the Manager amounting RM610,000. The Manager is of the opinion that all transactions with the related company has been entered into in the normal course of business at agreed terms between the related parties.

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

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager 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
Subsidiaries and associates of ABB as disclosed in its financial statements	Subsidiary and associated companies of the ultimate holding company of the Manager

The units held by 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>485,000</u> <u>963,841</u>

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

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)

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

	Financial period from 26.11.2019 (date of launch) to <u>30.9.2020</u> %
MER	<u>1.48</u>

MER is derived from the following calculation:

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

A	=	Management fee, excluding management fee rebates
B	=	Trustee fee
C	=	Tax agent's fee
D	=	Other expenses, excluding sales and service tax on transaction costs
E	=	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 RM1,645,993.

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

	Financial period from 26.11.2019 (date of launch) to <u>30.9.2020</u>
PTR (times)	<u>8.80</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 = RM14,840,142  
and total disposals for the financial period = RM14,138,504

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 26 NOVEMBER 2019 (DATE OF LAUNCH) TO 30 SEPTEMBER 2020 (CONTINUED)**

#### **17 SEGMENT INFORMATION**

The strategic asset allocation committee of the Investment Manager makes the strategic resource allocations on behalf of the Fund. The Fund has determined the operating segments based on the reports reviewed by 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, collective investment schemes and deposits with licensed financial institutions.

The Fund has a diversified unitholder population. However, as at 30 September 2020, there were 2 unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 73.15% and 10.33%.

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.

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

The worsening macro-economic outlook as a result of Covid-19, both domestically and globally, may result in the deterioration of the Fund's Net Asset Value/unit in future periods.

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

#### **19 COMPARATIVES**

There are no comparative figures as this is the first set of 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, **Affin Hwang Asset Management Berhad**, do hereby state that in the opinion as the Manager, the financial statements set out on pages 1 to 26 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 30 September 2020 and of its financial performance, changes in equity and cash flows for the financial period from 26 November 2019 (date of launch) to 30 September 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  
16 November 2020

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the financial statements of TradePlus NYSE® FANG+™ Daily (-1x) Inverse Tracker give a true and fair view of the financial position of the Fund as at 30 September 2020 and of its financial performance and its cash flows for for the financial period from 26 November 2019 (date of launch) to 30 September 2020 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 30 September 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 26 November 2019 (date of launch) to 30 September 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 1 to 26.

### 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’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“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 NYSE® FANG+™ DAILY (-1X) INVERSE 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 judgments; 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 judgment, 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.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matters</b>
<p><b>Valuation and existence of financial assets and derivatives at fair value through profit or loss</b></p> <p>Refer to Note G, Note 3, Note 9 and Note 10 to the financial statements.</p> <p>The investment portfolio at the period-end comprised collective investment schemes valued at RM610,263 and quoted derivatives - futures valued at RM(59,583).</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 collective investment schemes and quoted futures as at year-end by agreeing the price used in the valuation to independent third party sources.</p> <p>We have tested the existence of the investment portfolio by agreeing the investment holdings to independent custodian confirmations.</p>

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE 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 control 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF  
TRADEPLUS NYSE® FANG+™ DAILY (-1X) INVERSE TRACKER  
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

LEE TZE WOON KELVIN  
03482/01/2022 J  
Chartered Accountant

Kuala Lumpur  
16 November 2020

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