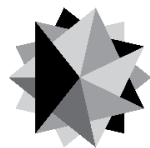


TradePlus

HSCEI Daily (-1x) Inverse Tracker

Interim Report
31 December 2020

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



AFFIN HWANG
CAPITAL

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

TRUSTEE
TMF Trustees Malaysia Berhad (610812-W)

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

Interim Report and Unaudited Financial Statements For the Financial Period Ended 31 December 2020

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GENERAL INFORMATION

MANAGER

Affin Hwang Asset Management Berhad
199701014290 (429786-T)
Registered Office:
27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

Business Office:

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

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)
27th Floor Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur

REGISTRAR

Affin Hwang Asset Management Berhad
199701014290 (429786-T)
27th Floor, Menara Boustead,
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: 03 – 2142 3700
Fax No.: 03 – 2142 3799

FUND INFORMATION

Fund Name	TradePlus HSCEI 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	Hang Seng China Enterprises Futures Short Index
Distribution Policy	The Fund may distribute income on an incidental basis

BREAKDOWN OF UNITHOLDERS BY MYR CLASS (0833EA) SIZE AS AT 31 DECEMBER 2020

Size of holdings (units)	No. of unitholders	No. of units held	% of units held
1 - 99	0	0	0
100 - 1,000	0	0	0
1,001 - 10,000	2	18,300	3.05
10,001 - 100,000	0	0	0
100,001 - < 5% *	0	0	0
>= 5% *	1	582,200	96.95
Total	3	600,500	100.00

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

FUND PERFORMANCE DATA

Category	As at 31 Dec 2020 (%)	As at 31 Dec 2019 (%)
Portfolio composition		
Quoted derivative - futures	2.18	0.12
Collective investment scheme – local	43.01	-
Cash & cash equivalent	54.81	99.88
Total	100.00	100.00
Total NAV (MYR 'million)	1.426	1.429
NAV per Unit (MYR)	1.7804	1.9060
Unit in Circulation (million)	0.801	0.750
Highest NAV per unit	2.0505	2.0753
Lowest NAV per unit	1.7684	1.8973
Return of the Fund (%) ⁱⁱⁱ	-12.85	-4.70
- Capital Growth (%) ⁱ	-12.85	-4.70
- Income Distribution (%) ⁱⁱ	Nil	Nil
Gross Distribution per Unit (sen)	Nil	Nil
Net Distribution per Unit (sen)	Nil	Nil
Management Expense Ratio (%) ¹	1.02	0.36
Portfolio Turnover Ratio (times) ²	7.79	1.76
Tracking Error	5.62	1.08

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

¹ The Fund's MER was higher due to higher expenses incurred for the financial period.

² The higher PTR of the Fund was due to higher average sum of total acquisition and disposal for the financial period.

MANAGER'S REPORT

Income Distribution / Unit Split

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

Performance Review

For the period 1 July 2020 to 31 December 2020, the Fund registered a -12.85% return compared to the benchmark return of -11.72%. The Fund thus underperformed the Benchmark by 1.13%. The Net Asset Value ("NAV") of the Fund as at 31 December 2020 was MYR1,426,069.60 (MYR1.7804 per unit) while the NAV as at 30 June 2020 was MYR 1,595,605.60 (MYR2.0430 per unit).

Since commencement, the Fund has registered a return of -10.98% compared to the benchmark return of -8.69%, underperforming by 2.29%. We believe the Fund's objective of providing investment results that closely correspond to the daily performance of the Benchmark has been met.

