

# TradePlus

## HSCEI Daily (2x) Leveraged Tracker

Interim Report  
31 December 2019

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



**AFFIN HWANG**  
CAPITAL

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

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

# TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

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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  
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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 HSCEI Daily (2x) Leveraged Tracker
Fund Type	Leveraged 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	Hang Seng China Enterprises Futures 2x Leveraged Index
Distribution Policy	The Fund may distribute income on an incidental basis

## BREAKDOWN OF UNITHOLDERS BY SIZE AS AT 31 DECEMBER 2019

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	6	3,700	0.49
1,001 - 10,000	2	13,000	1.73
10,001 - 100,000	0	0	0
100,001 - < 5% *	3	733,300	97.77
>= 5% *	0	0	0
<b>Total</b>	<b>11</b>	<b>750,000</b>	<b>100.00</b>

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

## FUND PERFORMANCE DATA

Category	As at 31 Dec 2019 (%)
Portfolio composition	
Quoted derivative - futures	0.39
Cash and Cash Equivalent	99.61
<b>Total</b>	<b>100.00</b>
Total NAV (MYR 'million)	1.629
NAV per Unit (MYR)	2.1723
Unit in Circulation (million)	0.750
Highest NAV per unit	2.1929
Lowest NAV per unit	1.8414
Return of the Fund (%) <sup>iii</sup>	8.62
- Capital Growth (%) <sup>i</sup>	8.62
- Income Distribution (%) <sup>ii</sup>	Nil
Gross Distribution per Unit (sen)	Nil
Net Distribution per Unit (sen)	Nil
Management Expense Ratio (%)	0.38
Portfolio Turnover Ratio (times)	3.37
Tracking Error	4.83

### **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

Table 1: Performance of the Fund

	Since Commencement (26/11/19 - 31/12/19)
<b>Fund</b>	<b>8.62%</b>
<b>Benchmark</b>	<b>9.98%</b>
<b>Underlying Index</b>	<b>5.07%</b>
<b>Outperformance / (Underperformance) VS Benchmark</b>	<b>(1.36%)</b>

Source of Benchmark, and Underlying Index: Bloomberg

Table 2: Average Total Return

	Since Commencement (26/11/19 - 31/12/19)
<b>Fund</b>	<b>131.14%</b>
<b>Benchmark</b>	<b>162.39%</b>
<b>Underlying Index</b>	<b>65.15%</b>
<b>Outperformance / (Underperformance) VS Benchmark</b>	<b>(31.25%)</b>

Source of Benchmark, and Underlying Index: Bloomberg

Note: Due to the shorter period under review, the average total returns may not be reflective of the Fund's actual performance.

