

# Hong Leong Growth Fund

**Semi-Annual Report**

Financial Period Ended 31 December 2023

**2023**

Unaudited



# Hong Leong Growth Fund

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# Manager's Review and Report

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## I. FUND INFORMATION

### **Fund Name**

Hong Leong Growth Fund ("HLGF" or "the Fund")

### **Fund Category**

Equity

### **Fund Type**

Growth

### **Investment Objective**

To provide Unit holders with an attractive\* level of regular income\*\* and capital gain on the value of Units at an acceptable risk.

### **Duration of the Fund and its termination date, where applicable**

Not Applicable

### **Benchmark**

FTSE Bursa Malaysia KLCI

### **Distribution Policy**

The Fund intends to provide Unit holders with medium to long-term capital growth and aims to provide regular distribution of income. The distribution of income will be in the form of additional Units, unless Unit holder opts for the distribution to be paid out.

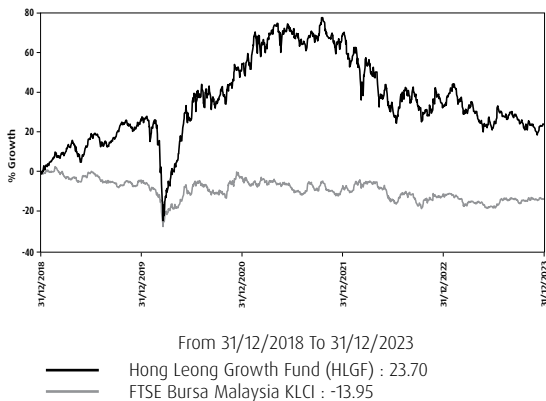
Notes:

\* Please take note that the Fund aims to provide sustainable risk-adjusted returns in the form of capital growth and income in accordance with the performance benchmark and distribution policy of the Fund, although this is not guaranteed.

\*\* The Fund's main focus is on capital growth and to a lesser extent, income. Income may be distributed in the form of cash and/or Units.

## II. FUND PERFORMANCE

**Chart 1: Performance of the Fund versus the benchmark covering the last five-year financial periods**



Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLGF reinvested.

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

### Performance Review

This Semi-Annual Report covers the six-month financial period from 1 July 2023 to 31 December 2023.

The Fund posted a return of 1.46% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past six months while its benchmark the FTSE Bursa Malaysia KLCI registered a return of 5.66%. During the financial period under review, the Fund had distributed a gross income distribution of 5.0000 sen per unit (net income distribution of 4.8201 sen per unit) and a gross income distribution of 0.0000 sen per unit (net income distribution of 0.1611 sen per unit) to its Unit holders on 17 July 2023 and 14 August 2023. Prior to the income distribution, the cum-distribution Net Asset Value (NAV) per unit of the Fund was RM0.5869 and RM0.5179 while the ex-distribution NAV per unit was RM0.5387 and RM0.5163. Unit holders should note that income distribution has the effect of reducing the NAV per unit of the Fund after distribution.

For the five-year financial periods ended 31 December 2023, the Fund registered a return of 23.70% compared to the benchmark's return of -13.95% while distributing a total gross income of 31.0000 sen per unit (net income of 30.5630 sen per unit).

**Table 1: Performance of the Fund for the following periods as at 31 December 2023 (Source: Lipper for Investment Management)**

	30/09/23- 31/12/23 3 Months	30/06/23- 31/12/23 6 Months	31/12/22- 31/12/23 1 Year	31/12/20- 31/12/23 3 Years	31/12/18- 31/12/23 5 Years	31/12/13- 31/12/23 10 Years	08/09/95- 31/12/23 Since Launch
HLGF Return (%)	-2.04	1.46	-6.82	-19.83	23.70	41.88	293.08
Benchmark (%)	2.14	5.66	-2.73	-10.60	-13.95	-22.08	48.00

**Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 30 June 2023 to 31 December 2023 (Source: Lipper for Investment Management)**

	31-Dec-23	30-Jun-23	Return (%)
NAV Per Unit	RM0.5006	RM0.5392	1.46#
Benchmark	1,454.66	1,376.68	5.66
<b>vs Benchmark (%)</b>	-	-	-4.20

# Return is calculated after adjusting for income distributions during the financial period under review.

**Table 3: Financial Highlights**

The Net Asset Value attributable to Unit holders is represented by:

	31-Dec-23 (RM)	30-Jun-23 (RM)	Change (%)
Unit Holders' Capital	127,912,298	117,876,611	8.51
Retained Earnings	21,398,322	32,940,664	(35.04)
<b>Net Asset Value</b>	<b>149,310,620</b>	<b>150,817,275</b>	<b>(1.00)</b>
<b>Units in Circulation</b>	<b>298,286,116</b>	<b>279,687,579</b>	<b>6.65</b>

**Table 4: The Highest and Lowest NAV Per Unit, Total Return of the Fund and the breakdown into Capital Growth and Income Distribution for the financial period/years**

	Financial Period 30/06/23- 31/12/23	Financial Year 30/06/22- 30/06/23	Financial Year 30/06/21- 30/06/22	Financial Year 30/06/20- 30/06/21
Highest NAV Per Unit (RM)	0.5869	0.6374	0.8924	0.9064
Lowest NAV Per Unit (RM)	0.4789	0.5306	0.6313	0.6805
Capital Growth (%)	-7.16	-15.80	-27.03	20.38
Income Distribution (%)	8.62	8.15	5.01	13.20
<b>Total Return (%)</b>	<b>1.46</b>	<b>-7.65</b>	<b>-22.02</b>	<b>33.58</b>

Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLGf reinvested.

**Table 5: Average Total Return of the Fund**

	31/12/22- 31/12/23 1 Year	31/12/20- 31/12/23 3 Years	31/12/18- 31/12/23 5 Years
Average Total Return (%)	-6.82	-6.61	4.74

Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLGf reinvested.

**Table 6: Annual Total Return of the Fund**

Financial Year	30/06/22- 30/06/23	30/06/21- 30/06/22	30/06/20- 30/06/21	30/06/19- 30/06/20	30/06/18- 30/06/19
Annual Total Return (%)	-7.65	-22.02	33.58	9.03	4.64

Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from HLGf reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - July 2023 to December 2023

