

Hong Leong Balanced Fund

Annual Report

Financial Year Ended 30 June 2024

2023/2024

Audited



HONG LEONG BALANCED FUND

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Manager's Review and Report

I. FUND INFORMATION

Fund Name

Hong Leong Balanced Fund ("HLBF or the Fund")

Fund Category

Balanced

Fund Type

Growth and income

Investment Objective

To achieve regular income* and consistent capital growth over the medium to long-term by investing in a diversified investment portfolio containing a balanced mixture of equities and fixed income securities.

Duration of the Fund and its termination date, where applicable

Not Applicable

Benchmark

3-months KLIBOR rate (40% weightage) and FBM KLCI (60% weightage)

Distribution Policy

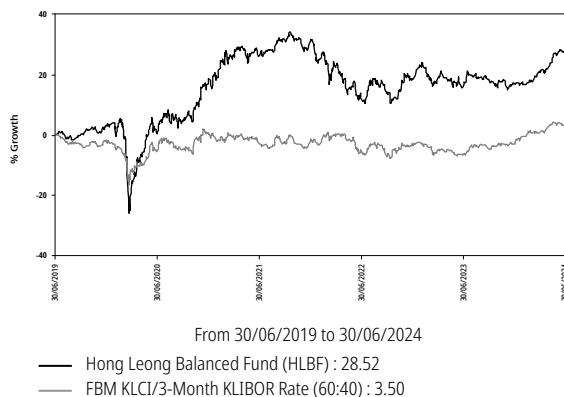
The Fund intends to provide regular income* and consistent long-term capital growth. As such, regular income returns will be declared on a semi annual basis, subject to availability of income.

Note:

* 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 financial years



Source: Lipper for Investment Management, in Malaysian Ringgit terms, ex-distribution, NAV Per Unit-to-NAV Per Unit basis with gross income (if any) under review, the Fund had distributed 12 times of income distributions to its Unit holders. Unit holders should note that income distributions have the effect of reducing the Net Asset Value (NAV) of the Fund after distributions. For a full description of the income distributions, cum-distributions and ex-distributions NAV per unit of the Fund, kindly refer to section entitled 'Performance Data' at page 58-63.

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 Annual Report covers the twelve-month financial year from 1 July 2023 to 30 June 2024.

The Fund posted a return of 9.93% (based on NAV Per Unit-to-NAV Per Unit basis with gross income (if any) from the Fund reinvested) in the past twelve months while its benchmark the FTSE Bursa Malaysia (FBM) KLCI/3-Month KLIBOR Rate (60:40) registered a return of 10.67%. During the financial year under review, the Fund had distributed 12 times of income distributions to its Unit holders. Unit holders should note that income distributions have the effect of reducing the Net Asset Value (NAV) of the Fund after distributions. For a full description of the income distributions, cum-distributions and ex-distributions NAV per unit of the Fund, kindly refer to section entitled 'Performance Data' at page 58-63.

For the five financial years ended 30 June 2024, the Fund posted a return of 28.52% compared to the benchmark's return of 3.50% while distributing a total gross income of 15.5000 sen per unit (net income of 15.4557 sen per unit).

Table 1: Performance of the Fund for the following periods as at 30 June 2024 (Source: Lipper for Investment Management)

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Since Launch
HLBF Return (%)	5.29	8.79	9.93	1.18	28.52	76.01	339.81
Benchmark (%)	2.47	6.27	10.67	6.29	3.50	4.10	108.37

Table 2: Return of the Fund based on NAV Per Unit-to-NAV Per Unit basis for the period 30 June 2023 to 30 June 2024 (Source: Lipper for Investment Management)

	30-Jun-24	30-Jun-23	Return (%)
NAV Per Unit	RM0.4599	RM0.4454	9.93#
Benchmark	403.38	364.52	10.67
vs Benchmark (%)	-	-	-0.74

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

Table 3: Financial Highlights

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

	30-Jun-24 (RM)	30-Jun-23 (RM)	Change (%)
Unit Holders' Capital	814,239,372	1,185,477,564	(31.32)
Retained Earnings/ (Accumulated Loss)	13,356,155	(65,286,364)	120.46
Net Asset Value	827,595,527	1,120,191,200	(26.12)
Units in Circulation	1,799,662,992	2,514,755,700	(28.44)

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 years ended 30 June

	Financial Year 2024	Financial Year 2023	Financial Year 2022
Highest NAV Per Unit (RM)	0.4666	0.4875	0.5702
Lowest NAV Per Unit (RM)	0.4285	0.4412	0.4585
Capital Growth (%)	3.26	-3.19	-15.83
Income Distribution (%)	6.67	6.50	4.92
Total Return (%)	9.93	3.31	-10.91

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 HLBF reinvested.

Table 5: Average Total Return of the Fund for the financial year ended 30 June 2024

	1 Year	3 Years	5 Years
Average Total Return (%)	9.93	0.39	5.70

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 HLBF reinvested.

Table 6: Annual Total Return of the Fund for the financial years ended 30 June

Financial Year	2024	2023	2022	2021	2020
Annual Total Return (%)	9.93	3.31	-10.91	24.75	1.82

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 HLBF reinvested.

III. INVESTMENT PORTFOLIO

Chart 2: Asset Allocation - July 2023 to June 2024

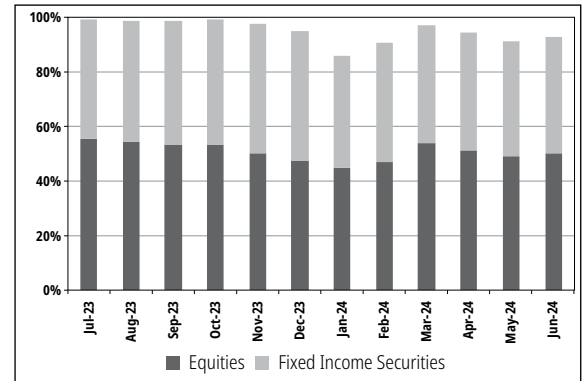
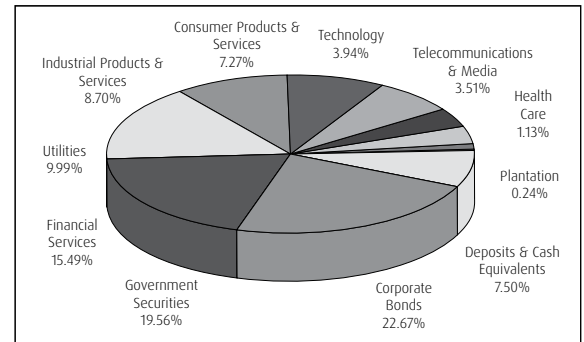


Chart 3: Sector Allocation as at 30 June 2024



Strategies employed by the Fund during the period under review

On the equities front, the Fund took some profit in the technology and energy sectors and increase its exposure to high quality index stocks, increasing weightage in the financial and utilities sector in particular during the financial year under review. This was done to take advantage of improving outlook on banks margins and higher electricity demand coming from the higher Data Centre (DC) investments in the country. We also expect these stocks to benefit from possible increase in foreign fund inflow into the Malaysia market.

On the fixed income front, we are fully invested in government securities and high investment grade corporate bonds. We will continue to favour high investment grade corporate bonds with strong fundamentals over government bonds as we seek to rebalance the asset allocation of the Fund for better yield pick-up.

An explanation on the differences in portfolio composition

In the equities segment, there was an increase in allocation to utilities and financials due to improving outlook and attractive valuations.

In the fixed income segment, the Fund reduced its allocation for government securities to reduce duration risk and increased its allocation in corporate bonds during the financial year under review.

Operational review of the Fund

The 1st Supplemental Hong Leong Master Prospectus dated 18 August 2023 was issued during the financial year under review to reflect various changes made to the Fund. Kindly refer to www.hlam.com.my for the full list of changes made to the Fund.

IV. MARKET REVIEW

Equities

During the financial year under review, the MSCI AC Asia Pacific ex Japan Index rose 8.7%. The best performing markets were India and Taiwan while the laggards were Hong Kong and China. In the local market, the FTSE Bursa Malaysia (FBM) KLCI rose 13.9%. Small caps outperformed as the FBM Small Cap Index rose 19.1%.