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

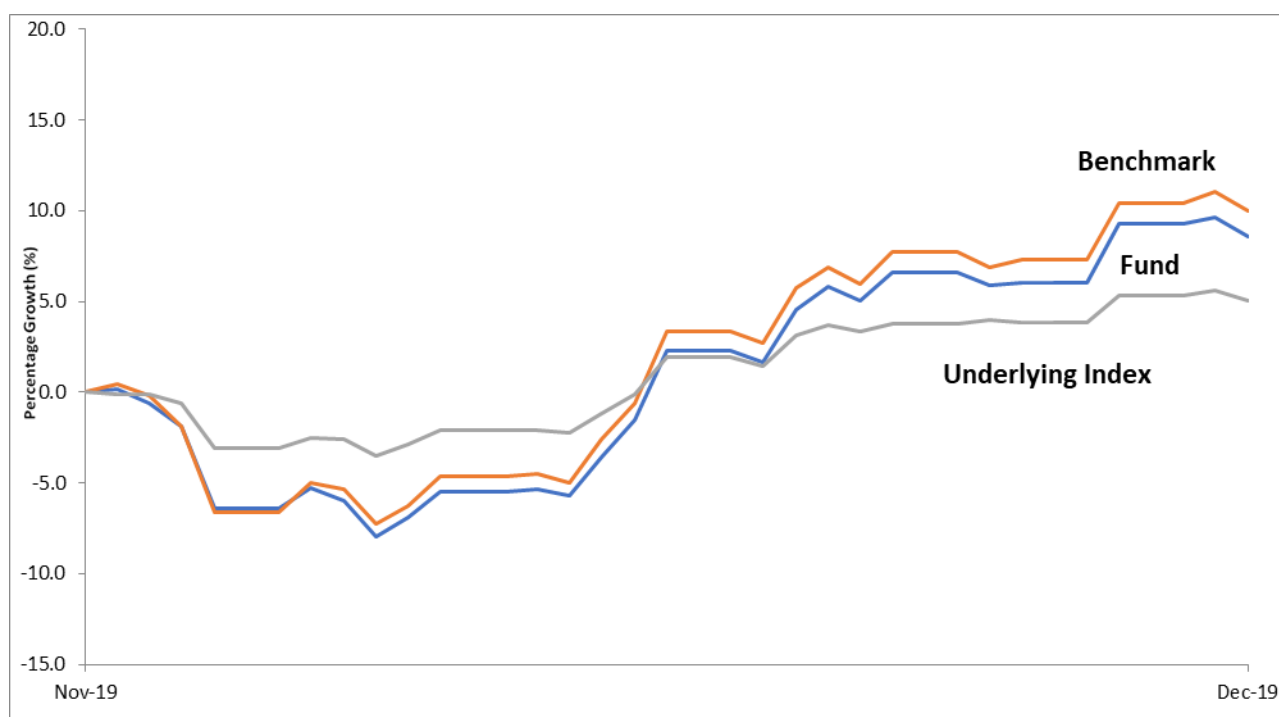
## MANAGER'S REPORT

### Performance Review

For the period under review from 26 November 2019 to 31 December 2019, the Fund registered 8.62% return. Over the same period, the Fund's Benchmark gained 9.98%, while its Underlying Index rose 5.07% over the same period. The resulted in the Fund underperforming the Benchmark by 1.36%. The Net Asset Value ("NAV") per unit of the Fund as at 31 December 2019 was RM 2.1723, compared to its NAV per unit as at 26 November 2019 of RM 2.0000.

The Fund had met its objective by aiming to provide investment results that closely correspond to the daily performance of the Benchmark.

Figure 1: Movement of the Fund versus the Benchmark



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

*Benchmark: Hang Seng China Enterprises Futures 2x Leveraged Index, Underlying Index: Hang Seng China Enterprises Index*

### Income Distribution / Unit Split

No income distribution or unit split were declared for the financial period ended 31 December 2019.

## **Asset Allocation**

As at 31 December 2019, the ETF's asset allocation stood at 0.39% in quoted derivatives while the remaining was held in cash and cash equivalent. This provided the ETF with an exposure of 195.27% into the Hang Seng China Enterprises Index.

## **Strategies Employed**

The Manager continues to adopt the full replication strategy. The Manager invested into quoted derivatives or futures to provide investment results that closely correspond to the performance of the Benchmark. As at 31 December 2019, the Fund's AUM stood at RM1.629 million, with quoted derivatives or futures amounting to 0.39% of the Fund's NAV.

## **Market Review**

In 2019, we saw a continuation of volatility in markets whether stemming from US-China trade tensions, geopolitical risks or recessionary fears. From violent clashes in Hong Kong, Brexit's political drama and tensions in the Middle East including the bombing of a Saudi oil facility – there were no shortage of events which kept markets on edge in 2019.

Asian benchmark gauges were whipsawed throughout the year as a result, but vaulted towards the end as global recessionary fears eased and news that the US and China had reached a phase one trade deal.

Meanwhile, Hong Kong continues to be plagued by protests which are starting to hurt businesses and dent economic growth. The unrest in Hong Kong started since early June when protesters took to the streets to oppose an extradition bill proposal. The demonstrations have shifted into a movement calling for more autonomy, full democracy and the ousting of Hong Kong's embattled leader Carrie Lam.

Although the global economy has slowed down in 2019, there was no global recession and consequently subsequently it drove a rebound in stock markets. Besides that, global central banks have stepped in to provide monetary stimulus through interest rate cuts to prop-up growth and support the economy.