Table 1: Performance of the Fund

	6 Months (1/7/20 - 31/12/20)	1 Year (1/1/20 - 31/12/20)	Since Commencement (26/11/19 - 31/12/20)
Fund	(12.85%)	(6.59%)	(10.98%)
Benchmark	(11.72%)	(4.15%)	(8.69%)
Outperformance	(1.13%)	(2.44%)	(2.29%)
HSCEI	10.04%	(3.85%)	1.03%

HSCEI : Hang Seng China Enterprises Index; Source of Benchmark: Bloomberg

Table 2: Average Total Return

	1 Year (1/1/20 - 31/12/20)	Since Commencement (26/11/19 - 31/12/20)
Fund	(6.59%)	(10.02%)
Benchmark	(4.15%)	(7.92%)
Outperformance	(2.44%)	(2.10%)
HSCEI	(3.85%)	0.94%

HSCEI : Hang Seng China Enterprises Index; Source of Benchmark: Bloomberg

Table 3: Annual Total Return

	FYE 2020 (26/11/19 - 30/6/20)
Fund	2.15%
Benchmark	3.44%
Outperformance	(1.29%)
HSCEI	(8.19%)

HSCEI : Hang Seng China Enterprises Index; 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: Hang Seng China Enterprises Futures Short Index

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

Asset Allocation

As at 31 December 2020, the ETF's asset allocation stood at 2.18% in quoted derivatives, 43.01% in collective investment scheme, while the remaining was held in cash and cash equivalent.

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 2020, the Fund's AUM stood at RM1.426 million, with quoted derivatives or futures amounting to 2.18% of the Fund's NAV.

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. To stem the fallout from the coronavirus, major economies led by the US has introduced an unprecedented relief package

to cushion its economy. The relief package comes as the US also reports the greatest 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 since: By December, the S&P 500 index closed 14.3% on a year-to-date basis. In Asia, the broader MSCI Asia ex Japan index registered a higher gain of 20.4% in the same period, being the first to come out of the pandemic.

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 powerhouses 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.

On commodities, crude oil prices slid by about 40% as at end of October, 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. However, by December global commodities market ended on a strong note, with oil prices back to levels above US\$50 per barrel, and other commodities such as Dalian iron ore futures and silver gaining 50% in 2020.

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.

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.

Malaysia Budget 2021 was announced in November, with an allocated RM 322.5 billion expenditure, with 26.5% of it coming from borrowings and use of government assets. 5.3% of this budget has been devoted to the Covid-19 fund. The KLCI ended 2020 with a 2.4% gain, buoyed by the liquidity-driven rally that was seen throughout the year.

The Malaysia bond market saw foreign holdings increase by RM 3.6 billion in December, bringing foreign share holdings of outstanding bonds to 13.9%, its highest since January 2020. In total, 2020 saw an RM 18.30 billion net foreign inflow due to attractive yield valuations and dollar weakness. Yields ended lower in December compared to the month before, mostly on the longer end of the yield curve. The 3-year and 10-year MGS settling 3 bps and 9bps lower respectively, to the month before.

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. With most markets recovering the year's losses by December coincided with the release of Phase III clinical trial data for the vaccines, there is certainly light at the end of the tunnel for global markets.

Markets will be playing a "recovery theme" into 2021. General market consensus suggests global GDP is down 5% in 2020, with an expected rebound of 5.4% in 2021 with the reopening of economies and growth returns. As vaccine rollout begins, we can expect macroeconomic conditions to improve, but normalization will take time.

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.

A Biden presidency sets the precedence for a steadier hand at the helm, and for US-China trade tensions to remain. Market volatility will remain in the year going forward as normalization returns, though it is unlikely this will stem from overtly reckless or deliberate foreign policy making as seen in the past four years.

In Malaysia, recent alarming increase in Covid-19 cases caused targeted lockdowns across the country, 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. electromotive force and technology stocks. Gloves valuations and market momentum have since come down. 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.

Despite the year and outflows during the first quarter, fund flows into global equities have returned, and a shift particularly towards ESG funds. In Europe, there was a €1.1 trillion inflow to ESG funds, doubled that of the year before. Buoyed by a "Goldilocks" environment with a favourable US election outcome, low interest rates and positive developments on the vaccine front, we could see additional support for risk assets.

Earnings momentum is expected to continue into 2021 with earnings growth projected to rise by 38.0% in Asia ex-Japan (ex-Financials) according to estimates by some sell-side analysts. Key sectors leading the recovery include the energy, consumer discretionary and industrials. Though, this is tempered by moderately higher valuations which has crept up above historical averages.

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.