The third quarter of 2023 started strongly. Despite the United States (US) Federal Reserve (Fed) raising the policy rate by another 25 basis points (bps), expectations that the interest hike cycle is nearing the end buoyed investor sentiment. However, the market euphoria was short-lived as bond yields accelerated higher. With the China economy not exactly in the pink of health and the US economy starting to show conspicuous signs of weakening, bonds look increasingly attractive compared to equities.

The final quarter of 2023 started on a tentative note as investors maintained a high cash level in their portfolios in view of the weak economic outlook and heightened geopolitical risk. However, global equity markets rallied strongly in the last two months of the year as statements by the US Fed left very little doubt that the current rate hike cycle is at an end. US indices led the global equity rally as the Dow Jones Industrial Average (DJIA) Index hit an all-time high in December.

In the first quarter of 2024, stronger-than-expected economic data out of US resulted in Fed rate cut expectations being dialled back. The global Artificial Intelligence (AI) optimism helped drive upside in tech and related proxies. The Chinese market saw some optimism during the quarter but lost momentum due to US-China tensions. Japan equities staged a strong resurgence as the country's exit from deflation attracted investors.

The second quarter of 2024 started strongly, even with US Inflation data surprising on the upside. Despite bond yields accelerating higher, AI optimism continue to dominate the market. ASEAN generally underperformed and their currencies too came under pressure as US Dollar (USD) surged. Hong Kong in particular saw weakness as the country reported underwhelming property data.

The Malaysia market outperformed peers in the third quarter of 2023 as investors seek shelter in defensive equity markets during the prevailing risk-off sentiment. The conclusion of the state elections also removed some degree of political uncertainty while the launch of the Madani economy by the Prime Minister also provided a boost to investor sentiment in the local market.

Although the FBM KLCI posted a positive return, it was a quiet fourth quarter for the Malaysia market in comparison to other global peers as investors, particularly foreign investors, appeared to find more urgency to cover their underweight in developed markets before deploying cash in emerging markets.

In the first quarter of 2024, Malaysia started strongly, leading the ASEAN market with AI related names performing well. This was further reinforced by the signing of a memorandum of understanding between Malaysia and Singapore to form the Johor-Singapore special economic zone. While foreign interest was evident, it did not translate into real flows as Malaysia recorded a net foreign outflow during the quarter.

Trading value in Malaysia was elevated in the second quarter of 2024, reaching values not seen since May 2021 during the COVID-19 lockdown. AI continued to drive the markets, spilling over to the construction sector, which is seen to benefit from the DC driven boom. The Malaysian index was one of the best performers year-to-date in ASEAN.

Fixed Income

During the financial year under review, the US Fed raised the Federal Funds Target Rate (FFTR) by 25 bps in July 2023 to 5.25% to 5.50% but the FFTR was held steady till the end of the financial year. Headline Consumer Price Index (CPI) spiked up in August driven by higher energy prices, while core inflation somewhat moderated. US Treasuries (UST) were pressured over the Fed's "higher for longer" stance, inflation worries, and concerns over US credit rating, resulting in a high of 5.22% and 4.99% in UST 2-Year and 10-Year yields respectively in October 2023 (end-second quarter of 2023: 2-Year - 4.94%, 10-Year - 3.85%). The US economy was surprisingly resilient although there were signs of softening in the services and labour market. Meanwhile, US inflation showed signs of easing in the fourth quarter of 2023 but remained above the targeted rate of 2%. UST 2-Year and 10-Year yields ended the year 2023 at 4.25% and 3.88% respectively.

At the start of 2024, the market was volatile again following stronger-than-expected consumer spending and Producer Price Index (PPI) in January amid sticky inflation numbers and strong job data. The Fed remained concerned over the lack of progress on inflation and held the view to hold rates steady until there is greater confidence that US inflation was moving sustainably towards 2%. 2-Year and 10-Year yields spiked up from January to April and ended lower at 4.75% and 4.40% respectively in end-June 2024.

On the domestic front, Bank Negara Malaysia (BNM) left Overnight Policy Rate (OPR) unchanged at 3% at its July 2023 meeting. In the Budget 2024 released in October, the government aims to reduce fiscal deficit from 5.0% in 2023 to 4.3% in 2024. To boost government revenue, Sales and Services Tax (SST), excluding food, beverages and telecommunications, will be increased from 6% to 8% and capital gains tax of 10% on unlisted shares. Other subsidy measures include rationalising diesel subsidy and removing temporary price controls on chicken and eggs to enable a sustainable market supply. Malaysia's headline inflation rate rose to a 10-Month high of 2.0% in May, due largely to higher Housing, Water, Electricity, Gas and other fuels (HWEG) at 3.2%. HWEG inflation has increased to the highest level since September 2022, attributable to higher housing costs and water tariff hikes in several states.

During the financial year under review, Malaysian Government Securities (MGS) yields generally move in tandem with the UST movements although more subdued as domestic inflation numbers were more stable. Bond yields were volatile throughout the financial year, however 5-Year and 10-Year MGS yields ended flat at 3.64% and 3.86% respectively at end-June 2024 (end-June 2023: 5-Year - 3.60%, 10-Year - 3.85%).

V. FUTURE PROSPECTS AND PROPOSED STRATEGIES

Equities

We expect investor sentiment to be cautious leading up to the US presidential elections. There are signs of improving inflationary data towards the end of the second quarter, bringing Fed rate cuts back into the equation. Economic data will be monitored closely for any sustained weakness. With inflation expected to be at benign levels for the year, it is encouraging to know that global central banks will have the flexibility to ease monetary policy to support the economy should the need arise.

We expect the local market to also gain some interest among foreign investors who are looking to have exposure in the emerging market space as the 'risk-on' sentiment prevails. Other external factors that might support interest in the local market includes the expected correction in the USD and the high valuation of the US market.

However, as the economic outlook is still fraught with uncertainty, we expect investors to remain cautious. We opine the best strategy to navigate through this challenging environment is through bottom-up stock picking and remain invested in high quality companies.

Fixed Income

In the 30/31 July 2024 Federal Open Market Committee (FOMC) meeting, the Fed kept the FFTR range unchanged at 5.25%-5.50%, as anticipated by markets. There was a significant change to its monetary policy statement whereby the Fed shifted its focus to the dual mandate (employment and inflation goals) instead of just on inflation. Powell's dovish commentary seem to suggest that a September rate cut is on the table, if inflation and employment data is in line with expectations.

June inflation was steady at 2.0% despite the rationalisation of diesel subsidy which resulted in a benign average inflation reading of 1.8% in the first half of 2024. While domestic economy has performed within BNM's expectations with real Gross Domestic Product (GDP) growth anticipated to improve to 4%-5%, we expect BNM to keep OPR unchanged at 3.00% for the rest of 2024. Upside inflation risks persist in view of the RON95 fuel subsidy rationalisation, effects of EPF withdrawals and salary increases for government servants.

Credit spreads for corporate bonds have tightened considerably since January 2024. However, in the longer run, with the anticipation of rate cuts in the developed markets, we remain positive on the medium-term outlook for the local bond market. We continue to favour high investment grade corporate bonds with strong fundamentals to improve the fund yield.

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 year under review.

VIII. CROSS TRADE TRANSACTIONS

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

STATEMENT BY THE MANAGER

I, Chue Kwok Yan, as the Director of Hong Leong Asset Management Bhd, do hereby state that, in the opinion of the Manager, the financial statements set out on pages 18 to 57 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 30 June 2024 and of its financial performance, changes in equity and cash flows for the financial year ended 30 June 2024 in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

For and on behalf of the Manager,

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

CHUE KWOK YAN

Acting Chief Executive Officer/Executive Director

Kuala Lumpur
20 August 2024

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year ended 30 June 2024 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 year covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, the 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