For the first time in more than a decade, the US Federal Reserve ("Fed") reduced interest rates by 25bps in July; effectively lowering the benchmark rate to a new range of 2.00-2.25%. However, the Fed delivered another widely expected 25bps rate cut at its policy meeting in September and October before Fed Chair Jerome Powell stopped short from guiding expectations of further easing indicating that 'monetary policy was in a good place'. The FOMC also dropped the use of the phrase 'act as appropriate' which markets took as a signal that the Fed would likely stay on hold for now.

The Brexit political gridlock loosened slightly after UK Prime Minister Boris Johnson and his Conservative party came out victorious at the polls in December by securing 365 seats out of the 650 available; marking the biggest majority achieved by a single party at Westminster since 1987. With the backing of a clear majority this time around, the UK Prime Minister now has the ability to garner parliamentary approval for a potentially softer Brexit deal and meet the deadline of 31 January 2020.

On a side note, BNM cut the Overnight Policy Rate by 25 bps to 3.00% on 7 May – likely a pre-emptive measure against a weakening external environment as well as slowing domestic growth. The announcement was largely priced in by investors, which saw the MGS market rallied strongly in the few weeks prior to the announcement, though the buying subsequently eased up amid the addition of risks on the global trade front.

## **Investment Outlook**

Further confirmation in real hard data pointing to a recovery in the economy and liquidity indicators turning upwards would lead to stronger global growth. Emerging markets tend to benefit the most from a global economic upswing as earnings improvement drive equity markets higher.

Though, key risks stemming from US-China trade ties may continue to weigh down on markets. Whilst, the temporary phase one deal has lifted sentiment, we recognise that it's not a done deal as the two economic powerhouses continue to vie for alpha position in the global arena whether it's in trade or technology. We could also see trade noise return and an escalation of tensions again after the US 2020 presidential election.



The election race may be another wildcard for markets in 2020. A Democrat sweep in elections may put pressure on stock markets as candidates like Elizabeth Warren and Bernie Sanders propose the break-up of large tech companies, increase the minimum wage and restore higher corporate taxes.

On outlook for Asia, we maintain our positive stance of the market underpinned by a stabilisation in economic data, looser monetary conditions as well as favourable technical indicators including positioning and sentiment.

On the domestic front, the local market tracked regional gains with the benchmark KLCI closing 1.7% higher in December. Unlike its regional counterpart, Malaysia has been left behind throughout 2019 with the KLCI at its 4-year low compared to other Asian peers which are in positive territory. The local benchmark index ended the year in the red at -6%, amidst a depreciation in the Ringgit, weakening oil price, and decline in earnings.

Starting from a low-base, we could see the return of large caps in 2020 with the bulk of earnings growth coming in from banking, plantation and glove counters. This is anchored by forecast earnings growth of 4.0% - 5.0% in 2020.

Technical indicators are also favourable with positioning low as cumulative foreign outflows spike to new highs in 2019. There is also ample liquidity on the side with many funds are sitting with some cash buffer. Muddled politics including an impending power transition in 2020 are key risks for the local market, as we need to see confidence return. Key indicators including FDI flows, exports and consumption data will be important to gauge.

#### **State of Affairs of the Fund**

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

#### **Soft Commissions received from Brokers**

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

## **TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER**

We, **CIMB Commerce Trustee Berhad** being the trustee for **TradePlus HSCEI Daily (2x) Leveraged 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 31 December 2019.