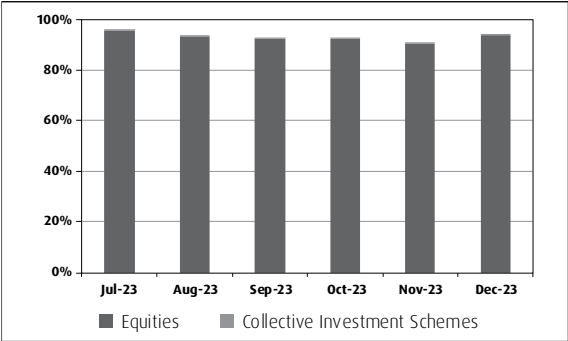


Chart 3: Sector Allocation as at 31 December 2023

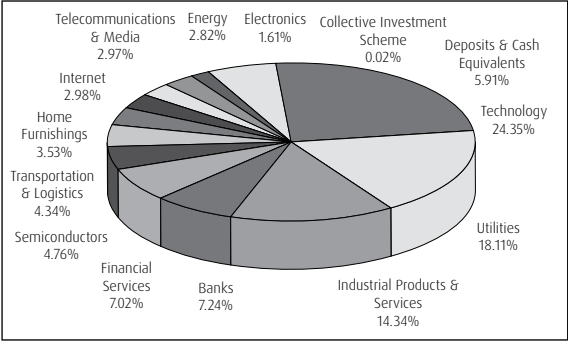
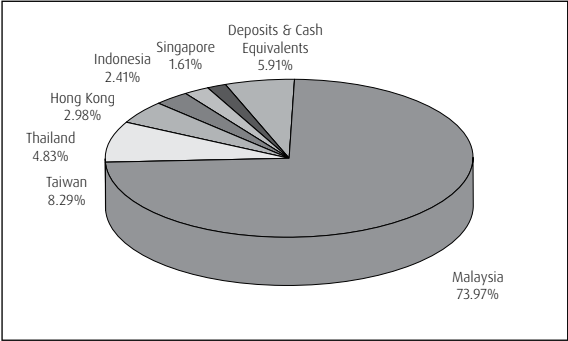


Chart 4: Geographical Allocation as at 31 December 2023



### **Strategies employed by the Fund during the period under review**

During the financial period under review, the Fund's equity portion remains fully invested. The Fund took the opportunity to position into big caps, including utilities, banking, and transportation stocks on the back of resilient domestic economic activities. Another notable change in sector allocation was the decline in exposure of the Fund to the technology sector, as the earnings recovery remained weak, affected by lacklustre global demand.

### **An explanation on the differences in portfolio composition**

During the financial period under review, there was an increase in allocation to utilities, on the back of introduction of National Energy Transition Roadmap (NETR) by the government, financial services and semiconductors due to attractive valuation.

### **Operational review of the Fund**

For the financial period under review, there were no significant changes in the state of affairs of the Fund or circumstances that would materially affect the interest of Unit holders up to the date of this Manager's report.

## **IV. MARKET REVIEW**

During the financial period under review, the MSCI AC Asia Pacific Ex Japan Index advanced 2.9%. The best performing markets were Indonesia and Taiwan while the laggards were Shenzhen and Hong Kong. In the local market, the FTSE Bursa Malaysia KLCI appreciated 5.66%. Small caps outperformed as the FTSE Bursa Malaysia Small Cap Index rose 10.12%.



The global markets continued to rally at the beginning of the third quarter, as inflation showed signs of weakness, coupled with softness in job data, prompted the anticipation that the interest rates have reached the peak and might taper down later. However, the market turned sour after United States (US) government debt and banks were being downgraded by rating agencies. The sentiment was further impacted after US Federal Reserve (Fed) hinted that there might be still rate hikes later of the year.

The sentiment of the global markets improved in the fourth quarter as weakening job data, coupled with slower inflation rate, supported investors' theory that the interest rate has reach the peak. The concern of monetary tightening has finally come to an end, after the Fed decided to hold the interest rate unchanged in December, and signalled that the central bank may start to cut interest rate by 2024.

The local market bounced back strongly at the start of the third quarter, tracking the performance of the regional market on the back of improved market sentiment. Nevertheless, the market turned into red for the second half of the quarter after Malaysia's second quarter Gross Domestic Product (GDP) missed expectation, dragged by slowing external demand.

The domestic market followed the global market trend and recovered in the December quarter, as investors felt convincing over the Budget 2024 unveiled by the government, which saw higher allocation into development expenditure, lower deficit and sustainable economic growth by 2024.

## **V. FUTURE PROSPECTS AND PROPOSED STRATEGIES**

To the surprise of many, the highly anticipated recession has yet to occur despite a much tighter monetary policy environment and a much weaker-than-expected China economy. Nevertheless, multiple challenges remain for the global economic outlook. Inflation has moderated but still at a level that global central bankers are far from being comfortable with. Apart from the labour market, global economic activity has declined while the full effects of high interest rates have yet to be seen. On a positive note, China policy makers are expected to roll out more economic stimulus measures with greater urgency in the face of the current economic slowdown.

On the local front, due to the diversified nature of the economy, we expect the local economy to remain resilient in the face of deteriorating external demand. We also expect the economy to be supported by direct foreign investments as the government has been putting in more effort to attract foreign investors to the country.

Due to the uncertain economic outlook and global monetary policy, we expect market volatility to persist in the near term. Corporate earnings growth is also at risk of downgrades due to the softening global economy. We opine that the best strategy to navigate through this challenging environment is staying invested in high quality companies with solid fundamentals.

## **VI. SOFT COMMISSIONS**

The Manager has received soft commissions from brokers/dealers in the form of goods and services such as research materials, data and quotation services incidental to investment management of the Fund and investment related publications. Such soft commissions received are utilised in the investment management of the Fund and are of demonstrable benefit to the Fund and Unit holders and there was no churning of trades.

## **VII. SECURITIES LENDING OR REPURCHASE TRANSACTIONS**

No securities lending or repurchase transactions have been carried out during the financial period under review.

## **VIII. CROSS TRADE TRANSACTIONS**

No cross trade transactions have been carried out during the financial period under review.

## STATEMENT BY THE MANAGER

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I, Hoo See Kheng, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the accompanying unaudited condensed financial statements set out on pages 12 to 45 are drawn up in accordance with the provision of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance, changes in equity and cash flows for the financial period ended 31 December 2023 in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") 34 "Interim Financial Reporting".

For and on behalf of the Manager,

**Hong Leong Asset Management Bhd**  
**(Company No.: 199401033034 (318717-M))**

**HOO SEE KHENG**

Chief Executive Officer/Executive Director

Kuala Lumpur

20 February 2024

# TRUSTEE'S REPORT

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## TO THE UNIT HOLDERS OF HONG LEONG GROWTH FUND ("Fund")

We have acted as Trustee of the Fund for the financial period ended 31 December 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Hong Leong Asset Management Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

**Ng Hon Leong**  
Head, Fund Operations

**Sylvia Beh**  
Chief Executive Officer

Kuala Lumpur  
20 February 2024

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
<b>INVESTMENT INCOME</b>			
Interest income from financial assets measured at amortised cost		97,495	68,223
Dividend income		1,272,342	894,641
Net loss on derivatives	9	(1,309,500)	(901,550)
Net gain on financial assets at fair value through profit or loss ("FVTPL")	8	4,822,146	2,540,960
Net foreign currency exchange (loss)/gain		(349,495)	499,811
		<u>4,532,988</u>	<u>3,102,085</u>
<b>EXPENDITURE</b>			
Management fee	4	(1,154,974)	(1,289,738)
Trustee's fee	5	(46,199)	(51,589)
Auditors' remuneration		(5,109)	(4,891)
Tax agent's fee		(1,509)	(1,310)
Custodian fees		(10,515)	(9,233)
Transaction costs		(718,461)	(636,506)
Other expenses		(176,711)	(59,315)
		<u>(2,113,478)</u>	<u>(2,052,582)</u>
<b>PROFIT BEFORE TAXATION</b>		2,419,510	1,049,503
Taxation	6	(43,278)	(8,350)
<b>PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<u>2,376,232</u>	<u>1,041,153</u>
Profit after taxation is made up as follows:			
Realised amount		(10,365,238)	(18,808,920)
Unrealised amount		12,741,470	19,850,073
		<u>2,376,232</u>	<u>1,041,153</u>
Distribution for the financial period:			
Net distribution	7	13,918,574	14,503,926
Net distribution per unit (sen)	7	4.9812	5.5000
Gross distribution per unit (sen)	7	5.0000	5.5000

The accompanying notes to the financial statements form an integral part of these unaudited condensed financial statements.