Soon Lai Ching

Senior Manager, Trustee Operations

Kuala Lumpur
20 August 2024

Sylvia Beh

Chief Executive Officer

INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF HONG LEONG BALANCED FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the financial statements of Hong Leong Balanced Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 30 June 2024 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on Pages 18 to 57.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Review and Report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to terminate the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
20 August 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024 RM	2023 RM
INVESTMENT INCOME			
Interest income from financial assets measured at fair value through profit or loss ("FVTPL")		15,753,503	18,364,037
Interest income from financial assets measured at amortised cost	4	1,377,734	1,113,418
Dividend income		13,228,001	11,080,703
Net gain on financial assets at FVTPL	10	80,046,235	30,880,100
		<u>110,405,473</u>	<u>61,438,258</u>
EXPENDITURE			
Management fee	5	(19,363,090)	(22,974,501)
Trustee's fee	6	(798,078)	(918,980)
Auditors' remuneration		(8,300)	(7,700)
Tax agent's fee		(3,350)	(3,750)
Transaction costs		(2,475,252)	(1,928,375)
Other expenses		(79,282)	(91,064)
		<u>(22,727,352)</u>	<u>(25,924,370)</u>
PROFIT BEFORE TAXATION		87,678,121	35,513,888
Taxation	7	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>87,678,121</u>	<u>35,513,888</u>
Profit after taxation is made up as follows:			
Realised amount		9,874,183	(23,983,429)
Unrealised amount		77,803,938	59,497,317
		<u>87,678,121</u>	<u>35,513,888</u>
Distributions for the financial year:			
Net distributions	8	63,574,927	73,814,116
Net distributions per unit (sen)	8	2.8000	3.0000
Gross distributions per unit (sen)	8	2.8000	3.0000

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	9	64,566,639	14,394,310
Amount due from brokers/dealers		1,386,743	-
Amount due from the Manager -creation of units		24,942	127,710
Dividends receivable		3,159,150	2,479,018
Financial assets at FVTPL	10	765,565,160	1,106,489,476
TOTAL ASSETS		<u>834,702,634</u>	<u>1,123,490,514</u>
LIABILITIES			
Amount due to brokers/dealers		3,926,905	-
Amount due to the Manager -cancellation of units -management fee		1,866,820	1,350,854
		1,245,085	1,862,614
Amount due to the Trustee		55,337	74,504
Other payables and accruals		12,960	11,342
TOTAL LIABILITIES		<u>7,107,107</u>	<u>3,299,314</u>
NET ASSET VALUE OF THE FUND		<u>827,595,527</u>	<u>1,120,191,200</u>
EQUITY			
Unit holders' capital		814,239,372	1,185,477,564
Retained earnings/(accumulated loss)		13,356,155	(65,286,364)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>827,595,527</u>	<u>1,120,191,200</u>
UNITS IN CIRCULATION (UNITS)	11	<u>1,799,662,992</u>	<u>2,514,755,700</u>
NET ASSET VALUE PER UNIT (RM)		<u>0.4599</u>	<u>0.4454</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Unit holders' (accumulated capital RM)	Retained earnings/ (loss) RM	Total RM
Balance as at 1 July 2023		1,185,477,564	(65,286,364)	1,120,191,200
Movement in net asset value:				
Creation of units from applications		6,370,696	-	6,370,696
Creation of units from distributions		19,272,856	-	19,272,856
Cancellation of units		(342,342,419)	-	(342,342,419)
Total comprehensive income for the financial year		-	87,678,121	87,678,121
Distributions for the financial year	8	(54,539,325)	(9,035,602)	(63,574,927)
Balance as at 30 June 2024		<u>814,239,372</u>	<u>13,356,155</u>	<u>827,595,527</u>
Balance as at 1 July 2022		1,177,938,236	(75,802,857)	1,102,135,379
Movement in net asset value:				
Creation of units from applications		98,282,907	-	98,282,907
Creation of units from distributions		23,484,834	-	23,484,834
Cancellation of units		(65,411,692)	-	(65,411,692)
Total comprehensive income for the financial year		-	35,513,888	35,513,888
Distributions for the financial year	8	(48,816,721)	(24,997,395)	(73,814,116)
Balance as at 30 June 2023		<u>1,185,477,564</u>	<u>(65,286,364)</u>	<u>1,120,191,200</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of financial assets at FVTPL		671,202,342	275,770,522
Proceeds from redemption of financial assets at FVTPL		46,251,000	30,333,333
Purchase of financial assets at FVTPL		(299,932,906)	(326,617,264)
Interest income received from financial assets measured at FVTPL and amortised cost		20,646,262	21,698,703
Dividend income received		12,547,869	8,968,804
Management fee paid		(19,980,619)	(22,962,699)
Trustee's fee paid		(817,245)	(918,508)
Payment for other fees and expenses		(89,314)	(102,090)
Net cash generated from/(used in) operating activities		<u>429,827,389</u>	<u>(13,829,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from creation of units		6,473,464	98,687,885
Payments for cancellation of units		(341,826,453)	(64,828,662)
Payments for distributions		(44,302,071)	(50,329,282)
Net cash used in financing activities		<u>(379,655,060)</u>	<u>(16,470,059)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		50,172,329	(30,299,258)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		14,394,310	44,693,568
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	<u>64,566,639</u>	<u>14,394,310</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Hong Leong Balanced Fund (“the Fund”) was constituted pursuant to the execution of a Deed dated 18 March 2002 and Supplemental Deeds dated 6 August 2002 and 30 April 2010 between Hong Leong Asset Management Bhd (“the Manager”) and Universal Trustee (Malaysia) Berhad for the unit holders of the Fund. Universal Trustee (Malaysia) Berhad has been replaced with Deutsche Trustees Malaysia Berhad (“the Trustee”) effective 1 August 2013 and Supplemental Master Deeds were entered into between the Manager and the Trustee for the unit holders of the Fund on 30 May 2013, 25 March 2015, 21 June 2022 and 15 March 2023 to effect the change (“the Deeds”).

The Fund aims to achieve regular income and consistent capital growth over the medium to long-term by investing in a diversified investment portfolio containing a balanced mixture of equities and fixed income securities.

The Fund will invest in equity securities of companies operating in Malaysia. Generally, companies that have low shareholders’ risk, strong balance sheets with strong operating cash flows and sustainable earnings, and low relative valuations represented by reasonable price earnings ratio (PER) or price-to-book ratios (P/B) are selected. Low shareholders’ risk refers to shareholders or management with good business acumen, strong business performance track record and good corporate governance. The Fund may also invest into fixed income securities and money market instruments. The Fund commenced operations on 29 April 2002 and will continue its operations until terminated as provided under Part 12 of the Deeds.

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 August 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

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 year. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. The Manager believes that the underlying assumptions are appropriate and the Fund’s financial statements therefore present the financial position results fairly. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(k).

- (i) Amendments to published standard and interpretations that are relevant and effective 1 January 2023.

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2023 that have a material effect on the financial statements of the Fund.

- (ii) New standards, amendment and interpretations effective after 1 January 2023 and have not been early adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023. None of these are expected to have a material effect on the financial statements of the Fund, except the following set out below:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

The amendment is effective for the annual financial reporting period beginning on or after 1 July 2024.

The amendment shall be applied retrospectively.

(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, amount due from brokers/dealers, amount 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 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 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 year 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.

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.

Unquoted equity security is valued at the initial public offering ("IPO") issue price as announced in the Bursa Securities.

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.

Unquoted fixed income securities are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission Malaysia as per the Securities Commission Malaysia's Guidelines on Unit Trust Funds. Where such quotation are not available or where the Manager is of the view that

the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (i) records its basis for using non-BPA price;
- (ii) obtains necessary internal approvals to use the non-BPA price; and
- (iii) keeps an audit trail of all decisions and basis for adopting the market yield.

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 year.

(c) 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.

(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, auto-sweep facility bank account and unquoted fixed income securities 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 disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of unquoted fixed income securities, determined on cost adjusted for accretion of discount or amortisation of premium.

(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 year.

(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 year 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) Critical accounting estimates and judgements 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 judgements 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 judgement to be exercised.

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the prospectus.