- 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  
07 February 2020

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

	Note	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u> RM
<b>INVESTMENT INCOME</b>		
Interest income from financial assets at amortised cost		2,780
Net gain on futures at fair value through profit or loss	8	189,393
		<u>192,173</u>
<b>EXPENSES</b>		
Management fee	4	(1,327)
Trustee fee	5	(53)
Auditors' remuneration		(3,001)
Tax agent's fee		(345)
Transaction cost		(551)
Other expenses		(376)
		<u>(5,653)</u>
<b>NET PROFIT BEFORE TAXATION</b>		186,520
Taxation	7	-
<b>NET PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u><u>186,520</u></u>
Net profit after taxation is made up of the following:		
Realised amount		192,899
Unrealised amount		(6,379)
		<u><u>186,520</u></u>

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

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

### UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> RM
<b>ASSETS</b>		
Margin account	9	479,296
Cash and cash equivalents	10	1,161,294
<b>TOTAL ASSETS</b>		<u>1,640,590</u>
<b>LIABILITIES</b>		
Quoted futures at fair value through profit or loss	8	6,379
Amount due to Manager		
- management fee		1,327
Amount due to Trustee		53
Auditors' remuneration		3,001
Tax agent's fee		345
Other payables and accruals		250
<b>TOTAL LIABILITIES</b>		<u>11,355</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>1,629,235</u>
<b>EQUITY</b>		
Unitholders' capital		1,442,715
Retained earnings		186,520
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,629,235</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11	<u>750,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>2.1723</u>

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

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

	Unitholder's <u>capital</u> RM	Retained <u>earnings</u> RM	<u>Total</u> TM
Balance as at 26 November 2019 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	186,520	186,520
Movements in unitholders' capital:			
Creation of units arising from applications	1,442,715	-	1,442,715
Balance as at 31 December 2019	<u>1,442,715</u>	<u>186,520</u>	<u>1,629,235</u>

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

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

	<u>Note</u>	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Call on margin accounts		(479,296)
Interest income received		2,780
Realised gain on futures		195,772
Payment for other fees and expenses		(677)
Net cash used in operating activities		<u>(281,421)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from creation of units		<u>1,442,715</u>
Net cash generated from financing activities		<u>1,442,715</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		1,161,294
<b>CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH</b>		<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	10	<u><u>1,161,294</u></u>

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

## **TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER**

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

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

#### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

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

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

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

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

#### **B INCOME RECOGNITION**

##### Interest income

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

#### **C TRANSACTION COSTS**

Transaction costs are costs incurred in relation to any particular transaction or dealing relating to the Fund, all stamp duty and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies, foreign exchange costs and other duties and charges whether in connection with the Fund Assets or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Fund Assets or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing.

## **TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER**

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

#### **D TAXATION**

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

#### **E FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **F FOREIGN CURRENCY TRANSLATION**

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

#### **G FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

##### **(i) Classification**

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

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or 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.

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

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

##### **(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.



## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

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

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

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

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

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

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

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.

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

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

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

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

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

###### Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There 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.

#### **I UNITHOLDERS' CAPITAL**

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

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

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

## **TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER**

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

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

#### **K SEGMENT REPORTING**

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

#### **L CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

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

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

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

# TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

### 1 INFORMATION ON THE FUND

The Exchange-Traded Fund was constituted under the name TradePlus HSCEI Daily (2x) Leveraged 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 Hang Seng China Enterprises Futures 2x Leveraged Index (the “Benchmark”).

The Fund is a passively managed fund. To achieve the investment objective of the Fund, the Manager will use a futures-based replication strategy. Under the futures-based replication strategy, the Manager will directly invest in the nearest quarter futures contracts of the Underlying Index subject to the futures roll on a quarterly basis in order to obtain the required exposure of up to 200% of its Net Asset Value to the Underlying Index.

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

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 7 February 2020.

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

Financial instruments are as follows:

	<u>Note</u>	Financial Assets at amortised cost RM	Financial liabilities at fair value through profit or loss RM	<u>Total</u> RM
<u>2019</u>				
Margin accounts	9	479,296	-	479,296
Cash and cash equivalents	10	1,161,294	-	1,161,294
Quoted futures	8	-	(6,379)	(6,379)
		<u>1,640,590</u>	<u>(6,379)</u>	<u>1,634,211</u>

All current liabilities except for quoted futures are financial liabilities which are carried at amortised cost.