# CONDENSED STATEMENT OF FINANCIAL POSITION *(Unaudited)*

AS AT 31 DECEMBER 2023

	Note	31.12.2023 RM	30.06.2023 RM
<b>ASSETS</b>			
Cash and cash equivalents		11,078,112	8,205,105
Amount due from the Manager			
-creation of units		11,825	6,500
-management fee rebate		13	12
Dividends receivable		129,779	283,489
Financial assets at fair value through profit or loss ("FVTPL")	8	140,485,292	142,765,671
<b>TOTAL ASSETS</b>		<u>151,705,021</u>	<u>151,260,777</u>
<b>LIABILITIES</b>			
Amount due to brokers/dealers		1,671,609	-
Amount due to the Manager			
-cancellation of units		274,143	41,203
-management fee		187,112	188,883
Amount due to the Trustee		7,485	7,555
Derivatives	9	214,776	177,359
Distribution payable		362	-
Other payables and accruals		13,401	14,852
Tax payable		25,513	13,650
<b>TOTAL LIABILITIES</b>		<u>2,394,401</u>	<u>443,502</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>149,310,620</u>	<u>150,817,275</u>
<b>EQUITY</b>			
Unit holders' capital		127,912,298	117,876,611
Retained earnings		21,398,322	32,940,664
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>149,310,620</u>	<u>150,817,275</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	10	<u>298,286,116</u>	<u>279,687,579</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.5006</u>	<u>0.5392</u>

The accompanying notes to the financial statements form an integral part of these unaudited condensed financial statements.

# CONDENSED STATEMENT OF CHANGES IN EQUITY *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2023		117,876,611	32,940,664	150,817,275
Movement in net asset value:				
Creation of units from applications		1,119,536	-	1,119,536
Creation of units from distribution		13,444,374	-	13,444,374
Cancellation of units		(4,528,223)	-	(4,528,223)
Total comprehensive income for the financial period		-	2,376,232	2,376,232
Distribution for the financial period	7	-	(13,918,574)	(13,918,574)
Balance as at 31 December 2023		<u>127,912,298</u>	<u>21,398,322</u>	<u>149,310,620</u>
Balance as at 1 July 2022		108,957,584	59,823,845	168,781,429
Movement in net asset value:				
Creation of units from applications		2,026,660	-	2,026,660
Creation of units from distribution		13,961,364	-	13,961,364
Cancellation of units		(3,212,599)	-	(3,212,599)
Total comprehensive income for the financial period		-	1,041,153	1,041,153
Distribution for the financial period	7	-	(14,503,926)	(14,503,926)
Balance as at 31 December 2022		<u>121,733,009</u>	<u>46,361,072</u>	<u>168,094,081</u>

The accompanying notes to the financial statements form an integral part of these unaudited condensed financial statements.



# CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of financial assets at FVTPL	104,712,952	93,154,767
Purchase of financial assets at FVTPL	(96,657,353)	(93,290,879)
Realised loss on derivatives	(1,272,082)	(850,530)
Realised foreign exchange differences arising from operating activities	(210,753)	672,416
Interest income received from financial assets measured at amortised cost	97,495	68,223
Dividend income received	1,320,635	914,957
Management fee rebate received	73	-
Management fee paid	(1,156,745)	(1,283,380)
Trustee's fee paid	(46,270)	(51,334)
Payment for other fees and expenses	(91,127)	(77,503)
Tax paid	(31,415)	-
Net cash generated from/(used in) operating activities	6,665,410	(743,263)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	1,114,211	2,039,840
Payments for cancellation of units	(4,295,283)	(3,166,545)
Payments for distribution	(473,838)	(531,256)
Net cash used in financing activities	(3,654,910)	(1,657,961)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,010,500	(2,401,224)
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	(137,493)	(167,757)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	8,205,105	18,324,666
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	11,078,112	15,755,685

The accompanying notes to the financial statements form an integral part of these unaudited condensed financial statements.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Unaudited)*

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

## 1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Growth Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 23 August 1995 and Supplemental Deeds dated 12 November 1998, 11 April 2001, 6 October 2003, 2 June 2009 and 30 April 2010 between the Manager, Hong Leong Asset Management Bhd and PB Trustee Services Berhad for the unit holders of the Fund. PB Trustee Services Berhad has been replaced with Deutsche Trustees Malaysia Berhad ("the Trustee") effective 1 September 2012 and Supplemental Master Deeds were entered into between the Manager and the Trustee for the unit holders of the Fund on 27 July 2012, 25 March 2015, 28 November 2019, 7 February 2020, 21 December 2021, 28 April 2022, 23 March 2023 & 23 October 2023 to effect the change ("the Deeds").

The Fund aims to provide unit holders with an attractive level of regular income and capital gain on the value of units at an acceptable risk.

The Fund will invest primarily in equity securities of growth companies operating in Malaysia, and to a lesser extent in foreign markets. Generally, companies that exhibit high probability of achieving above market and/or industry growth rate; that operate within a high growth sector; that have a professional and capable management team with proven ability to achieve sustainable growth; and that have a viable and scalable business model with products that continue to meet market needs are selected. The Fund commenced operations on 8 September 1995 and will continue its operations until terminated as provided under Part 12 of the Deed.

The Manager of the Fund is Hong Leong Asset Management Bhd, a company incorporated in Malaysia. The principal activity of the Manager is the management of unit trust funds, private retirement schemes and private investment mandates. Its holding company is Hong Leong Capital Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Manager on 20 February 2024.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

### **(a) Basis of preparation**

The condensed financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and International Financial Reporting Standards ("IFRS") 34 "Interim Financial Reporting".

The condensed financial statements should be read in conjunction with the audited financial statements of the Fund for the financial year ended 30 June 2023 which have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

### **(b) Financial assets and financial liabilities**

#### 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 flows 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 Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amounts due from the Manager and dividends receivable as financial assets measured 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 brokers/dealers, amounts due to the Manager, amount due to the Trustee, distribution payable and other payables and accruals as financial liabilities measured at amortised cost.