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 at FVTPL RM	Financial assets/ liabilities at amortised cost RM	Total RM
2024			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	64,566,639	64,566,639
Amount due from the brokers/ dealers	-	1,386,743	1,386,743
Amount due from the Manager			
-creation of units	-	24,942	24,942
Dividends receivable	-	3,159,150	3,159,150
Financial assets at FVTPL (Note 10)	765,565,160	-	765,565,160
	<u>765,565,160</u>	<u>69,137,474</u>	<u>834,702,634</u>
<u>Financial liabilities</u>			
Amount due to the brokers/ dealers	-	3,926,905	3,926,905
Amount due to the Manager			
-cancellation of units	-	1,866,820	1,866,820
-management fee	-	1,245,085	1,245,085
Amount due to the Trustee	-	55,337	55,337
Other payables and accruals	-	12,960	12,960
	-	<u>7,107,107</u>	<u>7,107,107</u>
2023			
<u>Financial assets</u>			
Cash and cash equivalents (Note 9)	-	14,394,310	14,394,310
Amount due from the Manager			
-creation of units	-	127,710	127,710
Dividends receivable	-	2,479,018	2,479,018
Financial assets at FVTPL (Note 10)	1,106,489,476	-	1,106,489,476
	<u>1,106,489,476</u>	<u>17,001,038</u>	<u>1,123,490,514</u>
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	-	1,350,854	1,350,854
-management fee	-	1,862,614	1,862,614
Amount due to the Trustee	-	74,504	74,504
Other payables and accruals	-	11,342	11,342
	-	<u>3,299,314</u>	<u>3,299,314</u>

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

(a) Market risk

(i) 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 price risk is managed through diversification and selection of securities and other financial instruments within specified limits according to the Deeds.

The Fund's overall exposure to price risk is as follows:

	2024 RM	2023 RM
<u>Financial assets at FVTPL:</u>		
- Quoted equity securities	413,998,112	592,202,492
- Unquoted equity security	2,016,000	-
- Unquoted fixed income securities*	349,551,048	514,286,984
	<u>765,565,160</u>	<u>1,106,489,476</u>

* Includes interest receivables of RM3,797,148 (2023: RM5,271,254).

The table below summarises the sensitivity of the Fund's net asset value and profit after taxation to movements in prices of quoted equity securities, unquoted equity security and unquoted fixed income securities at the end of each reporting year. The analysis is based on the assumptions that the market price of the quoted equity securities, unquoted equity security and unquoted fixed income securities fluctuated by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the quoted equity securities, unquoted equity security and unquoted fixed income securities, having regard to the historical volatility of the prices.

% Change in price of financial assets at FVTPL	Market value RM	Impact on profit after taxation/net asset value RM
2024		
-5%	723,679,611	(38,088,401)
0%	761,768,012	-
5%	799,856,413	38,088,401
2023		
-5%	1,046,157,311	(55,060,911)
0%	1,101,218,222	-
5%	1,156,279,133	55,060,911

(ii) Interest rate risk

In general, when interest rates rise, prices of fixed income securities will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise. However, investors should be aware that should the Fund hold a fixed income securities till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since unquoted fixed income securities portfolio management depends on forecasting interest rate movements. Prices of unquoted fixed income securities move inversely to interest rate movements, therefore as interest rates rise, the prices of unquoted fixed income securities decrease and vice versa. Furthermore, unquoted fixed income securities with longer maturity and lower yield coupon rates are more susceptible to interest rate movements.

Investors should note that unquoted fixed income securities are subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest income and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The table below summarises the sensitivity of the Fund's net asset value and profit after taxation to movements in prices of unquoted fixed income securities held by the Fund at the end of the reporting year as a result of movement in interest rate. The analysis is based on the assumptions that the interest rate changed by 1% (100 basis points) with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the interest rate, having regard to the historical volatility of the interest rate.

% Change in interest rate	Impact on profit after taxation/net asset value	
	2024 RM	2023 RM
+1%	(18,833,499)	(31,752,865)
-1%	18,833,499	31,752,864

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is not material as the deposits with licensed financial institutions are placed on a short term basis.

(b) Credit risk

Credit risk refers to the risk that an issuer or counterparty will default on its contractual obligation resulting in financial loss to the Fund.

Investment in unquoted fixed income securities may involve a certain degree of credit/default risk with regards to the issuers. Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted unquoted fixed income securities and subsequently depress the net asset value of the Fund. Usually credit risk is more apparent for an investment with a longer tenure, i.e. the longer the duration, the higher the credit risk. Credit risk can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

The credit risk arising from placements of deposits with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities Commission Malaysia's Guidelines on Unit Trust Funds.

The credit/default risk is minimal as all transactions in quoted investments and unquoted investments are settled/paid upon delivery using approved brokers/dealers.

The following table sets out the credit risk concentration of the Fund at the end of each reporting year:

	Cash and cash equivalents RM	Amount due from brokers/dealers RM	Amount due from the Manager - creation of units RM	Dividends receivable RM	Unquoted fixed income securities RM	Total RM
2024						
- AAA	64,430,760	-	-	-	92,307,043	156,737,803
- AA1/AA+	135,879	-	-	-	54,571,753	54,707,632
- AA2/AA	-	-	-	-	27,445,893	27,445,893
- A2/A	-	-	-	-	9,890,289	9,890,289
- NR#	-	1,386,743	24,942	3,159,150	165,336,070	169,906,905
	64,566,639	1,386,743	24,942	3,159,150	349,551,048	418,688,522
2023						
- AAA	14,374,145	-	-	-	115,574,643	129,948,788
- AA1/AA+	20,165	-	-	-	49,906,966	49,927,131
- AA2/AA	-	-	-	-	32,341,577	32,341,577
- A2/A	-	-	-	-	24,561,876	24,561,876
- NR#	-	-	127,710	2,479,018	291,901,922	294,508,650
	14,394,310	-	127,710	2,479,018	514,286,984	531,288,022

The unquoted fixed income securities are not rated as the unquoted fixed income securities are guaranteed and issued by the Government of Malaysia.

All financial assets of the Fund are neither past due nor impaired.

(c) Liquidity risk

Liquidity risk is the risk that investments cannot be readily sold at or near its actual value without taking a significant discount. This will result in lower net asset value of the Fund.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise cash at banks, deposits with licensed financial institutions and other instruments.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period as at the end of each reporting year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month RM	1 month to 1 year RM	Total RM
2024			
<u>Financial liabilities</u>			
Amount due to brokers/dealers	3,926,905	-	3,926,905
Amount due to the Manager			
-cancellation of units	1,866,820	-	1,866,820
-management fee	1,245,085	-	1,245,085
Amount due to the Trustee	55,337	-	55,337
Other payables and accruals	-	12,960	12,960
Contractual cash out flows	7,094,147	12,960	7,107,107
2023			
<u>Financial liabilities</u>			
Amount due to the Manager			
-cancellation of units	1,350,854	-	1,350,854
-management fee	1,862,614	-	1,862,614
Amount due to the Trustee	74,504	-	74,504
Other payables and accruals	-	11,342	11,342
Contractual cash out flows	3,287,972	11,342	3,299,314

(d) Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings/(accumulated loss). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. 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 unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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 fair value of financial assets traded in active markets (such as 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 year 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 year. 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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement 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:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2024				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	413,998,112	-	-	413,998,112
- Unquoted equity security	-	- 2,016,000	-	2,016,000
- Unquoted fixed income securities	- 349,551,048	-	- 349,551,048	
	<u>413,998,112</u>	<u>351,567,048</u>	<u>-</u>	<u>765,565,160</u>
2023				
<u>Financial assets at FVTPL:</u>				
- Quoted equity securities	592,202,492	-	-	592,202,492
- Unquoted fixed income securities	- 514,286,984	-	- 514,286,984	
	<u>592,202,492</u>	<u>514,286,984</u>	<u>-</u>	<u>1,106,489,476</u>

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 unquoted fixed income securities. 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. Unquoted equity security is valued at the initial public offering "IPO" issue price and classified at Level 3. The Fund's policies on valuation of these financial assets are stated in Note 2(b).

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

4. INTEREST INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2024 RM	2023 RM
Interest income from:		
- Deposits with licensed financial institutions	1,362,477	1,103,817
- Auto-sweep facility bank account	15,257	9,601
	<u>1,377,734</u>	<u>1,113,418</u>

5. MANAGEMENT FEE

In accordance with Division 13.1 of the Deeds, the Manager is entitled to a management fee of up to 2.00% per annum calculated daily based on the net asset value of the Fund.

For the financial period from 1 July 2023 to 29 February 2024 the management fee is recognised at a rate of 2.00% (2023: 2.00%) per annum. With effective from 1 March 2024, the management fee is recognised at a rate of 1.80% per annum.

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

6. TRUSTEE'S FEE

In accordance with Division 13.2 of the Deeds, the Trustee is entitled to a fee not exceeding 0.20% per annum subject to a minimum of RM18,000 per annum calculated daily based on the net asset value of the Fund.

For the financial year ended 30 June 2024, the Trustee's fee is recognised at a rate of 0.08% (2023: 0.08%) per annum.