The Fund is exposed to a variety of risks which include market risk (price 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 HSCEI DAILY (2X) LEVERAGED TRACKER

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

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

##### Market risk

##### (a) Price risk

Price risk arises mainly from the uncertainty about future prices of investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

The Fund is exposed to price risk arising from its exposure into futures contracts linked to the movement of its referenced equity index. The price of the equity index may fluctuate and movement is uncertain. The Fund is structured as an index tracking fund with the Benchmark index that is linked to the Hang Seng China Enterprises Index (the "Underlying Index"). The Underlying Index comprises of a diversified list of equity securities in its constituents. As such the Fund is able to mitigate the price risk through the diversification that it has through the diversification of the Underlying Index, which the future contracts the Fund enters into replicates.

The table below summarises the sensitivity of the Fund's profit or loss, and NAV to movements in prices of its Benchmark index. The analysis is based on the assumption that the Benchmark index fluctuates by 15.7%, which is the 12-month standard deviation of the Underlying index as at 31 December 2019. If all other variables are held constant, and that the fair value of the investments move in the same quantum with the fluctuation of the underlying index, this would represent the Management's best estimates of a reasonable possible shift in the futures contracts.

<u>% Change in price</u>	<u>Benchmark index*</u> RM	<u>Market value</u> RM	<u>Impact on profit/ (loss) after tax/NAV</u> RM
<u>2019</u>			
-15.70%	9,496	(5,377)	(1,002)
0%	11,625	(6,379)	-
+15.70%	13,034	(7,381)	1,002

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

##### (b) Interest rate risk

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

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

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

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

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

##### Market risk (continued)

##### (c) Currency risk

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

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

	Quoted derivative – futures RM	Total RM
<u>2019</u>		
Hong Kong Dollar	(6,379)	(6,379)

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

	Change in rate %	Impact on loss after tax/ NAV RM
<u>2019</u>		
Hong Kong Dollar	+/- 5	+/- 319

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

	Margin account RM	Cash and cash equivalents RM	Total RM
<u>2019</u>			
<u>Financials</u>			
- AA3	479,296	-	479,296
- AAA	-	1,161,294	1,161,294
	<u>479,296</u>	<u>1,161,294</u>	<u>1,640,590</u>

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

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

##### Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. This includes scenarios such as the need to efficiently top-up its margin account to a level required by its brokers, or meeting redemption applications made by unitholders of the Fund. The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payment and cancellations of units by unitholders. Liquid assets comprise cash and deposits with licensed financial institutions, which are capable of being converted into cash within 7 days.

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

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

	Within <u>one month</u> RM	Between one month <u>to one year</u> RM	<u>Total</u> RM
<u>2019</u>			
Amount due to Manager			
- management fee	1,327	-	1,327
Amount due to Trustee	53	-	53
Auditors' remuneration	-	3,001	3,001
Tax agent's fee	-	345	345
Other payables and accruals	-	250	250
Quoted futures at fair value through profit or loss	-	6,379	6,379
	<u>1,380</u>	<u>9,975</u>	<u>11,355</u>

##### Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.



## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 3 FAIR VALUE ESTIMATION

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

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

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

##### (i) Fair value hierarchy

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

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

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

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

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>2019</u>				
Financial liabilities at fair value through profit or loss				
- futures	(6,379)		-	(6,379)

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

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

#### 4 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate up to 3.00% per annum of the NAV of the Fund calculated and accrued daily using the Fund's functional currency.

For the financial period from 26 November 2019 (date of launch) to 31 December 2019, the management fee is recognised at a rate of 1.00% per annum on the NAV of the Fund calculated on a daily basis.

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

#### 5 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee, at a rate up to 0.10% per annum (excluding foreign sub-custodian fees and charges) of the NAV of the Fund calculated and accrued daily using the Fund's functional currency.

For the financial period from 26 November 2019 (date of launch) to 31 December 2019, the Trustee fee is recognised at a rate of 0.04% per annum on the NAV of the Fund calculated on a daily basis.

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

#### 6 LICENSE FEE

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

The license fee is recognised at minimum of HKD100,000 per annum.