### 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. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

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.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss including the effects of currency translation are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the period which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of dividend income when the Fund's right to receive payments is established.

Local quoted investments are valued at the last traded market prices quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") at the date of the statement of financial position.

Foreign quoted investments are valued at the last traded market prices quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the quoted investments, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest rate method over the period from the date of placement to the date of maturity of the respective deposits, which is a close estimate of their fair value due to the short term nature of the deposits. Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest rate method.

### 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 considers the probability of default to be closed 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.

### 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 obligor's sources of income or assets to generate sufficient future cash flows to pay 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.

## **(c) Foreign currency**

### 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.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- The Fund's NAV per unit and the settlement of creation and cancellation are denominated in RM.
- The Fund's significant expenses are denominated in RM.

## Transactions and balances

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 remeasured. 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 profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

### **(d) Income recognition**

Dividend income is recognised on the ex-dividend date when the Fund's right to receive payment is established.

Interest income from deposits with licensed financial institutions and auto-sweep facility bank account are recognised on the 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).

Realised gain or loss on disposal of quoted investments is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted investments determined on a weighted average cost basis.



Realised gain or loss on derivatives - unquoted forward currency contracts is measured by the net settlement as per the forward currency contracts.

**(e) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and deposits held in highly liquid investments that are readily convertible to known amounts of cash with an original maturity of three months or lesser which are subject to an insignificant risk of changes in value.

**(f) Amount due from/to brokers/dealers**

Amount due from/to brokers/dealers represents receivables/payables for investments sold/purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment for amount due from brokers/dealers. A provision for impairment of amount due from a broker/dealer is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker/dealer. Significant financial difficulties of the broker/dealer, probability that the broker/dealer will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers/dealers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

## **(g) Taxation**

Current tax expense is determined according to Malaysian tax laws at the prevailing tax rate based on the taxable profit earned during the financial period. Withholding taxed on investment income from foreign investments are based on the tax regime of the respective countries that the Fund invests in. Such withholding taxes are not “income tax” in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

## **(h) Distributions**

A distribution to the Fund’s unit holders is accounted for as a deduction from realised reserve. A proposed distribution is recognised as a liability in the financial period in which it is approved by the Board of Directors of the Manager.

## **(i) Transaction costs**

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents and brokers/dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

## **(j) Unit holders' capital**

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

- the units entitle the unit 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 the units; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss and change in the net asset value of the Fund.

The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if unit holder exercises the right to put the unit back to the Fund.

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

## **(k) Derivatives**

A derivative is any contract that gives rise to a financial asset/liability of the Fund and a financial liability/asset 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 favorable, or an equity instrument of another enterprise.

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 unfavorable.

The Fund's derivatives comprise unquoted forward currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and is subsequently re-measured at their fair value.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the date of statements of financial position with the resulting value discounted back to present value.

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 held for trading and accounted for in accordance with the accounting policy set out in Note 2(b).

## **(I) Fair value of financial instruments**

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on the respective classification.

The following table analyses the financial assets and financial liabilities of the Fund in the statement of financial position as at the reporting date:

	Financial assets/ liabilities at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
<b>31.12.2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	11,078,112	11,078,112
Amount due from the Manager			
-creation of units	-	11,825	11,825
-management fee rebate	-	13	13
Dividends receivable	-	129,779	129,779
Financial assets at FVTPL (Note 8)	140,485,292	-	140,485,292
	140,485,292	11,219,729	151,705,021
<u>Financial liabilities</u>			
Amount due to brokers/ dealers	-	1,671,609	1,671,609
Amount due to the Manager			
-cancellation of units	-	274,143	274,143
-management fee	-	187,112	187,112
Amount due to the Trustee	-	7,485	7,485
Derivatives (Note 9)	214,776	-	214,776
Distribution payable	-	362	362
Other payables and accruals	-	13,401	13,401
	214,776	2,154,112	2,368,888
<b>30.06.2023</b>			
<u>Financial assets</u>			
Cash and cash equivalents	-	8,205,105	8,205,105
Amount due from the Manager			
-creation of units	-	6,500	6,500
-management fee rebate	-	12	12
Dividends receivable	-	283,489	283,489
Financial assets at FVTPL (Note 8)	142,765,671	-	142,765,671
	142,765,671	8,495,106	151,260,777

	Financial assets/ liabilities at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	41,203	41,203
-management fee	-	188,883	188,883
Amount due to the Trustee	-	7,555	7,555
Derivatives (Note 9)	177,359	-	177,359
Other payables and accruals	-	14,852	14,852
	177,359	252,493	429,852

All liabilities except derivatives are financial liabilities which are carried at amortised cost.

### **(m) 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 content of the estimates, certain key variables that are anticipated to have material impact 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 Malaysia's Guidelines on Unit Trust Funds.

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

### **3. FAIR VALUE ESTIMATION**

The fair value of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which market were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counter party risk.

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

(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); and
- 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 requires 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 and liabilities (by class) measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities - local	110,412,080	-	-	110,412,080
- Quoted equity securities - foreign	30,042,857	-	-	30,042,857
- Unquoted collective investment scheme	-	30,355	-	30,355
	140,454,937	30,355	-	140,485,292
<u>Financial liabilities:</u>				
- Derivatives	-	214,776	-	214,776

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>30.06.2023</b>				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities - local	109,817,668	-	-	109,817,668
- Quoted equity securities - foreign	32,917,792	-	-	32,917,792
- Unquoted collective investment scheme	-	30,211	-	30,211
	142,735,460	30,211	-	142,765,671
<u>Financial liabilities:</u>				
- Derivatives	-	177,359	-	177,359

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted prices for these instruments. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include derivatives. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of this financial assets/ (liabilities) are stated in Note 2(b) and 2(k).

- (ii) The carrying values of financial assets (other than financial assets at FVTPL) and financial liabilities (other than derivatives) are a reasonable approximation of their fair values due to their short term nature.

#### **4. MANAGEMENT FEE AND MANAGEMENT FEE REBATE**

In accordance with Division 13.1 of the Deed, the Manager is entitled to a management fee of up to 1.50% per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 December 2023, the management fee is recognised at a rate of 1.50% (2022: 1.50%) per annum.

Management fee rebate relates to the rebate received from the Manager for investing in Hong Leong Global Shariah ESG Fund. The rate of rebate was 0.50% (2022: NIL) per annum calculated on the net asset value of Hong Leong Global Shariah ESG Fund on a daily basis.

There is no further liability to the Manager in respect of management fee other than the amount recognised above.

#### **5. TRUSTEE'S FEE**

In accordance with Division 13.2 of the Deed, the Trustee is entitled to a fee not exceeding 0.06% per annum calculated daily based on the net asset value of the Fund.

For the financial period ended 31 December 2023, the Trustee's fee is recognised at a rate of 0.06% (2022: 0.06%) per annum.