Cross Trade

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

TRUSTEE'S REPORT TO THE UNITHOLDERS OF TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

We, **CIMB Commerce Trustee Berhad** being the trustee for **TradePlus HSCEI 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 31 December 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
08 February 2021

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	<u>Note</u>	6 months financial period ended <u>31.12.2020</u> RM	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u> RM
INVESTMENT LOSS			
Dividend income		2,984	-
Interest income from financial assets at amortised cost		637	3,235
Net loss on foreign currency exchanges		-	(9)
Net loss on futures at fair value through profit or loss	9	(164,495)	(77,553)
Net gain on financial assets at fair value through profit or loss	8	897	-
		<u>(159,977)</u>	<u>(74,327)</u>
EXPENSES			
Management fee	4	(6,926)	(1,409)
Trustee fee	5	(277)	(56)
Auditors' remuneration		-	(3,001)
Tax agent's fee		(1,759)	(345)
Transaction cost		(3,453)	(562)
Other expenses		(5,195)	(376)
		<u>(17,610)</u>	<u>(5,749)</u>
NET LOSS BEFORE TAXATION		(177,587)	(80,076)
Taxation	7	-	-
NET LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(177,587)</u>	<u>(80,076)</u>
Net loss after taxation is made up of the following:			
Realised amount		(133,556)	(81,742)
Unrealised amount		(44,031)	1,666
		<u>(177,587)</u>	<u>(80,076)</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 (-1X) INVERSE TRACKER

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
ASSETS			
Margin account	10	164,973	105,287
Cash and cash equivalents	11	687,734	1,327,606
Financial assets at fair value through profit or loss	8	613,365	-
Quoted futures at fair value through profit or loss	9	-	1,666
Amount due from Manager			
- management fee rebate receivable		161	-
TOTAL ASSETS		<u>1,466,233</u>	<u>1,434,559</u>
LIABILITIES			
Quoted futures at fair value through profit or loss	9	31,118	-
Amount due to Manager			
- management fee		1,234	1,409
Amount due to Trustee		50	56
Auditors' remuneration		-	3,001
Tax agent's fee		5,259	345
Other payables and accruals		2,502	254
TOTAL LIABILITIES		<u>40,163</u>	<u>5,065</u>
NET ASSET VALUE OF THE FUND		<u>1,426,070</u>	<u>1,429,494</u>
EQUITY			
Unitholders' capital		1,632,542	1,509,570
Accumulated losses		(206,472)	(80,076)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>1,426,070</u>	<u>1,429,494</u>
NUMBER OF UNITS IN CIRCULATION	12	<u>801,000</u>	<u>750,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.7804</u>	<u>1.9060</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 (-1X) INVERSE TRACKER

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Unitholder's <u>capital</u> RM	Accumulated <u>losses</u> RM	<u>Total</u> TM
Balance as at 1 July 2020	1,624,491	(28,885)	1,595,606
Total comprehensive loss for the financial period	-	(177,587)	(177,587)
Movements in unitholders' capital:			
Creation of units arising from applications	1,392,777	-	1,392,777
Cancellation of units	(1,384,726)	-	(1,384,726)
Balance as at 31 December 2020	<u>1,632,542</u>	<u>(206,472)</u>	<u>1,426,070</u>
Balance as at 26 November 2019 (date of launch)	-	-	-
Total comprehensive loss for the financial period	-	(80,076)	(80,076)
Movements in unitholders' capital:			
Creation of units arising from applications	1,509,570	-	1,509,570
Balance as at 31 December 2019	<u>1,509,570</u>	<u>(80,076)</u>	<u>1,429,494</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 (-1X) INVERSE TRACKER

UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	6 months financial period ended <u>Note</u> <u>31.12.2020</u> RM	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of investments	(612,984)	-
Payment to margin account	73,384	(105,287)
Dividend received	2,984	-
Interest received	637	3,235
Rebate of management fee received	355	-
Management fee paid	(6,937)	-
Trustee fee paid	(277)	-
Licence fee paid	(67)	-
Realised loss on futures	(120,083)	(79,219)
Payment for other fees and expenses	(41,779)	(684)
Net loss on realised foreign exchange	-	(9)
	<hr/>	<hr/>
Net cash used in operating activities	(704,767)	(181,964)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from creation of units	1,392,777	1,509,570
Payments for cancellation of units	(1,384,726)	-
	<hr/>	<hr/>
Net cash generated from financing activities	8,051	1,509,570
	<hr/>	<hr/>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(696,716)	1,327,606
AT THE BEGINNING OF THE FINANCIAL PERIOD/DATE OF LAUNCH	1,384,450	-
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	11 687,734	1,327,606
	<hr/> <hr/>	<hr/> <hr/>

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

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 HSCEI DAILY (-1X) INVERSE TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 HSCEI DAILY (-1X) INVERSE TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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, cash and cash equivalents and amount due from Manager 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.

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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement (continued)

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.

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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

G FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

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

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

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

Write-off

The Fund 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.

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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (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 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 period 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.

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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)**

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 (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

1 INFORMATION ON THE FUND

The Exchange-Traded Fund was constituted under the name TradePlus HSCEI 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 Hang Seng China Enterprises Futures Short 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 Hang Seng China Enterprises 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.

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 8 February 2021.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	<u>Note</u>	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2020</u>				
<u>Financial assets</u>				
Margin account	10	164,973	-	164,973
Cash and cash equivalents	11	687,734	-	687,734
Collective investment schemes	8	-	613,365	613,365
Amount due from Manager				
- management fee rebate receivable		161	-	161
		<u>852,868</u>	<u>613,365</u>	<u>1,466,233</u>
<u>Financial liabilities</u>				
Quoted futures at fair value through profit or loss	9	-	31,118	31,118
Amount due to Manager				
- management fee		1,234	-	1,234
Amount due to Trustee		50	-	50
Tax agent's fee		5,259	-	5,259
Other payables and accruals		2,502	-	2,502
Total		<u>9,045</u>	<u>31,118</u>	<u>40,163</u>
<u>2019</u>				
<u>Financial assets</u>				
Margin account	10	105,287	-	105,287
Cash and cash equivalents	11	1,327,606	-	1,327,606
Quoted futures at fair value through profit or loss	9	-	1,666	1,666
		<u>1,432,893</u>	<u>1,666</u>	<u>1,434,559</u>

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

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

Financial instruments are as follows: (continued)

	At amortised <u>cost</u> RM	At fair value through <u>profit or loss</u> RM	<u>Total</u> RM
<u>2019 (continued)</u>			
<u>Financial liabilities</u>			
Amount due to Manager			
- management fee	1,409	-	1,409
Amount due to Trustee	56	-	56
Auditor's remuneration	3,001	-	3,001
Tax agent's fee	345	-	345
Other payables and accruals	254	-	254
Total	<u>5,065</u>	<u>-</u>	<u>5,065</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.

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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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 23.86% (2019: 15.70%), which is the 12-month standard deviation of the Underlying index. 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>	Benchmark <u>index*</u> RM	<u>Market value</u> RM	Impact on loss after <u>tax/NAV</u> RM
<u>2020</u>			
-23.86%	11,248	(38,543)	(7,425)
0%	9,080	(31,118)	-
+23.86%	6,914	<u>(23,693)</u>	<u>7,425</u>
<u>2019</u>			
-15.70%	6,841	1,928	262
0%	5,913	1,666	-
+15.70%	4,985	<u>1,404</u>	<u>(262)</u>

* 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 HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

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

Market risk (continued)

(a) Price risk (continued)

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

	<u>2020</u> RM	<u>2019</u> RM
Quoted investment		
Collective investment scheme - local	613,365	-

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% (2019: Nil) and decreased by 5% (2019: Nil) 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 loss after <u>tax/NAV</u> RM
<u>2020</u>		
-5%	582,697	(30,668)
0%	613,365	-
+5%	644,033	30,668

(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 31 December 2020.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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>		
Hong Kong Dollar	(31,118)	(31,118)
<u>2019</u>		
Hong Kong Dollar	1,666	1,666