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

7. TAXATION

	2024 RM	2023 RM
Tax charge for the financial year:		
Current taxation	-	-

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

	2024 RM	2023 RM
Profit before taxation	87,678,121	35,513,888
Taxation at Malaysian statutory rate of 24% (2023: 24%)	21,042,749	8,523,333
Tax effects of:		
Investment income not subject to tax	(26,497,314)	(14,745,182)
Expenses not deductible for tax purposes	787,438	688,214
Restriction on tax deductible expenses for unit trust fund	4,667,127	5,533,635
Taxation	-	-

8. DISTRIBUTIONS

Distribution to unit holders are derived from the following sources:

	2024 RM	2023 RM
Prior financial years' realised income	488,132	18,504,737
Interest income from financial assets at FVTPL and amortised cost	18,709,821	21,248,094
Dividend income	12,084,001	10,520,703
Distribution equalisation	54,539,325	48,816,721
Less: Expenses	(22,246,352)	(25,276,139)
Net distributions amount	63,574,927	73,814,116
Gross/net distribution per unit (sen)	2.8000	3.0000

Date of Declaration

20 July 2023 / 20 July 2022

Gross/net distribution per unit (sen)	0.6000	0.8000
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21 August 2023 / 22 August 2022

Gross/net distribution per unit (sen)	0.2000	0.2000
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	2024 RM	2023 RM
20 September 2023 / 20 September 2022		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 October 2023 / 20 October 2022		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 November 2023 / 21 November 2022		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 December 2023 / 20 December 2022		
Gross/net distribution per unit (sen)	0.2000	0.2000
22 January 2024 / 20 January 2023		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 February 2024 / 20 February 2023		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 March 2024 / 20 March 2023		
Gross/net distribution per unit (sen)	0.2000	0.2000
22 April 2024 / 20 April 2023		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 May 2024 / 22 May 2023		
Gross/net distribution per unit (sen)	0.2000	0.2000
20 June 2024 / 20 June 2023		
Gross/net distribution per unit (sen)	0.2000	0.2000

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

	Income RM	%	Capital RM	%
2024	32,479,158	51.09	31,095,769	48.91
2023	73,814,116	100.00	-	-

Net distributions above are sourced from prior and current financial year's realised income. Gross distributions are 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.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of distribution available for unit holders.

9. CASH AND CASH EQUIVALENTS

	2024 RM	2023 RM
Deposits with licensed financial institutions	64,421,881	14,371,181
Cash at banks	144,758	23,129
	<u>64,566,639</u>	<u>14,394,310</u>

The weighted average effective interest rates per annum are as follows:

	2024 %	2023 %
Short term deposits with licensed financial institutions	<u>3.00</u>	<u>3.00</u>

Short term deposits with licensed financial institutions have an average remaining maturity of 1 day (2023: 3 days).

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

	2024 RM	2023 RM
<u>Financial assets at FVTPL:</u>		
Quoted equity securities	413,998,112	592,202,492
Unquoted equity security	2,016,000	-
Unquoted fixed income securities	349,551,048	514,286,984
	<u>765,565,160</u>	<u>1,106,489,476</u>
<u>Net gain on financial assets at FVTPL:</u>		
Realised gain/(loss) on disposals	2,367,833	(28,367,653)
Changes in unrealised fair values	77,678,402	59,247,753
	<u>80,046,235</u>	<u>30,880,100</u>

Financial assets at FVTPL as at 30 June 2024 are as detailed below:

	Quantity Units	Aggregate cost RM	Fair value RM	Percentage of net asset value %
QUOTED EQUITY SECURITIES				
<u>Main Market</u>				
<u>Consumer Products & Services</u>				
Guan Chong Berhad	7,500,000	23,344,835	27,600,000	3.34
Heineken Malaysia Berhad	1,300,000	37,338,750	28,652,000	3.46
Sime Darby Berhad	1,500,000	3,857,220	3,930,000	0.47
	<u>10,300,000</u>	<u>64,540,805</u>	<u>60,182,000</u>	<u>7.27</u>
<u>Financial Services</u>				
AMMB Holdings Berhad	12,000,000	48,141,740	51,480,000	6.22
CIMB Group Holdings Berhad	8,200,000	47,960,620	55,760,000	6.74
Malayan Banking Berhad	2,100,000	19,026,000	20,916,000	2.53
	<u>22,300,000</u>	<u>115,128,360</u>	<u>128,156,000</u>	<u>15.49</u>
<u>Health Care</u>				
IHH Healthcare Berhad	800,000	5,028,110	5,040,000	0.61
Supermax Corporation Berhad	4,917,300	4,070,834	4,302,638	0.52
	<u>5,717,300</u>	<u>9,098,944</u>	<u>9,342,638</u>	<u>1.13</u>
<u>Industrial Products & Services</u>				
Aurelius Technologies Bhd	50,000	167,500	183,500	0.02
Dufu Technology Corporation Berhad	380,000	716,377	976,600	0.12
Petronas Chemicals Group Berhad	3,300,000	22,740,300	20,823,000	2.52
Press Metal Aluminium Holdings Berhad	6,600,000	31,646,520	38,016,000	4.59
SAM Engineering & Equipment (M) Berhad	1,950,000	9,593,377	11,992,500	1.45
	<u>12,280,000</u>	<u>64,864,074</u>	<u>71,991,600</u>	<u>8.70</u>
<u>Technology</u>				
Frontken Corporation Berhad	3,431,900	11,937,619	15,306,274	1.85
Unisem (M) Berhad	1,157,500	4,253,846	4,815,200	0.58
UWC Berhad	4,180,000	16,859,219	12,456,400	1.51
	<u>8,769,400</u>	<u>33,050,684</u>	<u>32,577,874</u>	<u>3.94</u>
<u>Telecommunications & Media</u>				
Telekom Malaysia Berhad	4,300,000	24,048,419	29,068,000	3.51
<u>Utilities</u>				
Tenaga Nasional Berhad	6,000,000	61,046,319	82,680,000	9.99
TOTAL QUOTED EQUITY SECURITIES	69,666,700	371,777,605	413,998,112	50.03
UNQUOTED EQUITY SECURITY				
<u>Plantation</u>				
Johor Plantations Group Berhad #	2,400,000	2,016,000	2,016,000	0.24
TOTAL UNQUOTED EQUITY SECURITY	2,400,000	2,016,000	2,016,000	0.24

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED FIXED INCOME SECURITIES				
<i>Corporate Sukuk</i>				
4.47% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2027 - IMTN	5,000,000	5,294,804	5,187,014	0.63
4.38% Imitiaz Sukuk II Berhad (AA2) 12/5/2027 - IMTN	5,000,000	5,029,400	5,095,350	0.62
4.90% Manjung Island Energy Berhad (AAA) 25/11/2031 - IMTN Series 2 (1)	5,000,000	5,349,024	5,329,443	0.64
3.10% Malayan Banking Berhad (AA1) 08/10/2027 08/10/2032 - IMTN	7,000,000	7,049,345	6,882,045	0.83
4.56% Pengurusan Air SPV Berhad (AAA) 31/01/2030 - IMTN Issue No 43	5,000,000	5,259,102	5,246,575	0.63
2.49% Pengerang LNG (Two) Sdn Bhd (AAA) 21/10/2025 - IMTN Tranche No 5	5,000,000	5,023,877	4,949,377	0.60
2.86% Pengerang LNG (Two) Sdn Bhd (AAA) 20/10/2028 - IMTN Tranche No 8	5,000,000	5,027,425	4,841,925	0.59
3.75% Public Islamic Bank Berhad (AA1) 31/10/2024 31/10/2029 - T3 Subsukuk Murabahah	5,000,000	5,031,849	5,031,999	0.61
4.40% Public Islamic Bank Berhad (AA1) 28/07/2027 28/07/2032 - T4 Subsukuk Murabahah	5,000,000	5,092,822	5,170,722	0.62
4.38% RHB Bank Berhad (AA1) 17/11/2028 - IMTN	10,000,000	10,242,204	10,266,000	1.24
5.50% Sarawak Energy Berhad (AAA) 04/07/2029 - IMTN	25,000,000	28,591,302	27,533,815	3.33
5.18% Tenaga National Berhad (AAA) 03/08/2037 - IMTN	20,000,000	21,690,109	22,607,238	2.73
5.78% TNB Western Energy Bhd (AAA) 29/07/2033 - Tranche 19	5,000,000	5,609,327	5,714,942	0.69
5.80% TNB Western Energy Bhd (AAA) 30/01/2034 - Tranche 20	5,000,000	5,630,915	5,739,062	0.69
	112,000,000	119,921,505	119,595,507	14.45
<i>Corporate Bonds</i>				
3.80% Alliance Bank Malaysia Berhad (A2) 27/10/2027 27/10/2032 - MTN	10,000,000	10,012,796	9,890,289	1.19
4.00% AM Bank Berhad (AA2) 19/06/2029 - MTN	5,000,000	5,006,575	5,010,975	0.61
4.90% GENM Capital Berhad (AA1) 22/08/2025 - MTN	2,000,000	2,033,830	2,048,210	0.25