There is no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

## 6. TAXATION

	2023 RM	2022 RM
Tax charge for the financial period:		
Current taxation	43,278	8,350

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

	2023 RM	2022 RM
Profit before taxation	2,419,510	1,049,503
Taxation at Malaysian statutory rate of 24% (2022: 24%)	580,682	251,881
Tax effects of:		
Investment income not subject to tax	(961,156)	(699,451)
Expenses not deductible for tax purposes	156,035	162,817
Restriction on tax deductible expenses for unit trust fund	267,717	293,103
Taxation	43,278	8,350

## 7. DISTRIBUTION

	2023 RM	2022 RM
Distribution to unit holder is derived from the following sources:		
Prior financial years' realised income	13,918,574	14,503,926
Net distribution amount	13,918,574	14,503,926

### Date of Declaration

#### Distribution on 17/18 July

Net distribution per unit (sen)	4.9812	5.5000
Gross distribution per unit (sen)	5.0000	5.5000

The composition of distribution payments sourced from income and capital are disclosed in below:

	<b>Income RM</b>	<b>%</b>	<b>Capital RM</b>	<b>%</b>
<b>2023</b>	13,918,574	100.00	-	-
<b>2022</b>	14,503,926	100.00	-	-

Net distribution above is sourced from prior financial years' realised income. Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from net realised income less expenses divided by units in circulation, while net distribution per unit is derived from net realised income less expenses and taxation divided by units in circulation.

The above distributions have been proposed before taking into account the unrealised gain of RM12,741,470 (2022: RM19,850,073) which is carried forward to the next financial period.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	<b>31.12.2023 RM</b>	<b>30.06.2023 RM</b>
<u>Financial assets at FVTPL:</u>		
Quoted equity securities - local	110,412,080	109,817,668
Quoted equity securities - foreign	30,042,857	32,917,792
Unquoted collective investment scheme	30,355	30,211
	<u>140,485,292</u>	<u>142,765,671</u>
	<b>2023 RM</b>	<b>2022 RM</b>
<u>Net gain on financial assets at FVTPL:</u>		
Realised loss on disposals	(8,095,558)	(17,532,682)
Changes in unrealised fair values	12,917,630	20,073,642
Management fee rebate (Note 4)	74	-
	<u>4,822,146</u>	<u>2,540,960</u>

Financial assets at FVTPL as at 31 December 2023 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES</b>				
<b>- LOCAL</b>				
<u>Main Market</u>				
<u>Energy</u>				
Bumi Armada Berhad	8,500,000	4,369,170	4,207,500	2.82
<u>Financial Services</u>				
Alliance Bank Malaysia Berhad	2,000,000	6,801,430	6,780,000	4.54
Syarikat Takaful Malaysia Keluarga Berhad	1,000,000	3,702,495	3,700,000	2.48
	3,000,000	10,503,925	10,480,000	7.02
<u>Industrial Products &amp; Services</u>				
Dufu Technology Corp. Berhad	2,700,000	6,327,662	5,130,000	3.44
Malayan Cement Berhad	1,000,000	3,872,900	4,230,000	2.83
SAM Engineering & Equipment (M) Berhad	1,150,000	5,660,580	4,669,000	3.13
Sunway Berhad	2,000,000	3,816,000	4,120,000	2.76
	6,850,000	19,677,142	18,149,000	12.16
<u>Technology</u>				
Frontken Corporation Berhad	1,800,000	6,342,594	5,832,000	3.91
Genetec Technology Berhad*	2,850,000	5,889,501	6,726,000	4.50
Inari Amertron Berhad	2,000,000	5,259,297	6,020,000	4.03
Malaysian Pacific Industries Bhd	300,400	7,428,044	8,471,280	5.67
Pentamaster Corporation Berhad	1,200,000	3,629,296	5,520,000	3.70
	8,150,400	28,548,732	32,569,280	21.81
<u>Telecommunications &amp; Media</u>				
Telekom Malaysia Berhad	800,000	4,443,230	4,440,000	2.97
<u>Transportation &amp; Logistics</u>				
Malaysia Airports Holdings Berhad	880,000	6,144,966	6,476,800	4.34
<u>Utilities</u>				
Tenaga Nasional Berhad	1,150,000	11,478,090	11,546,000	7.73
YTL Corporation Berhad	2,150,000	3,122,005	4,063,500	2.72
YTL Power International Berhad	4,500,000	6,673,737	11,430,000	7.66
	7,800,000	21,273,832	27,039,500	18.11
<u>ACE Market</u>				
<u>Industrial Products &amp; Services</u>				
Coraza Integrated Technology Berhad	7,500,000	5,907,514	3,262,500	2.18
<u>Technology</u>				
ECA Integrated Solution Berhad	7,500,000	6,585,948	3,787,500	2.54
<b>TOTAL QUOTED EQUITY SECURITIES</b>				
<b>- LOCAL</b>				
	<b>50,980,400</b>	<b>107,454,459</b>	<b>110,412,080</b>	<b>73.95</b>

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES - FOREIGN</b>				
<b>Hong Kong</b>				
<u>Internet</u> Alibaba Group Holding Limited^	100,000	4,794,884	4,443,768	2.98
<b>Total Hong Kong</b>	<b>100,000</b>	<b>4,794,884</b>	<b>4,443,768</b>	<b>2.98</b>
<b>Indonesia</b>				
<u>Banks</u> PT Bank Mandiri (Persero) Tbk	2,000,000	2,406,832	3,602,170	2.41
<b>Total Indonesia</b>	<b>2,000,000</b>	<b>2,406,832</b>	<b>3,602,170</b>	<b>2.41</b>
<b>Singapore</b>				
<u>Electronics</u> AEM Holdings Limited	200,000	2,313,279	2,407,675	1.61
<b>Total Singapore</b>	<b>200,000</b>	<b>2,313,279</b>	<b>2,407,675</b>	<b>1.61</b>
<b>Taiwan</b>				
<u>Home Furnishings</u> Lite-On Technology Corporation	300,000	3,921,782	5,265,000	3.53
<u>Semiconductors</u> Taiwan Semiconductor Manufacturing Company Limited	80,000	6,790,364	7,116,000	4.76
<b>Total Taiwan</b>	<b>380,000</b>	<b>10,712,146</b>	<b>12,381,000</b>	<b>8.29</b>
<b>Thailand</b>				
<u>Banks</u> Kasikornbank Public Company Limited #	400,000	6,614,006	7,208,244	4.83
<b>Total Thailand</b>	<b>400,000</b>	<b>6,614,006</b>	<b>7,208,244</b>	<b>4.83</b>
<b>TOTAL QUOTED EQUITY SECURITIES - FOREIGN</b>	<b>3,080,000</b>	<b>26,841,147</b>	<b>30,042,857</b>	<b>20.12</b>
<b>UNQUOTED COLLECTIVE INVESTMENT SCHEME</b>				
Hong Leong Global Shariah ESG Fund	30,054	30,000	30,355	0.02
<b>TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEME</b>	<b>30,054</b>	<b>30,000</b>	<b>30,355</b>	<b>0.02</b>
<b>TOTAL INVESTMENTS</b>	<b>54,090,454</b>	<b>134,325,606</b>	<b>140,485,292</b>	<b>94.09</b>
<b>UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL</b>		<b>6,159,686</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>140,485,292</b>		