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 10% (2019: 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 10% (2019: 5%). Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

	<u>Change in rate</u> %	<u>Impact on loss after tax/NAV</u> RM
<u>2020</u>		
Hong Kong Dollar	+/- 10	+/- 3,112
<u>2019</u>		
Hong Kong Dollar	+/- 5	+/- 83

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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>				
Financials				
- AA3	164,973	-	-	164,973
- AAA	-	687,734	-	687,734
Other				
- NR	-	-	161	161
	<u>164,973</u>	<u>687,734</u>	<u>161</u>	<u>852,868</u>

	<u>Margin account</u> RM	<u>Cash and cash equivalents</u> RM	<u>Total</u> RM
<u>2019</u>			
Financials			
- AA3		105,287	105,287
- AAA		-	1,327,606
		<u>105,287</u>	<u>1,327,606</u>
		<u>1,327,606</u>	<u>1,432,893</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 HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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	-	31,118	31,118
Amount due to Manager - management fee	1,234	-	1,234
Amount due to Trustee	50	-	50
Tax agent's fee	-	5,259	5,259
Other payables and accruals	-	2,502	2,502
	<u>1,284</u>	<u>38,879</u>	<u>40,163</u>
<u>2019</u>			
Amount due to Manager - management fee	1,409	-	1,409
Amount due to Trustee	56	-	56
Auditors' remuneration	-	3,001	3,001
Tax agent's fee	-	345	345
Other payables and accruals	-	254	254
	<u>1,465</u>	<u>3,600</u>	<u>5,065</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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (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>2020</u>				
Financial assets at fair value through profit or loss				
- collective investment schemes	<u>613,365</u>	<u>-</u>	<u>-</u>	<u>613,365</u>
Financial liabilities at fair value through profit or loss				
- quoted futures	<u>31,118</u>	<u>-</u>	<u>-</u>	<u>31,118</u>

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

3 FAIR VALUE ESTIMATION (CONTINUED)

(i) Fair value hierarchy (continued)

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

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2019</u>				
Financial assets at fair value through profit or loss				
- quoted futures	1,666	-	-	1,666

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 6 months financial period ended 31 December 2020, the management fee is recognised at a rate of 1.00% (2019: 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 6 months financial period ended 31 December 2020, the Trustee fee is recognised at a rate of 0.04% (2019: 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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

6 INDEX LICENCE FEE

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

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

The Index Licence Fee was borne by the Manager for the financial period ended 31 December 2020.

7 TAXATION

	6 months financial period ended <u>31.12.2020</u> RM	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</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:

	6 months financial period ended <u>31.12.2020</u> RM	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u> RM
Net loss before taxation	<u>(177,587)</u>	<u>(80,076)</u>
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(42,621)	(19,218)
Tax effects of:		
Investment loss exempt from tax	38,554	17,837
Expenses not deductible for tax purposes	2,443	274
Restriction on tax deductible expenses for Exchange Traded Fund	1,624	1,107
	<u>-</u>	<u>-</u>

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2020</u> RM	<u>2019</u> RM
Financial asset at fair value through profit or loss:		
- collective investment schemes - local	613,365	-
Net gain on financial asset at fair value through profit or loss:		
- unrealised gain on changes in fair value	381	-
- management fee rebate on collective investment scheme #	516	-
	897	-

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 31 December 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	375,596	200,787	201,056	14.10
Affin Hwang Enhanced Deposit Fund	180,200	211,132	211,122	14.80
Affin Hwang Select Cash Fund	190,807	201,065	201,187	14.11
Total collective investment scheme - local	<u>746,603</u>	<u>612,984</u>	<u>613,365</u>	<u>43.01</u>
Accumulated unrealised gain on collective investment scheme - local		<u>381</u>		
Total collective investment scheme - local		<u>613,365</u>		

(ii) There is no investment in collective investment schemes – local as at 31 December 2019.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

9 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	<u>2019</u> RM
Financial asset at fair value through profit or loss:		
- quoted derivative – futures	-	1,666
Financial liabilities at fair value through profit or loss:		
- quoted derivative – futures	31,118	-
Net loss on financial asset at fair value through profit or loss:		
- realised loss on settlement of futures contracts	(120,083)	(79,219)
- unrealised (loss)/gain on changes in fair value	(44,412)	1,666
	<u>(164,495)</u>	<u>(77,553)</u>

As at the date of statement of financial position, there are 9 (2019: 7) futures contracts outstanding. The notional principal amount of the outstanding futures amounted to RM1,365,396 (2019: RM1,367,869). 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.