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
4.49% IGB REIT Capital Sdn Bhd (AAA) 20/03/2030 - MTN (Tranche 2)	5,000,000	5,063,352	5,157,652	0.62
3.93% Public Bank Berhad (AA1) 07/04/2027 07/04/2032 - Sub Notes Tranche 8	10,000,000	10,090,444	10,113,944	1.22
3.65% RHB Bank Berhad (AA2) 28/04/2026 28/04/2031 - MTN	5,000,000	5,054,821	5,018,550	0.61
4.40% RHB Bank Berhad (AA2) 28/09/2027 28/09/2032 - MTN	12,000,000	12,135,978	12,321,018	1.49
3.00% United Overseas Bank (Malaysia) Berhad (AA1) 01/08/2025 02/08/2030 - MTN	15,000,000	15,056,681	15,058,833	1.82
	64,000,000	64,454,477	64,619,471	7.81
<i>Government Investment Issues</i>				
3.726% Government of Malaysia 31/03/2026	3,000,000	3,103,633	3,043,848	0.37
4.119% Government of Malaysia 30/11/2034	10,000,000	11,010,393	10,258,588	1.24
4.130% Government of Malaysia 09/07/2029	20,000,000	21,242,660	20,830,846	2.52
4.467% Government of Malaysia 15/09/2039	20,000,000	22,612,880	21,308,993	2.57
	53,000,000	57,969,566	55,442,275	6.70
<i>Malaysian Government Securities</i>				
3.733% Government of Malaysia 15/06/2028	75,000,000	76,828,206	75,459,893	9.12
3.828% Government of Malaysia 05/07/2034	20,000,000	21,847,403	20,318,387	2.45
4.642% Government of Malaysia 07/11/2033	10,000,000	11,313,706	10,679,378	1.29
	105,000,000	109,989,315	106,457,658	12.86
<i>Securities Guaranteed by Government of Malaysia</i>				
3.56% Prasarana Malaysia Berhad 10/07/2035 - Sukuk Murabahah	3,500,000	3,559,057	3,436,137	0.41
TOTAL UNQUOTED FIXED INCOME SECURITIES	337,500,000	355,893,920	349,551,048	42.23
TOTAL INVESTMENTS		729,687,525	765,565,160	92.50
UNREALISED GAIN ON FINANCIAL ASSETS AT FVTPL			35,877,635	
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL			765,565,160	

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 %
QUOTED EQUITY SECURITIES				
<u>Main Market</u>				
<u>Consumer Products & Services</u>				
DXN Holdings Bhd.	37,227,000	25,887,900	27,175,710	2.43
Guan Chong Berhad	11,200,000	34,861,620	25,872,000	2.31
Heineken Malaysia Berhad	1,300,000	37,338,750	33,930,000	3.03
	49,727,000	98,088,270	86,977,710	7.77
<u>Energy</u>				
Dayang Enterprise Holdings Bhd.	8,500,000	9,830,900	10,880,000	0.97
Velesto Energy Berhad	190,000,000	44,363,000	41,800,000	3.73
	198,500,000	54,193,900	52,680,000	4.70
<u>Financial Services</u>				
AEON Credit Service (M) Berhad	2,396,500	29,203,630	26,984,590	2.41
<u>Health Care</u>				
Supermax Corporation Berhad	16,000,000	12,806,400	12,800,000	1.14
Top Glove Corporation Bhd.	41,000,000	32,709,400	33,210,000	2.97
	57,000,000	45,515,800	46,010,000	4.11
<u>Industrial Products & Services</u>				
Dufu Technology Corp. Berhad	380,000	716,377	722,000	0.07
Hiap Teck Venture Berhad	63,600,000	25,130,650	19,080,000	1.70
Kobay Technology Bhd.	6,924,600	20,020,762	13,156,740	1.17
SAM Engineering & Equipment (M) Berhad	4,350,000	21,400,610	19,966,500	1.78
	75,254,600	67,268,399	52,925,240	4.72
<u>Plantation</u>				
Kuala Lumpur Kepong Berhad	930,000	20,563,863	20,422,800	1.82
<u>Technology</u>				
D & O Green Technologies Berhad	11,870,200	16,915,865	43,682,336	3.90
Frontken Corporation Berhad	18,341,000	63,797,855	57,774,150	5.16
Inari Amertron Berhad	12,010,900	33,962,332	32,909,866	2.94
Malaysian Pacific Industries Bhd	1,150,000	35,958,566	31,993,000	2.86
Pentamaster Corporation Berhad	11,550,000	53,894,325	56,826,000	5.07
Unisem (M) Berhad	5,700,000	20,376,451	17,043,000	1.52
UWC Berhad	12,680,000	51,142,320	37,786,400	3.37
	73,302,100	276,047,714	278,014,752	24.82
<u>ACE market</u>				
<u>Industrial Products & Services</u>				
Econframe Berhad	6,700,000	6,700,000	5,695,000	0.51
<u>Technology</u>				
Genetec Technology Berhad	9,695,000	21,438,460	22,492,400	2.01
TOTAL QUOTED EQUITY SECURITIES	473,505,200	619,020,036	592,202,492	52.87

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
UNQUOTED FIXED INCOME SECURITIES				
<u>Corporate Sukuk</u>				
4.29% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2023 - IMTN	5,000,000	5,087,037	5,084,099	0.45
4.47% Bakun Hydro Power Generation Sdn Bhd (AAA) 11/08/2027 - IMTN	5,000,000	5,357,560	5,174,101	0.46
4.38% Imitiaz Sukuk II Berhad (AA2) 12/5/2027 - IMTN	5,000,000	5,030,000	5,084,250	0.45
4.90% Manjung Island Energy Berhad (AAA) 25/11/2031 - IMTN Series 2 (1)	5,000,000	5,387,703	5,246,286	0.47
3.10% Malayan Banking Berhad (AA1) 08/10/2027 08/10/2032 - IMTN	7,000,000	7,048,751	6,737,251	0.60
2.49% Pengerang LNG (Two) Sdn Bhd (AAA) 21/10/2025 - IMTN Tranche No 5	5,000,000	5,022,853	4,870,753	0.43
2.86% Pengerang LNG (Two) Sdn Bhd (AAA) 20/10/2028 - IMTN Tranche No 8	5,000,000	5,026,249	4,740,399	0.42
3.75% Public Islamic Bank Berhad (AA1) 31/10/2024 31/10/2029 - Subbukuk Murabahah	5,000,000	5,032,877	5,024,727	0.45
4.40% Public Islamic Bank Berhad (AA1) 28/07/2027 28/07/2032 - Subbukuk Murabahah	5,000,000	5,091,616	5,137,516	0.46
4.32% RHB Islamic Bank Berhad (AA2) 21/05/2024 21/05/2029 - Series 3	10,000,000	10,108,816	10,077,542	0.90
5.50% Sarawak Energy Berhad (AAA) 04/07/2029 - IMTN	25,000,000	29,120,099	27,503,548	2.46
3.25% Tenaga National Berhad (AAA) 10/8/2035 - IMTN	5,000,000	4,613,968	4,569,338	0.41
3.55% Tenaga National Berhad (AAA) 10/8/2040 - IMTN	5,000,000	4,515,488	4,565,360	0.41
5.18% Tenaga National Berhad (AAA) 03/08/2037 - IMTN	20,000,000	21,762,945	22,189,477	1.98
5.78% TNB Western Energy Bhd (AAA) 29/07/2033 - Tranche 19	5,000,000	5,651,354	5,560,051	0.50
5.80% TNB Western Energy Bhd (AAA) 30/01/2034 - Tranche 20	5,000,000	5,671,906	5,577,467	0.50
	122,000,000	129,529,222	127,142,165	11.35