Financial assets at FVTPL as at 30 June 2023 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES</b>				
<b>- LOCAL</b>				
<u>Main Market</u>				
<u>Consumer Products &amp; Services</u>				
DXN Holdings Bhd.	6,870,000	4,809,000	5,015,100	3.33
Guan Chong Berhad	855,000	2,736,269	1,975,050	1.31
	7,725,000	7,545,269	6,990,150	4.64
<u>Energy</u>				
Velesto Energy Berhad	34,000,000	6,996,400	7,480,000	4.96
<u>Health Care</u>				
Supermax Corporation Berhad	3,400,000	3,398,300	2,720,000	1.80
Top Glove Corporation Bhd.	6,900,000	7,014,510	5,589,000	3.71
	10,300,000	10,412,810	8,309,000	5.51
<u>Industrial Products &amp; Services</u>				
Dufu Technology Corp. Berhad	2,991,300	7,010,346	5,683,470	3.77
Kobay Technology Bhd	2,359,000	9,979,521	4,482,100	2.97
SAM Engineering & Equipment (M) Berhad	1,150,000	5,660,580	5,278,500	3.50
	6,500,300	22,650,447	15,444,070	10.24
<u>Technology</u>				
D & O Green Technologies Berhad	1,979,000	1,486,396	7,282,720	4.83
Frontken Corporation Berhad	2,860,000	10,080,418	9,009,000	5.97
Inari Amertron Berhad	2,900,000	7,625,980	7,946,000	5.27
Malaysian Pacific Industries Bhd	300,400	7,428,044	8,357,128	5.54
Pentamaster Corporation Berhad	1,750,000	5,292,724	8,610,000	5.71
UWC Berhad	2,700,000	11,590,670	8,046,000	5.33
	12,489,400	43,504,232	49,250,848	32.65
<u>ACE Market</u>				
<u>Industrial Products &amp; Services</u>				
Coraza Integrated Technology Berhad	7,400,000	6,166,010	5,550,000	3.68
<u>Technology</u>				
ECA Integrated Solution Berhad	9,830,000	8,631,982	8,650,400	5.74
Genetec Technology Berhad	3,510,000	7,253,385	8,143,200	5.40
	13,340,000	15,885,367	16,793,600	11.14
<b>TOTAL QUOTED EQUITY SECURITIES</b>				
<b>- LOCAL</b>				
	<b>91,754,700</b>	<b>113,160,535</b>	<b>109,817,668</b>	<b>72.82</b>



	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<b>QUOTED EQUITY SECURITIES - FOREIGN</b>				
<b>Australia</b>				
<u>Beverages</u>				
Treasury Wine Estates Limited	263,616	11,326,702	9,187,033	6.09
<b>Total Australia</b>	<b>263,616</b>	<b>11,326,702</b>	<b>9,187,033</b>	<b>6.09</b>
<b>Hong Kong</b>				
<u>Real Estate</u>				
Onewo Inc. ^	350,000	10,503,704	5,268,725	3.49
<b>Total Hong Kong</b>	<b>350,000</b>	<b>10,503,704</b>	<b>5,268,725</b>	<b>3.49</b>
<b>Indonesia</b>				
<u>Financial</u>				
PT Bank Mandiri (Persero) Tbk	7,000,000	8,423,912	11,262,160	7.47
<b>Total Indonesia</b>	<b>7,000,000</b>	<b>8,423,912</b>	<b>11,262,160</b>	<b>7.47</b>
<b>Taiwan</b>				
<u>Home Furnishings</u>				
Lite-On Technology Corporation	465,000	6,078,762	7,199,874	4.77
<b>Total Taiwan</b>	<b>465,000</b>	<b>6,078,762</b>	<b>7,199,874</b>	<b>4.77</b>
<b>TOTAL QUOTED EQUITY SECURITIES - FOREIGN</b>	<b>8,078,616</b>	<b>36,333,080</b>	<b>32,917,792</b>	<b>21.82</b>
<b>UNQUOTED COLLECTIVE INVESTMENT SCHEME</b>				
Hong Leong Global Shariah ESG Fund	30,054	30,000	30,211	0.02
<b>TOTAL UNQUOTED COLLECTIVE INVESTMENT SCHEME</b>	<b>30,054</b>	<b>30,000</b>	<b>30,211</b>	<b>0.02</b>
<b>TOTAL INVESTMENTS</b>	<b>99,863,370</b>	<b>149,523,615</b>	<b>142,765,671</b>	<b>94.66</b>
<b>UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL</b>		<b>(6,757,944)</b>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL</b>		<b>142,765,671</b>		

\* Genetec Technology Berhad had transfer of listing from ACE market to main market of Bursa Malaysia Securities Berhad on 27 October 2023.

^ H Shares are shares of the companies incorporated in the Chinese mainland that is listed on the Hong Kong Stock Exchange. These shares are denominated in Hong Kong dollars and trade the same as other equities on the Hong Kong Stock Exchange.

# NVDR, non-voting depository receipt, is a trading instrument issued by Thai NVDR Company Limited, a subsidiary wholly owned by the Stock Exchange of Thailand ("SET"). It is a valid security as specified by the United States Securities and Exchange Commission ("SEC") and is automatically regarded as a listed security by the SET. The underlying security is a listed security in the SET.

## 9. DERIVATIVES

Derivatives comprise forward currency contracts. The negative fair value represents the unrealised loss on the revaluation of forward currency at the reporting date. The contract or underlying principal amount of the forward currency contracts and the corresponding gross negative fair value at the end of each reporting date is analysed below:

	31.12.2023 RM	30.06.2023 RM
<u>Derivative liabilities:</u>		
Forward currency contracts	214,776	177,359
	2023 RM	2022 RM
<u>Net loss on derivatives:</u>		
Realised loss on disposals	(1,272,082)	(850,530)
Changes in unrealised fair values	(37,418)	(51,020)
	(1,309,500)	(901,550)

	<b>Maturity date</b>	<b>Contract or underlying principal amounts</b>	<b>*Fair value RM</b>
<b>31.12.2023</b>			
Hong Kong Dollar	within 1 month	7,029,000	20,384
New Taiwan Dollar	within 1 month	1,205,030#	(408,451)
Singapore Dollar	within 1 month	163,000	(1,875)
Thai Baht	within 1 month	25,800,000	82,560
United States Dollar	within 1 month	1,205,030	70,615
United States Dollar	within 1 month	427,000	21,991
			(214,776)
<b>30.06.2023</b>			
Australian Dollar	within 1 month	1,515,000	62,872
Hong Kong Dollar	within 1 month	4,857,000	(48,084)
New Taiwan Dollar	within 1 month	743,727#	(121,086)
United States Dollar	within 1 month	379,000	(21,603)
United States Dollar	within 1 month	743,727	(49,458)
			(177,359)

# This is the equivalent US Dollar amount used to hedge TWD39,525,000 (30.06.2023: TWD23,948,000).

\* Being the difference between the contract price and the market forward price discounted at appropriate discount rates.