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 7 TAXATION

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.12.2019  
RM

Current taxation	-
------------------	---

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

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.12.2019  
RM

Net profit before taxation	186,520
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Tax at Malaysian statutory tax rate of 24%	44,765
--------------------------------------------	--------

Tax effects of:

Investment income not subject to tax	(46,123)
Expenses not deductible for tax purposes	271
Restriction on tax deductible expenses for Exchange Traded Fund	1,087

	-
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## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 8 FINANCIAL ASSETS 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>2019</u> RM
Financial asset at fair value through profit or loss:	
- quoted derivative – futures	(6,379)
	<hr/>
Net gain on financial asset at fair value through profit or loss:	
- realised gain on settlement of futures contracts	195,772
- unrealised loss on changes in fair value	(6,379)
	<hr/>
	189,393
	<hr/>

As at the date of statement of financial position, there are 14 futures contracts outstanding. The notional principal amount of the outstanding futures amounted to RM3,213,809. As the Fund has not adopted hedge accounting during the financial period, changes in fair value of futures are recognised immediately in the statement of comprehensive income.

#### 9 MARGIN ACCOUNTS

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

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 10 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM
Cash and bank balances	8,514
Deposits with licensed financial institutions	1,152,780
	<u>1,161,294</u>

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

	<u>2019</u> %
Deposits with licensed financial institutions	3.10

The deposits have an average maturity of 1 day.

#### 11 NUMBER OF UNITS IN CIRCULATION

	<u>2019</u> No. of units
At the date of launch	-
Creation of units arising from applications	750,000
At the end of the financial period	<u>750,000</u>

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 12 TRANSACTIONS WITH TRADERS

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

<u>Name of traders</u>	<u>Value of trade RM</u>	<u>Percentage of total trade %</u>	<u>Brokerage fees RM</u>	<u>Percentage of total brokerage %</u>
Affin Hwang Investment Bank Bhd#	<u>9,255,135</u>	<u>100.00</u>	<u>551</u>	<u>100.00</u>

# Included in the transactions with traders are trades in the stockbroking industry with Affin Hwang Investment Bank Bhd, company related to the Manager amounting to RM9,255,135.

The Manager is of the opinion that all transactions with the related company have been entered into agreed terms between the related party.

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

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

<u>Related parties</u>	<u>Relationships</u>
Affin Hwang Asset Management Berhad	The Manager and Parent of the Fund
Affin Hwang Investment Bank Berhad	Holding company of the Manager
Affin Bank Berhad ("ABB")	Ultimate holding company of the Manager

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

	<u>2019</u>
<u>No. of units</u>	<u>RM</u>
<u>Holding company of the Manager:</u>	
Affin Hwang Investment Bank Bhd (The units are held beneficially)	<u>300,000</u> <u>651,690</u>

## TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER

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

#### 14 MANAGEMENT EXPENSE RATIO ("MER")

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.12.2019  
%

MER	<u>0.38</u>
-----	-------------

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Other expenses
F	=	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 RM1,345,703.

#### 15 PORTFOLIO TURNOVER RATIO ("PTR")

Financial  
period from  
26.11.2019  
(date of  
launch) to  
31.12.2019

PTR (times)	<u>3.37</u>
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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 = RM6,246,274  
and total disposals for the financial period = RM2,813,090

## **TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER**

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

#### **16 SEGMENT INFORMATION**

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

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

The reportable operating segment derives its income by investing into 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 primarily from its exposure into futures.

The Fund has a diversified unitholder population. However, as at 31 December 2019, there were 3 unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 40.00%, 34.00% and 24.44%.

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

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

#### **17 COMPARATIVES**

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



## **TRADEPLUS HSCEI DAILY (2X) LEVERAGED TRACKER**

### **STATEMENT BY THE MANAGER**

I, Teng Chee Wai as the Director of **Affin Hwang Asset Management Berhad**, do hereby state that in my opinion as the Manager, the financial statements set out on pages 10 to 31 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 December 2019 and of its financial performance, changes in equity and cash flows for the financial period from 26 November 2019 (date of launch) to 31 December 2019 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  
7 February 2020

## **DIRECTORY OF SALES OFFICE**

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