10 MARGIN ACCOUNT

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

11 CASH AND CASH EQUIVALENTS

	<u>2020</u> RM	<u>2019</u> RM
Cash and bank balances	687,734	14,372
Deposits with licensed financial institutions	-	1,313,234
	<u>687,734</u>	<u>1,327,606</u>

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

	<u>2020</u> %	<u>2019</u> %
Deposits with licensed financial institutions	-	3.10

For financial period ended 31 December 2019, the deposits have an average maturity of 1 day.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

12 NUMBER OF UNITS IN CIRCULATION

	<u>2020</u>	<u>2019</u>
	No. of units	No. of units
At the date of launch	781,000	-
Creation of units arising from applications	739,000	750,000
Cancellation of units	(719,000)	-
At the end of the financial period	<u>801,000</u>	<u>750,000</u>

13 TRANSACTIONS WITH TRADERS/BROKERS

(i) Details of transactions with traders/brokers for the 6 months financial period ended 31 December 2020 are as follows:

<u>Name of traders</u>	<u>Value of trade</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Asset Management Bhd #	610,000	2.81	-	-
Affin Hwang Investment Bank Bhd#	21,060,509	97.19	3,453	100.00
	<u>21,670,509</u>	<u>100.00</u>	<u>3,453</u>	<u>100.00</u>

(ii) Details of transactions with traders/brokers 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</u> RM	<u>Percentage of total trade</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage</u> %
Affin Hwang Investment Bank Bhd#	<u>5,108,149</u>	<u>100.00</u>	<u>551</u>	<u>100.00</u>

Included in the transactions with traders/brokers are trades in the stockbroking industry with Affin Hwang Asset Management Bhd, the Manager amounting to RM610,000 (2019: RM Nil) and Affin Hwang Investment Bank Bhd, company related to the Manager amounting to RM21,060,509 (2019: RM5,108,149).

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.

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

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

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

	<u>2020</u>	<u>2019</u>		
	No. of units	RM	No. of units	RM
<u>The Manager :</u>				
Affin Hwang Asset Management Bhd (The units are held beneficially)	600,000	1,068,240	600,000	1,143,600

15 MANAGEMENT EXPENSE RATIO (“MER”)

	6 months financial period ended <u>31.12.2020</u>	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u> %
MER	1.02	0.36

MER is derived from the following calculation:

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

A	=	Management fee excluding management fee rebates
B	=	Trustee fee
C	=	Auditors' remuneration
D	=	Tax agent's fee
E	=	Index licence fee
F	=	Other expenses excluding sales and service tax on transaction costs
G	=	Average NAV of Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is RM1,383,152 (2019: RM1,428,638) .

TRADEPLUS HSCEI DAILY (-1X) INVERSE TRACKER

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020 (CONTINUED)

16 PORTFOLIO TURNOVER RATIO ("PTR")

	6 months financial period ended <u>31.12.2020</u>	Financial period from 26.11.2019 (date of launch) to <u>31.12.2019</u>
PTR (times)	<u>7.79</u>	<u>1.76</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 = RM11,080,668 (2019: RM3,244,347)
and total disposals for the financial period = RM10,469,758 (2019: RM1,784,583)

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 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 2020, there were 2 (2019: 2) unitholders who held more than 10% of the Fund's NAV. The unitholders' holdings were 73.72% and 24.97% (2019: 80.00% and 19.39%).

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.

TRADEPLUS HSCEI 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 27 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 2020 and of its financial performance, changes in equity and cash flows for the financial period ended 31 December 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
8 February 2021

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