	<b>Receivables RM</b>	<b>Payables RM</b>	<b>Fair value RM</b>	<b>Percentage of net asset value %</b>
<b>31.12.2023</b>				
Hong Leong Bank Berhad	173,559	(408,451)	(234,892)	0.157
Hong Leong Investment Bank Berhad	21,991	(1,875)	20,116	0.013
	195,550	(410,326)	(214,776)	0.170
<b>30.06.2023</b>				
Hong Leong Bank Berhad	-	(218,628)	(218,628)	0.145
Hong Leong Investment Bank Berhad	62,872	(21,603)	41,269	0.027
	62,872	(240,231)	(177,359)	0.172

As the Fund does not adopt hedge accounting during the financial period, the change in the fair value of the forward currency contracts is recognised immediately in the statement of comprehensive income.

## 10. UNITS IN CIRCULATION

	<b>01.07.2023 to 31.12.2023 No. of units</b>	<b>01.07.2022 to 30.06.2023 No. of units</b>
At the beginning of the financial period/ year	279,687,579	263,576,839
Add: Creation of units during the financial period/year		
- Arising from applications	2,148,874	4,276,796
- Arising from distribution	25,255,937	24,701,632
Less: Cancellation of units during the financial period/year	(8,806,274)	(12,867,688)
At the end of the financial period/year	<u>298,286,116</u>	<u>279,687,579</u>

## 11. TOTAL EXPENSE RATIO ("TER")

	<b>2023 %</b>	<b>2022 %</b>
TER (annualised)	<u>1.68</u>	<u>1.65</u>

Total expense ratio includes management fee, Trustee's fee, auditors' remuneration, tax agent's fee, custodian fees and other expenses for the financial period divided by the Fund's average net asset value calculated on a daily basis and is calculated as follows:

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

Where;

- A = Management fee
- B = Trustee's fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Custodian fees
- F = Other expenses excluding withholding tax
- G = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial period calculated on a daily basis is RM153,278,197 (2022: RM170,625,088).

## 12. PORTFOLIO TURNOVER RATIO ("PTR")

	2023 Times	2022 Times
PTR	0.69	0.61

PTR is derived from the following calculation:

(Total acquisitions for the financial period + total disposals for the financial period) / 2

Average net asset value of the Fund for the financial period calculated on a daily basis

Where;

total acquisitions for the financial period

= RM98,003,280 (2022: RM92,994,440)

total disposals for the financial period

= RM113,201,289 (2022: RM114,940,343)

## 13. UNITS HELD BY THE MANAGER AND RELATED PARTIES TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationships</u>
Hong Leong Asset Management Bhd	The Manager
Hong Leong Islamic Asset Management Sdn Bhd	Subsidiary of the Manager
Hong Leong Capital Berhad	Holding company of the Manager
Hong Leong Financial Group Berhad ("HLFG")	Ultimate holding company of the Manager
Subsidiaries and associates of HLFG as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

No units were held by the Manager and parties related to the Manager as at 31 December 2023 and 30 June 2023.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

	<b>31.12.2023</b>	<b>30.06.2023</b>
	<b>RM</b>	<b>RM</b>
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	5,751,062	3,770,047
Derivatives:		
- Hong Leong Bank Berhad	(234,892)	(218,628)
- Hong Leong Investment Bank Berhad	20,116	41,269
	<u>5,536,286</u>	<u>3,592,688</u>
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	96,187	63,614
Purchase of quoted equity securities:		
- Hong Leong Investment Bank Berhad	45,137,201	24,455,548
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	23,347,982	37,036,386

## 14. TRANSACTIONS WITH BROKERS/DEALERS

Detail of transactions with brokers/dealers are as follows:

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
<b>2023</b>				
Hong Leong Investment Bank Berhad*	68,485,183	33.73	171,041	34.34
CL Securities Taiwan Company Limited	24,127,390	11.88	60,354	12.12
Public Investment Bank Berhad	19,421,042	9.57	51,477	10.34
CGS-CIMB Securities Sdn Bhd	16,337,735	8.05	38,552	7.74
Maybank Investment Bank Berhad	13,390,098	6.59	33,554	6.74
Nomura Securities Malaysia Sdn Bhd	9,814,743	4.83	24,503	4.92
Affin Hwang Investment Bank Berhad	9,075,056	4.47	18,498	3.71
JPMorgan Securities (Malaysia) Sdn. Bhd.	8,852,484	4.36	22,215	4.46
CLSA Securities Malaysia Sdn. Bhd.	6,625,892	3.26	16,603	3.33
Phillip Capital Sdn. Bhd.	5,970,545	2.94	14,983	3.01
Others	20,941,746	10.32	46,269	9.29
	203,041,914	100.00	498,049	100.00
<b>2022</b>				
Hong Leong Investment Bank Berhad*	61,491,934	32.30	153,877	7,606.38
CGS-CIMB Securities Sdn Bhd	47,554,953	24.98	116,252	5,746.52
Maybank Investment Bank Berhad	18,468,134	9.70	46,228	2,285.12
Credit Suisse (Hong Kong) Limited	16,538,382	8.69	35,784	1,768.86
Shenwan Hongyuan Securities (H.K.) Limited	13,138,931	6.90	26,225	1,296.34
Affin Hwang Investment Bank Berhad	11,686,677	6.14	23,463	1,159.81
JPMorgan Securities (Malaysia) Sdn. Bhd.	5,657,980	2.97	14,101	697.03
RHB Investment Bank Berhad	4,228,942	2.22	10,570	522.49
CLSA Limited	3,390,148	1.78	10,135	500.99
Citigroup Global Markets Malaysia Sdn. Bhd.	3,208,483	1.69	7,194	355.61
Others	4,993,908	2.63	12,482	616.99
	190,358,472	100.00	456,311	22,556.14

\* Transactions with brokers/dealers related to the Manager.