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Corporate Bonds</u>				
3.60% Alliance Bank Malaysia Berhad (A2) 27/10/2025 25/10/2030 - MTN	15,000,000	15,062,173	14,830,664	1.32
3.80% Alliance Bank Malaysia Berhad (A2) 27/10/2027 27/10/2032 - MTN	10,000,000	10,000,545	9,731,212	0.87
5.00% Eternal Icon Sdn Bhd (AAA) 29/03/2024 31/03/2027 - MTN (S2)	5,000,000	5,104,627	5,095,364	0.45
5.10% Eternal Icon Sdn Bhd (AAA) 31/03/2025 31/03/2028 - MTN (S3)	10,000,000	10,263,288	10,270,748	0.92
4.90% GENM Capital Berhad (AA1) 22/08/2025 - MTN	2,000,000	2,034,099	2,047,719	0.18
4.49% IGB REIT Capital Sdn Bhd (AAA) 20/03/2030 - MTN (Tranche 2)	5,000,000	5,063,352	5,127,652	0.46
3.93% Public Bank Berhad (AA1) 07/04/2027 07/04/2032 - Sub Notes Tranche 8	10,000,000	10,091,520	10,019,620	0.89
4.70% Public Bank Berhad (AA1) 30/10/2023 27/10/2028 - Sub Notes	6,000,000	6,049,447	6,067,567	0.54
3.65% RHB Bank Berhad (AA2) 28/04/2026 28/04/2031 - MTN	5,000,000	5,067,597	4,973,000	0.44
4.40% RHB Bank Berhad (AA2) 28/09/2027 28/09/2032 - MTN	12,000,000	12,137,425	12,206,785	1.09
3.00% United Overseas Bank (Malaysia) Berhad (AA1) 01/08/2025 02/08/2030 - MTN	15,000,000	14,947,753	14,872,566	1.33
	95,000,000	95,821,826	95,242,897	8.49
<u>Government Investment Issues</u>				
3.465% Government of Malaysia 15/10/2030	30,000,000	30,268,115	29,520,293	2.64
3.726% Government of Malaysia 31/03/2026	3,000,000	3,145,565	3,047,598	0.27
4.119% Government of Malaysia 30/11/2034	10,000,000	11,089,047	10,172,688	0.91
4.130% Government of Malaysia 09/07/2029	20,000,000	21,395,835	20,793,146	1.86
4.467% Government of Malaysia 15/09/2039	20,000,000	22,728,627	21,143,593	1.89
4.638% Government of Malaysia 15/11/2049	8,000,000	8,806,163	8,495,388	0.76
	91,000,000	97,433,352	93,172,706	8.33

	Nominal value RM	Aggregate cost RM	Fair value RM	Percentage of net asset value %
<u>Malaysian Government Securities</u>				
3.478% Government of Malaysia 14/06/2024	30,000,000	30,235,380	30,096,464	2.69
3.733% Government of Malaysia 15/06/2028	75,000,000	77,227,525	75,497,393	6.74
3.757% Government of Malaysia 22/05/2040	8,500,000	9,106,173	8,167,766	0.73
3.828% Government of Malaysia 05/07/2034	20,000,000	21,972,001	20,096,940	1.79
3.844% Government of Malaysia 15/04/2033	10,000,000	10,575,925	10,031,271	0.90
3.900% Government of Malaysia 30/11/2026	10,000,000	10,290,643	10,156,533	0.91
4.642% Government of Malaysia 07/11/2033	10,000,000	11,426,853	10,729,378	0.96
4.921% Government of Malaysia 06/07/2048	20,000,000	24,271,545	22,664,506	2.02
	183,500,000	195,106,045	187,440,251	16.74
<u>Securities Guaranteed by Government of Malaysia</u>				
4.05% Lembaga Pembiayaan Perumahan Sektor Awam 21/09/2026 - IMTN Tranche No 4	3,000,000	3,033,953	3,068,633	0.27
2.58% PR1MA Corporation Malaysia 30/07/2027 - IMTN	5,000,000	4,787,093	4,833,571	0.43
3.56% Pasarana Malaysia Berhad 10/07/2035 - Sukuk Murabahah	3,500,000	3,558,716	3,386,761	0.30
	11,500,000	11,379,762	11,288,965	1.00
TOTAL UNQUOTED FIXED INCOME SECURITIES	503,000,000	529,270,207	514,286,984	45.91
TOTAL INVESTMENTS		1,148,290,243	1,106,489,476	98.78
UNREALISED LOSS ON FINANCIAL ASSETS AT FVTPL		(41,800,767)		
TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FVTPL			1,106,489,476	

Note: Certain unquoted fixed income securities may have call date and it's presented as "call date | maturity date".

During the financial year, a total of 2,500,000,000 shares for Johor Plantations Group Berhad were made available for Initial Public Offering ("IPO") at a cost of RM0.84 per share by way of bookbuilding.

Subsequent to the financial year ended 30 June 2024, Johor Plantations Group Berhad began trading on the main market on 9 July 2024 at a price of RM0.90 per share.

11. UNITS IN CIRCULATION

	2024 No. of units	2023 No. of units
At the beginning of the financial year	2,514,755,700	2,395,240,882
Add: Creation of units during the financial year		
- Arising from applications	14,190,452	210,483,705
- Arising from distributions	43,307,971	51,021,872
Less: Cancellation of units during the financial year	(772,591,131)	(141,990,759)
At the end of the financial year	<u>1,799,662,992</u>	<u>2,514,755,700</u>

12. TOTAL EXPENSE RATIO ("TER")

	2024 %	2023 %
TER	<u>2.03</u>	<u>2.09</u>

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

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

Where;

- A = Management fee
- B = Trustee's fee
- C = Auditors' remuneration
- D = Tax agent's fee
- E = Other expenses excluding Sales & Services Tax ("SST") on transaction costs
- F = Average net asset value of the Fund calculated on a daily basis

The average net asset value of the Fund for the financial year calculated on a daily basis is RM996,666,408 (2023: RM1,148,811,842).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2024 Times	2023 Times
PTR	<u>0.49</u>	<u>0.27</u>

PTR is derived from the following calculation:

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

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

Where;

- total acquisitions for the financial year
= RM302,966,322 (2023: RM315,657,655)
- total disposals for the financial year
= RM672,760,849 (2023: RM303,007,389)

14. 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

Units held by the Manager and related parties of the Manager

	2024 Units	2023 RM	2023 Units	2023 RM
The Director of the Manager	<u>2,029,632</u>	<u>933,428</u>	-	-

The above units were transacted at the prevailing market price.

No units were held by the Manager as at 30 June 2024 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.

	2024 RM	2023 RM
<u>Related party balances</u>		
Cash at bank:		
- Hong Leong Bank Berhad	8,879	2,964
<u>Related party transactions</u>		
Interest income from auto-sweep facility bank account:		
- Hong Leong Bank Berhad	30,453	3,374
Purchase of quoted equity securities:		
- Hong Leong Investment Bank Berhad	124,190,120	116,695,038
Purchase of unquoted fixed income securities:		
- Hong Leong Investment Bank Berhad	5,193,490	5,000,000
Disposal of quoted equity securities:		
- Hong Leong Investment Bank Berhad	195,131,747	110,742,478
Disposal of unquoted fixed income securities:		
- Hong Leong Bank Berhad	9,705,726	-
- Hong Leong Investment Bank Berhad	22,729,584	10,176,048
	32,435,310	10,176,048

15. 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 %
2024				
Hong Leong Investment Bank Berhad*	347,244,941	35.51	752,918	37.87
Nomura Securities Malaysia Sdn Bhd	117,128,948	11.97	293,368	14.76
CLSA Securities Malaysia Sdn Bhd	100,960,675	10.33	252,704	12.71
JPMorgan Securities (Malaysia) Sdn Bhd	100,859,754	10.32	252,973	12.73
CIMB Bank Berhad	78,328,001	8.01	-	-
Public Investment Bank Berhad	60,978,955	6.24	152,188	7.66
Phillip Capital Sdn Bhd	32,051,094	3.28	80,125	4.03