The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

# Performance Data

## A. (i) Portfolio Compositions:

Apparel  
Banks  
Beverages  
Consumer Products & Services  
Electric  
Electronics  
Energy  
Financial  
Financial Services  
Health Care  
Home Furnishing  
Industrial Products & Services  
Internet  
Mining  
Real Estate  
Retail  
Semiconductors  
Technology  
Telecommunication & Media  
Transportation & Logistics  
Utilities

### Collective Investment Scheme Deposits and Cash Equivalents

#### Country:

Australia  
Hong Kong  
Indonesia  
Malaysia  
Singapore  
Taiwan  
Thailand

### Deposits and Cash Equivalents

- |  |   |
|--|---|
| <b>(ii) Total Net Asset Value</b>  | (ex-distribution)                           |
| <b>(iii) Net Asset Value Per Unit<br/>Units in Circulation</b>   | (ex-distribution)<br>(ex-distribution)      |
| <b>(iv) Highest/Lowest NAV Per Unit<br/>(ex-distribution)</b>  | Highest NAV Per Unit<br>Lowest NAV Per Unit |
| <b>(v) Total Return of the Fund*</b><br>- Capital Growth<br>- Income Distribution  |   |
| <b>(vi) The distribution (gross) is made out of:-</b><br>- The Fund's Capital<br>- The Fund's Income<br>- Total Distribution Amount<br>- The Fund's Capital (% of Total Distribution Amount)<br>- The Fund's Income (% of Total Distribution Amount) |   |



Financial Period 30/06/2023– 31/12/2023 %	Financial Year 30/06/2022– 30/06/2023 %	Financial Year 30/06/2021– 30/06/2022 %	Financial Year 30/06/2020– 30/06/2021 %
-	-	-	6.84
7.24	-	-	-
-	6.09	-	-
-	4.64	10.03	10.86
-	-	3.63	2.90
1.61	-	3.90	-
2.82	4.96	-	7.97
-	7.47	-	-
7.02	-	8.71	-
-	5.51	7.29	-
3.53	4.77	-	-
14.34	13.92	17.71	27.32
2.98	-	-	-
-	-	-	2.92
-	3.49	-	6.67
-	-	-	3.81
4.76	-	-	-
24.35	43.79	35.63	22.33
2.97	-	-	-
4.34	-	1.92	3.59
18.11	-	-	-
0.02	0.02	-	-
5.91	5.34	11.18	4.79
-	6.09	-	-
2.98	3.49	7.53	16.30
2.41	7.47	8.71	-
73.97	72.84	72.58	72.07
1.61	-	-	-
8.29	4.77	-	6.84
4.83	-	-	-
5.91	5.34	11.18	4.79
RM149,310,620	RM150,817,275	RM168,781,429	RM217,654,743
RM0.5006	RM0.5392	RM0.6404	RM0.8776
298,286,116	279,687,579	263,576,839	248,025,454
RM0.5869	RM0.6374	RM0.8924	RM0.9064
RM0.4789	RM0.5306	RM0.6313	RM0.6805
1.46%	-7.65%	-22.02%	33.58%
-7.16%	-15.80%	-27.03%	20.38%
8.62%	8.15%	5.01%	13.20%
3.8600 sen/unit	5.5000 sen/unit	5.0000 sen/unit	0.0000 sen/unit
1.1400 sen/unit	0.0000 sen/unit	0.0000 sen/unit	8.0000 sen/unit
5.0000 sen/unit	5.5000 sen/unit	5.5000 sen/unit	8.0000 sen/unit
77%	100%	100%	0%
23%	0%	0%	100%

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**(vii) Distribution Per Unit**

Additional Units  
Distributions (Gross)  
Distributions (Net)  
Distribution Date  
Cum-Distribution NAV/Unit  
Ex Distribution NAV/Unit

Additional Units  
Distributions (Gross)  
Distributions (Net)  
Distribution Date  
Cum-Distribution NAV/Unit  
Ex Distribution NAV/Unit

**(viii) Total Expense Ratio (TER)**

**(ix) Portfolio Turnover Ratio (PTR) (times)**

**B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 30/06/2023)\***

- (i) One year
- (ii) Three years
- (iii) Five years

\* Source: Lipper for Investment Management  
(Returns are calculated after adjusting for distributions and/or additional units, if any)

# The PTR decreased by 0.25 times (26.6%) to 0.69 times for the financial period from 1 July 2023 to 31 December 2023 versus 0.94 times for the financial year ended 30 June 2023 mainly due to lower level of rebalancing activities undertaken by the Fund and increased by 13.11% percentage point higher as compared to 0.61 % for the financial period from 1 July 2022 to 31 December 2022 mainly due to higher level of rebalancing activities undertaken by the Fund.

Financial Period 30/06/2023– 31/12/2023 %	Financial Year 30/06/2022– 30/06/2023 %	Financial Year 30/06/2021– 30/06/2022 %	Financial Year 30/06/2020– 30/06/2021 %
–	–	–	–
<b>5.0000 sen/unit</b>	5.5000 sen/unit	5.5000 sen/unit	8.0000 sen/unit
<b>4.8201 sen/unit</b>	5.5000 sen/unit	5.2651 sen/unit	7.9174 sen/unit
<b>17/07/2023</b>	18/07/2022	26/07/2021	23/07/2020
<b>RM0.5869</b>	RM0.6231	RM0.8534	RM0.8091
<b>RM0.5387</b>	RM0.5681	RM0.8008	RM0.7299
–	–	–	–
<b>0.0000 sen/unit</b>	–	–	–
<b>0.1611 sen/unit</b>	–	–	–
<b>14/08/2023</b>	–	–	–
<b>RM0.5179</b>	–	–	–
<b>RM0.5163</b>	–	–	–
<b>1.68%</b>	1.63%	1.62%	1.62%
<b>0.69#</b>	0.94	0.98	2.13
<b>-6.82%</b>			
<b>-6.61%</b>			
<b>4.74%</b>			

# Corporate Information

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## Manager

Hong Leong Asset Management Bhd [199401033034 (318717-M)]

## Registered Office

Level 30, Menara Hong Leong  
No. 6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur

## Business Office

Level 18, Block B, Plaza Zurich  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur

## Board of Directors

Ms. Lee Jim Leng  
Mr. Hoo See Kheng  
YBhg Dato' Abdul Abdul Majit bin Ahmad Khan  
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

## Executive Director/Chief Executive Officer

Mr. Hoo See Kheng

## Trustee

Deutsche Trustees Malaysia Berhad

## Auditor

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)

## Distributors

Hong Leong Bank Berhad  
Affin Bank Berhad  
Areca Capital Sdn Bhd  
CIMB Investment Bank Berhad  
HSBC Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad  
Standard Chartered Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad  
Registered Independent Tied Agents with FIMM

# Corporate Directory

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## Head Office

Level 18, Block B, Plaza Zurich  
No. 12, Jalan Gelenggang  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 03-2081 8600  
Fax: 03-2081 8500  
Website: [www.hlam.com.my](http://www.hlam.com.my)  
E-mail: [inquiry@hlam.hongleong.com.my](mailto:inquiry@hlam.hongleong.com.my)

## Pulau Pinang

No. 441-1-3  
Pulau Tikus Plaza, Jalan Burmah  
10350 Pulau Tikus, Pulau Pinang  
Tel: 04-2288 112, 04-2289 112  
Fax: 04-2283 112

## Ipoh

2nd Floor, Lot 3, Persiaran Greentown 4  
Greentown Business Centre  
30450 Ipoh, Perak  
Tel: 05-2558 388, 05-2559 388  
Fax: 05-2558 389



Hong Leong Asset Management Bhd  
[www.hlam.com.my](http://www.hlam.com.my)