	Values of trade RM	Percentage of total trade %	Brokerage fees RM	Percentage of total brokerage fees %
Affin Hwang Investment Bank Berhad	27,585,298	2.82	69,092	3.47
RHB Investment Bank Berhad	22,661,583	2.32	45,883	2.31
JPMorgan Chase Bank Berhad	20,999,447	2.15	-	-
Others^	68,970,170	7.05	88,637	4.46
	977,768,866	100.00	1,987,888	100.00
2023				
Hong Leong Investment Bank Berhad*	232,437,516	39.37	563,899	36.54
CLSA Securities Malaysia Sdn Bhd	82,243,697	13.93	205,452	13.31
JPMorgan Securities (Malaysia) Sdn Bhd	57,888,579	9.81	144,703	9.38
Credit Suisse Securities (Malaysia) Sdn Bhd	36,049,890	6.11	90,118	5.84
RHB Investment Bank Berhad	30,348,506	5.14	45,984	2.98
UOB Kay Hian Securities (Malaysia) Sdn Bhd	29,598,544	5.01	74,206	4.81
Public Investment Bank Berhad	29,341,713	4.97	60,819	3.94
Nomura Securities Malaysia Sdn Bhd	23,939,606	4.06	59,676	3.87
CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd)	22,077,489	3.74	218,589	14.16
Macquarie Capital Securities (Malaysia) Sdn Bhd	11,872,213	2.01	29,773	1.93
Others#	34,539,127	5.85	50,037	3.24
	590,336,880	100.00	1,543,256	100.00

* Transactions with brokers/dealers related to the Manager.

^ Included in transactions by the Fund are trades with Hong Leong Bank Berhad, a related company of the Manager, of which the value of trades amounted to RM9,705,726.

Included in transactions by the Fund are trades with Hong Leong Islamic Bank Berhad, a related company of the Manager, of which the value of trades amounted to RM10,176,048.

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

for the Financial Years Ended 30 June

		Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
A. (i) Portfolio Compositions:				
Construction		-	-	1.82
Consumer Products & Services		7.27	7.77	10.68
Energy		-	4.70	0.50
Financial Services		15.49	2.41	6.81
Health Care		1.13	4.11	4.36
Industrial Products & Services		8.70	5.23	2.65
Plantation		0.24	1.82	-
Property		-	-	1.14
Technology		3.94	26.83	22.19
Telecommunications & Media		3.51	-	-
Utilities		9.99	-	-
Corporate Bonds		22.67	20.84	21.47
Government Securities		19.56	25.07	25.18
Deposits & Cash Equivalents		7.50	1.22	3.20
(ii) Total Net Asset Value	(ex-distribution)	RM827,595,527	RM1,120,191,200	RM1,102,135,379
(iii) Net Asset Value Per Unit Units in Circulation	(ex-distribution) (ex-distribution)	RM0.4599 1,799,662,992	RM0.4454 2,514,755,700	RM0.4601 2,395,240,882
(iv) Highest/Lowest NAV Per Unit	Highest NAV Per Unit	RM0.4666	RM0.4875	RM0.5702
(ex-distribution)	Lowest NAV Per Unit	RM0.4285	RM0.4412	RM0.4585
(v) Total Return of the Fund*		9.93%	3.31%	-10.91%
- Capital Growth		3.26%	-3.19%	-15.83%
- Income Distribution		6.67%	6.50%	4.92%
(vi) The distribution (gross) is made out of:-				
- The Fund's Capital		0.0000 sen/unit	1.4700 sen/unit	3.0000 sen/unit
- The Fund's Income		2.8000 sen/unit	1.5300 sen/unit	0.0000 sen/unit
- Total Distribution Amount		2.8000 sen/unit	3.0000 sen/unit	3.0000 sen/unit
- The Fund's Capital (% of Total Distribution Amount)		0%	49%	100%
- The Fund's Income (% of Total Distribution Amount)		100%	51%	0%
(vii) Distribution per unit				
	Additional Units	-	-	-
	Distribution (Gross)	0.6000 sen/unit	0.8000 sen/unit	0.8000 sen/unit
	Distribution (Net)	0.6000 sen/unit	0.8000 sen/unit	0.7936 sen/unit
	Distribution Date	20/07/2023	20/07/2022	21/07/2021
	Cum-Distribution NAV/Unit	RM0.4640	RM0.4640	RM0.5506
	Ex-Distribution NAV/Unit	RM0.4580	RM0.4560	RM0.5427
	Additional Units	-	-	-
	Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
	Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
	Distribution Date	21/08/2023	22/08/2022	20/08/2021
	Cum-Distribution NAV/Unit	RM0.4507	RM0.4713	RM0.5468
	Ex-Distribution NAV/Unit	RM0.4487	RM0.4693	RM0.5448
	Additional Units	-	-	-
	Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
	Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
	Distribution Date	20/09/2023	20/09/2022	20/09/2021
	Cum-Distribution NAV/Unit	RM0.4519	RM0.4689	RM0.5581
	Ex-Distribution NAV/Unit	RM0.4499	RM0.4669	RM0.5561

Performance Data

for the Financial Years Ended 30 June

	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/10/2023	20/10/2022	20/10/2021
Cum-Distribution NAV/Unit	RM0.4389	RM0.4459	RM0.5683
Ex-Distribution NAV/Unit	RM0.4369	RM0.4439	RM0.5663
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/11/2023	22/11/2022	22/11/2021
Cum-Distribution NAV/Unit	RM0.4420	RM0.4563	RM0.5599
Ex-Distribution NAV/Unit	RM0.4400	RM0.4543	RM0.5579
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/12/2023	20/12/2022	20/12/2021
Cum-Distribution NAV/Unit	RM0.4332	RM0.4707	RM0.5404
Ex-Distribution NAV/Unit	RM0.4312	RM0.4687	RM0.5384
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	22/01/2024	20/01/2023	20/01/2022
Cum-Distribution NAV/Unit	RM0.4345	RM0.4826	RM0.5276
Ex-Distribution NAV/Unit	RM0.4325	RM0.4806	RM0.5256
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/02/2024	20/02/2023	21/02/2022
Cum-Distribution NAV/Unit	RM0.4343	RM0.4733	RM0.5227
Ex-Distribution NAV/Unit	RM0.4323	RM0.4713	RM0.5207
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/03/2024	20/03/2023	21/03/2022
Cum-Distribution NAV/Unit	RM0.4390	RM0.4572	RM0.5128
Ex-Distribution NAV/Unit	RM0.4370	RM0.4552	RM0.5108
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	22/04/2024	20/04/2023	20/04/2022
Cum-Distribution NAV/Unit	RM0.4430	RM0.4630	RM0.4979
Ex-Distribution NAV/Unit	RM0.4410	RM0.4610	RM0.4959
Additional Units	–	–	–
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/05/2024	22/05/2023	20/05/2022
Cum-Distribution NAV/Unit	RM0.4607	RM0.4558	RM0.4796
Ex-Distribution NAV/Unit	RM0.4587	RM0.4538	RM0.4776

Performance Data

for the Financial Years Ended 30 June

	Financial Year 2024 %	Financial Year 2023 %	Financial Year 2022 %
Additional Units	-	-	-
Distribution (Gross)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution (Net)	0.2000 sen/unit	0.2000 sen/unit	0.2000 sen/unit
Distribution Date	20/06/2024	20/06/2023	20/06/2022
Cum-Distribution NAV/Unit	RM0.4627	RM0.4498	RM0.4605
Ex-Distribution NAV/Unit	RM0.4607	RM0.4478	RM0.4585
(viii) Total Expense Ratio (TER)	2.03%	2.09%	2.09%
(ix) Portfolio Turnover Ratio (PTR) (times)	0.49#	0.27	0.50
B. Average Total Return, NAV Per Unit-to-NAV Per Unit basis (as at 30/06/2024)*			
(i) One year	9.93%		
(ii) Three years	0.39%		
(iii) Five years	5.70%		

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

The PTR increased by 0.22 times (81.48%) to 0.49 times for the financial year ended 30 June 2024 versus 0.27 times for the financial year ended 30 June 2023 mainly due to higher level of rebalancing activities undertaken by the Fund.

Corporate Information

Manager

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

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Board of Directors

Ms. Lee Jim Leng
Mr. Chue Kwok Yan
YBhg Dato' Abdul Majit bin Ahmad Khan
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin

Executive Director / Acting Chief Executive Officer

Mr. Chue Kwok Yan

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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